BLACKROCK COMMODITIES INCOME INVESTMENT TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 30 NOVEMBER 2017

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.

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

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Performance record

Attributable to ordinary shareholders	30 November 2017	30 November 2016	Change %
Assets			
Net assets (£'000)[1]	91,357	98,833	(7.6)
Net asset value per ordinary share	76.92p	83.57p	(8.0)
– with income reinvested[2]			(3.2)
Ordinary share price (mid-market)	75.00p	82.75p	(9.4)
– with income reinvested[2]			(4.4)

	Year ended 30 November 2017	Year ended 30 November 2016	Change %
Revenue			
Net revenue profit after taxation (£'000)	5,753	5,197	10.7
Revenue return per ordinary share	4.84p	4.43p	9.3
Interim dividends			
1st interim	1.00p	1.50p	(33.3)
2nd interim	1.00p	1.50p	(33.3)
3rd interim	1.00p	1.00p	–
4th interim	1.00p	1.00p	–
Total dividends paid and payable	4.00p	5.00p	(20.0)

1. The change in net assets reflects market movements and the issue of 500,000 shares during the year.
2. Further details of the calculation of performance with income reinvested are given in the glossary on page 81.

Overview

Chairman's statement

I am pleased to present the annual report to shareholders of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2017.

OVERVIEW

Following the resurgence in the commodities sector in 2016, this year has been mixed, with strong performance from mining equities offset by weaker and more varied results in the energy sector. The mining sector was buoyed by strong demand and also by supply-side government reforms in China, aimed at eradicating surplus capacity in heavy industry, which has driven steel and coal prices sharply upward. By contrast, despite a 30% increase in the oil price over the year, driven by an extension to OPEC production cuts and declining inventories, energy equities have lagged behind as markets continue to take a bearish stance on the longer term outlook for the oil price.

Additional information on commodity markets and key contributors and detractors to portfolio performance are set out in the Investment Managers' report on pages 12 to 16.

PERFORMANCE

	One year %	Three years %	Five years %	Since inception %
Net Asset Value (with income reinvested)[1]	-3.2	3.9	-10.1	47.9
Share price (with income reinvested)[1]	-4.4	-5.7	-15.3	41.6

1. Further details of the calculation of performance with income reinvested are given in the glossary on page 81.

During the year, the Company's net asset value per share (NAV) fell by 3.2% and the share price fell by 4.4% (all calculations with income reinvested). The Company's objectives are to achieve both an annual dividend target and, over the long term, capital growth. The Board does not benchmark performance against mining and energy sector indices as income generation is not within its scope. For illustrative purposes, over the same period, the Euromoney Global Mining Index rose by 8.9% and the MSCI World Energy Index fell by 4.1% in sterling terms. A 50:50 composite of the two indices represented an increase of 2.4% for the year to 30 November 2017. Additional information on the performance of the Company is set out in the performance record and in the chart, both on page 3.

Since the year end and up to the close of business on 25 January 2018, the Company's NAV has returned 9.1% and the share price has returned 8.6% (all calculations with dividends reinvested).

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year amounted to 4.84 pence (2016: 4.43 pence). This enabled the Board to meet our declared target of paying four quarterly dividends of 1.00 pence, making a total of 4.00 pence for the year. Full details of the dividends paid for the 2016 and 2017 financial years are set out in note 8 on page 53.

The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to November 2018, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 5.3% based on the share price as at the close of business on 30 November 2017. The Board is prepared to use revenue reserves to meet this target if portfolio income alone is insufficient.[1]

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 13 June 2017 that it had decided not to proceed with a tender offer in August 2017 and on 11 December 2017 that the tender offer in February 2018 would not be implemented. During the year ended 30 November 2017, the Company's shares traded at an average discount to NAV of 4.2% compared to a discount of 2.0% to NAV, the price at which any tender offer would be made, therefore it was not in the interests of shareholders for any tender to be implemented.

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 Directors recognise the importance to shareholders that the market price of the Company's shares in the stock market does not trade at either a significant premium or discount to the underlying NAV. The Board monitors the Company's share rating closely, and 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. At the forthcoming AGM the Company will be seeking the authority to allot new ordinary

1. This is a target and should not be interpreted as a profit or dividend forecast.

shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary share capital.

To the extent that shares are trading at a discount, the Board is equally committed to making share purchases in between the bi-annual tender opportunities when necessary to manage the level of discount. The Board will continue to consider whether share purchases should be made and is proposing that the Company's existing authority to buy back up to 14.99% of the Company's issued share capital, excluding treasury shares, be renewed at the forthcoming Annual General Meeting.

During the financial year ended 30 November 2017, the Company issued 500,000 ordinary shares at a price of 87.60 pence per share for a total consideration of £438,000, before the deduction of issue costs. The shares were issued at a premium of 2.04% to the cum income NAV at the close of business on the business day prior to the issue and at a premium to the estimated cum income NAV at the time of the transaction. It should be noted that the issue of new ordinary shares during the year has provided a gross capital uplift of £8,750, including income of £3,250.

Since 30 November 2017, and up to the close of business on 31 January 2017 no additional shares have been issued.

The Company did not buy back any shares during the year under review. Since 30 November 2017 the Company has bought back 52,000 shares at an average price of 82.31 pence per share and at an average discount of 5.2% representing total consideration of £43,000. The shares were taken into treasury.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum gearing used during the year was 9.6% and at 30 November 2017 net gearing was 3.4%. Gearing has been calculated in accordance with AIC guidelines and on a net basis.

ANNUAL GENERAL MEETING

The Company's AGM will be held on Tuesday, 13 March 2018 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 77 and 78 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

The recent strength of mined commodity prices looks set to continue into 2018 as high levels of free cash flow in the mining industry translate into capital returns to shareholders rather than into increased capacity. In the energy sector, the equity market remains cautious on the longer term oil prices. However, absolute oil demand is not predicted to peak until at least 2030, and the Manager believes that equities with oil price exposure are undervalued and are due a re-rating.

Looking further forward, there are a wealth of likely changes that would represent a quantum shift in the demands placed on the energy sector, with the growth in the electric vehicle market and increasing output from the alternative energy sector being two. It is perhaps too easy to see only negative impacts on energy companies, but there will be opportunities as well. Some mining companies have exposure to growing demand for raw materials used in, for example, electric vehicles and further investment opportunities will almost certainly arise. The Manager continues to research these trends and regularly reports to the Board on their evolving views. They, as ever, will look to selectively take advantage of the opportunities identified in the coming year.

ED WARNER
Chairman
29 January 2018

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2017. 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.

The Company delegates fund accounting services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager), which in turn sub-delegates these services to Bank of New York Mellon (International) Limited and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. Prior to 1 November 2017, the entity appointed as the Company's Depository was BNY Mellon Trust & Depositary (UK) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on pages 22 and 23.

BUSINESS MODEL

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

Although the Company has the flexibility to invest within this range, at 30 November 2017 the portfolio consisted of 53 investments, and the detailed portfolio listing is provided on pages 19 and 20.

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 $33^1/_3$% 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 12 to 16 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 4.84p per share (2016: 4.43p).

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

At each meeting the Board reviews the performance of the portfolio as well as the net asset value and share price for the Company and compares this to the performance of other companies in the peer group. The Company does not have a benchmark; however the Board also review performance in the context of the performance of the Euromoney Global Mining Index and the MSCI World Energy Index and a 50:50 composite of both indices.

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 12 to 16 respectively.

Premium/discount to NAV

The Board monitors the level of the Company's premium or discount to NAV on an ongoing basis and considers strategies for managing any premium or discount.

In the year to 30 November 2017, the Company's share price to NAV traded in the range of a premium of 5.0% to a discount of 9.6% on a cum income basis. The Company issued a total of 500,000 shares during the year and further details are given in the Chairman's Statement on page 5. No shares were bought back during the year. Details of shares issued and bought back since the year end date are given in note 14 on page 55.

Further details setting out how the discount or premium at which the Company's shares trade is calculated are included in the glossary on page 81.

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 ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on an ongoing basis. A definition setting out in detail how the operating charges ratio is calculated is included in the glossary on page 81.

Performance (Dividend target)

The level of income is considered at each meeting and the Board receives detailed income forecasts. 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 pages 12 to 16.

	Year ended 30 November 2017	Year ended 30 November 2016
Net asset value movement[1]	(3.2%)	51.9%
Share price movement[2]	(4.4%)	51.4%
Discount to net asset value (at year end)	2.5%	1.0%
Revenue return per share	4.84p	4.43p
Ongoing charges[3]	1.36%	1.39%

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.

PRINCIPAL RISKS

The Company is exposed to a variety of risks and uncertainties. The Board has in place a robust process to identify, assess 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 and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk.

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

Performance

Strategic report continued

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, BlackRock's internal audit department provides an annual presentation to the Audit and Management Engagement Committee Chairman setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee also periodically receives presentations from BlackRock's Risk & Quantitative Analysis teams, and reviews Service Organisation Control (SOC 1) reports from BlackRock and from the Company's custodian (Bank of New York Mellon (International) Limited). The custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

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

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

- investment performance;
- income/dividend;
- gearing;
- legal and regulatory compliance;
- 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
Investment performance The returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for: ▸ setting the investment strategy to fulfil the Company's objective; and ▸ monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment strategy may lead to: ▸ poor relative performance; ▸ a reduction or permanent loss of capital; and ▸ dissatisfied shareholders and reputational damage.	To manage this risk the Board: ▸ regularly reviews the Company's investment mandate and long term strategy; ▸ has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; ▸ receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; ▸ monitors 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. The Company also has a revenue reserve which could potentially be used to support the Company's dividend if required.

Principal Risk	Mitigation/Control
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 Company's 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 Company's 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 does not anticipate borrowings will exceed 20% of the Company's 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 Group's assets. The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns.
Legal and regulatory compliance 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. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws and regulations the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers Directive, the Market Abuse regulations, the UK Listing Rules and the FCA's Disclosure & Transparency 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 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. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its appointed Alternative Investment Fund Manager (AIFM) are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company. The Market Abuse Regulation came into force across the EU on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.
Operational The Company relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager and Bank of New York Mellon (International) Limited (who act as both Depositary and Fund Accountant and who maintain the Company's assets, settlement and accounting records). The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of the third party service providers. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position.	Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The Fund Accountant's and the Manager's internal control processes are regularly tested and monitored throughout the year and are evidenced through their Service Organisation Control (SOC 1) reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. These reports are 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.

Principal Risk	Mitigation/Control
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. Companies operating within the sectors in which the Company invests may be impacted by new legislation governing climate change and environmental issues, which may have a negative impact on their valuation and share price. 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 risk and foreign 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 16 to the financial statements, together with a summary of the policies for managing these risks.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years. 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
- 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 16.

EMPLOYEES, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

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

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 33.

MODERN SLAVERY ACT

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

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 30 November 2017, all of whom held office throughout the year, are set out in the Governance Structure and Directors' biographies on page 21.

The Board consists of three male Directors and one female Director. The Company does not have any employees.

BY ORDER OF THE BOARD
SARAH BEYNSBERGER FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
29 January 2018

Performance

Investment manager's report

MARKET OVERVIEW

Following a strong recovery in the sector last year, 2017 has been more volatile, but encouragingly finished the year on a positive note with strong underlying momentum in the energy sector. As noted in our half year report, 2017 marked the first period since the global financial crisis that we have seen synchronized growth across the global economy providing an overall supportive back drop for commodity demand. This saw mining equities perform strongly during the year returning 18.0%, with the majority of industrial commodities average prices trading higher year-on-year. In addition to robust demand, China's supply-side reform program has been a key driver of commodity prices tightening a number of commodity markets somewhat faster than we had originally expected. The upward move in commodity prices saw the mining sector generate close to record levels of free cash flow and importantly companies have remained disciplined. Management teams are choosing to reward shareholders via capital returns (as opposed to increased capital spending) which we believe will continue to drive a re-rating of the sector through 2018.

It has been a more challenging year for energy equities, which despite a 30.0% increase in the oil price finished the year 4.0% higher (both in US Dollar terms), as measured by the MSCI World Energy Index. Oil demand remained strong during 2017 with the IEA estimating that global oil demand grew at 1.5mmbpd. Towards the end of the year we saw signs of tightening in the oil market with inventory levels in the US declining, OPEC extending its production cuts by 9 months and supply concerns rising following geopolitical tensions in the Middle East. This saw the oil price move higher towards the end of the year and we continue to see significant investment opportunities among the energy equities as we move into 2018. We are also encouraged by the changing tone from management teams that are becoming increasingly focused on free cash flow generation and choosing not to reinvest where returns are insufficient for shareholders.

The table below shows the annual performance of the key commodity prices during the year (all in US Dollar terms).

Commodity	30 November 2016	30 November 2017	% change	2017 on 2016 Average Price % Change (Average of 30/11/15-30/11/16 to 30/11/16-30/11/17)
Base Metals (US$/tonne)				
Aluminium	1,731	2,034	17.5	22.3
Copper	5,813	6,735	15.9	26.9
Lead	2,350	2471	5.1	25.4
Nickel	11,196	11,050	-1.3	10.2
Tin	21,320	19,690	-7.6	16.2
Zinc	2,688	3,177	18.2	42.7
Precious Metals (US$/oz)				
Gold	1,173.8	1,279.1	9.0	0.6
Silver	16.5	16.3	-1.1	0.8
Platinum	920.0	940.0	2.2	-3.3
Palladium	770.0	1,010.0	31.2	40.3
Energy				
Oil (WTI) (US$/Bbl)	49.4	57.4	16.2	19.9
Oil (Brent) (US$/Bbl)	49.0	63.5	29.5	25.5
Natural Gas (US$/MMBTU)	3.3	2.9	-10.9	28.9
Uranium (US$/lb)	18.2	22.0	20.5	-22.5
Bulk Commodities (US$/tonne)				
Iron ore	74.5	68.5	-8.1	29.6
Coking coal	270.0	178.0	-34.1	52.0
Thermal coal	87.4	96.8	10.7	39.1
Potash (US$/st)	215.0	222.0	3.3	-0.2
Equity Indices				
Euromoney Global Mining Index (US$)	588.2	694.1	18.0	n/a
Euromoney Global Mining Index (£)	470.8	512.7	8.9	n/a
MSCI World Energy Index (US$)	313.4	325.7	3.9	n/a
MSCI World Energy Index (£)	250.7	248.7	-4.1	n/a

* Total Return Net of Tax.
Source: Datastream.

INCOME

The company generated a total of £7.1 million in gross income during the year, which enabled total dividends of 4.0p to be declared for the year, split evenly across the four quarterly payments. It also allowed the strengthening of the revenue reserves of the Company from 2.12 pence per share to 2.96 pence per share as at 30 November 2017, which represents just under three quarters of the current annual dividend payment.

The Company's interim report noted a trend of mining companies stepping up returns to shareholders and this has continued during the second half of the year. For example, Glencore suspended its dividend at the end of 2015, recommenced payments earlier this year and at its recent investor day used strong positive language about prioritising higher future dividend payments.

There have also been positive trends and announcements regarding dividends on the energy side. For example, in November, Royal Dutch Shell announced that after two years of paying part of its dividend in scrip (shares), it was moving back to a fully cash funded dividend. The market was further buoyed by the accompanying news of a $25 billion buyback over the next three years to offset the dilutive effect of the recent scrip dividends and the acquisition of BG.

The second half of the year saw a less attractive environment for option writing as volatility across the sector continued to fall and overall equity market volatility remained around its multi-year lows. As a result, we reduced the volume of option writing during the second half following the brisk start to the year noted in the interim report. The proportion of income from options in 2017 was lower than that in 2016 as dividend income rose. Looking to next year we hope to reduce further the proportion of income from options to below 50% but retain the flexibility to step this up should dividend income disappoint or the environment for options become materially better again.

PORTFOLIO POSITIONING

Throughout the course of 2017 the portfolio has been positioned to benefit from an anticipated rise in the oil price via our holdings in the more oil sensitive US E&P sector, as well as an expected re-rating of the larger mining companies who continue to generate very attractive levels of free cash flow.

As noted in the half year report, the portfolio started the year with a modest tilt to the energy sector which we expected to benefit from the OPEC production cuts announced at the end of 2016. While the Company's energy stocks initially benefited from the announcement, the benefit was relatively short lived, and we subsequently rotated the portfolio towards mining equities following better than expected underlying commodity demand in China.

Following the strong performance of the mining sector in the first half of the year, we took some profits and reduced gearing in the Company. Our expectation of better than anticipated interim results from mining companies, as well as increasingly positive economic data from China ahead of the 19th Communist Party Congress saw us increase our exposure to a number of the large diversified miners, such as Rio Tinto, BHP Billiton and Glencore, towards the end of August, benefiting the portfolio as the sector delivered above the market's expectations of cash flow and dividends.

As we finished the year, we looked to further increase our oil exposure via adding to our preferred E&P's including EOG and Marathon Oil, as well as selectively increasing our integrated exposure via Royal Dutch Shell and Chevron. We were very encouraged to see that after a difficult year for the energy sector, energy equities finally began to respond to the increase in oil prices with the sector ahead by 12.9% between 21 August 2017 and 30 November 2017. We expect this to continue as we move into 2018 with the market becoming increasingly more comfortable that current oil price levels are sustainable with shale acting more as a floor, rather than a cap, to prices.

ENERGY

2017 was very much a year of two halves for the oil market with second half strength ensuring the year ended on a relative high note. The first half of the year was a tough one as despite robust demand, oil prices fell as supply recovered more strongly than expected in both Libya and Nigeria leaving global oil inventories at high levels. As the year progressed however, demand was consistently higher than supply and, as shown in the chart below, inventories of both crude oil and oil products steadily declined towards their five year average.

Towards the end of the period, the forward curve for Brent moved into backwardation – this is where the price for oil today is higher than that for future delivery. This is usually interpreted as a bullish sign for the near-term market outlook as participants are willing to encourage oil out of inventories by paying a higher price.

Although the oil price rising over the course of the year was in line with our expectations, energy equities did not react in the way we thought they would to this more buoyant commodity price. Typically, when oil prices rise due to a fundamental improvement in the demand / supply picture (rather than, for example, a short term spike from a geopolitical event) oil-exposed E&P companies outperform integrated companies and sub-sectors, such as Oil Services, also do well in anticipation of higher activity levels for them. However, this year integrated companies have outperformed E&P companies. This result occurred despite the rally in E&P shares towards the end of the year which was not enough to offset the dramatic underperformance in the first half of the year. One explanation for this disappointing performance might be the observed fall in expected medium term future oil prices (as seen in the commodities futures price curve), which is the price level that the equities are usually valued from. Our view is that the market is too bearish about the medium term prospects for oil prices and over the next few years the longer dated part of the futures curve will rise.

One of the key themes in the mining sector over the last 12-18 months has been management teams focusing on "value over volume". This shift in strategy has the twin benefits of better free cash flow as well as the macro effect of constraining supply thereby supporting commodity prices. We are now seeing companies in the oil space adopt similar rhetoric in recent company announcements with "volume growth" being replaced by "discipline", "free cash flow" and other shareholder friendly phrases. The market has responded well to this change in strategy. As an example, in September when Anadarko Petroleum announced a US$2.5bn buyback programme (over 10% of its market capitalisation) and a 2018 capital expenditure programme that would be fully funded from cash flow at $50/ bbl. oil, the company's shares rose by 10% on the day.

The oil price movements over 2017 are set out in the chart below.

MINING

It was a strong year for the mining sector with equities up 18.0% (as measured by the Euromoney Global Mining Index (US Dollar)) and the majority of commodities trading higher year on year. The sector began the year strongly with Chinese economic data, particularly in property and infrastructure, surprising to the upside. However, concerns that tighter credit conditions, imposed in March, would lead to a slowdown in economic activity, saw sentiment deteriorate with the sector giving back much of its earlier gains by mid-year. Our view, that the negative sentiment was unwarranted, proved to be correct with economic data from China remaining robust in the lead up to China's 19th Party Congress in October.

Throughout the course of 2017, policy measures announced by the Chinese Government have had a significant impact on commodity markets. The first of these was China's supply-side reform program targeted at a range of industries that are in a state of over-capacity. These include the Steel, Aluminium and Coal industries which have, as a result, closed some excess capacity, thereby tightening markets and improving profitability over the course of the year. The second key policy measure has been China's focus on improving environmental standards throughout the country which has seen polluting capacity curtailed leading to a preference and an increased premium for higher quality products. This has been most notable in the iron ore market, with higher quality iron ore

Performance

Investment manager's report continued

(65% iron grade) trading at a 40-50% premium to lower quality iron ore (58% iron grade). We looked to benefit from this trade, adding to higher quality iron ore producers Vale, BHP & Rio Tinto, whilst exiting our position in the lower grade producer Fortescue during the course of the year.

OUTLOOK

The ongoing strength in mined commodity prices over the course of 2017 has seen almost unprecedented levels of free cash flow generated by the major mining companies. In the absence of both a material slowdown in the Chinese economy in 2018 and any poor capital allocation decisions from management teams, the sector should again deliver strong free cash flows and the chart below setting out cashflow expectations for some of the key mining companies illustrates this. We would therefore anticipate a continuation of capital returns to shareholders and the wide valuation gap between mining shares and the rest of the equity market to narrow. The sector was in a similar position in 2010 and embarked upon a wave of M&A and project spending, which led to over supplied commodity markets and poor returns for the equities. Despite these similarities, we see the situation today as being sufficiently different to 2010 and expect to see little change in 2018 to the recent trend of returning cash to shareholders and more disciplined capital spending decisions. The market as a whole though, remains sceptical about the sector given the mistakes of the past and we see this as an opportunity for investors in 2018.

The recent strength in oil prices has been encouraging and we believe that the underperformance of oil-exposed E&P companies and certain US onshore service companies has opened a tactical investment opportunity. In the medium term we retain the view that the market is too bearish regarding the level of long-run oil prices being used to value equities and so continue in our conviction in our oil exposed holdings. When re-affirming this positive medium term oil view we test it against the team's view on electric vehicles. We are optimistic on the outlook for electric vehicles and think adoption rates will be at the high end of market expectations in the next decade. However, even under these optimistic scenarios, absolute oil demand does not peak until at least 2030, offering the opportunity for several market and pricing cycles still to come. That said, we are excited by the breadth of investment opportunities that the decarbonisation of the energy supply chain offers and will look to selectively take advantage of such opportunities in the coming year.

OLIVIA MARKHAM AND TOM HOLL
BlackRock Investment Management (UK) Limited
29 January 2018

Portfolio

Distribution of investments as at 30 November 2017

Portfolio

Ten largest investments as at 30 November 2017

First Quantum Minerals: 9.4% (2016: 7.3%) 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.

Rio Tinto: 6.8% (2016: 5.1%) is one of the world's leading mining companies. The company's primary product is iron ore, but it also produces aluminium, copper, diamonds, gold, industrial minerals and energy products.

BHP Billiton: 6.7% (2016: 4.7%) 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.

Royal Dutch Shell 'B': 6.2% (2016: 6.5%) 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.

Glencore: 5.0% (2016: 2.4%) is a diversified miner with activities in mining, smelting, refining, processing and marketing of metals and minerals, energy products and agricultural products globally. Since mid-2015 the company has been focused on rapidly de-gearing the balance sheet, with net debt falling from US$26bn (Dec-15) to a targeted range of US$10-16bn, to provide greater balance sheet strength and flexibility going forward.

Chevron: 4.8% (2016: 0.9%) is an Integrated oil and gas producer engaged in all aspects of the oil and gas Industry. The company has both upstream and downstream operations, as well as alternative energy operations including solar, wind and biofuels.

Exxon Mobil: 4.2% (2016: 6.4%) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

Vale: 3.3% (2016: 3.5%) is one of the largest mining companies in the world, with operations in 30 countries. Vale is the world's largest producer of iron ore and iron ore pellets, and the world's largest producer of nickel. The company also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals, gold, silver, cobalt, potash, phosphates and other fertiliser nutrients.

BP: 3.1% (2016: 3.6%) is one of the world's leading international oil and gas companies. The company explores for and produces oil and natural gas and refines, markets and supplies petroleum products. It also generates solar energy and manufactures chemicals.

Anadarko Petroleum: 3.1% (2016: 3.0%) is one of the world's largest independent oil and natural gas exploration and production companies. Anadarko currently has production assets in the gulf of Mexico, US onshore, West and North Africa. The exploration portfolio includes assets in the production regions as well as East Africa and Colombia.

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 2016. Together, the ten largest investments represent 52.6% of total investments (ten largest investments as at 30 November 2016: 45.9%).

Portfolio

Investments as at 30 November 2017

	Main geographic exposure	Market value £'000	% of investments
Diversified Mining			
Rio Tinto	Global	6,407	6.8
BHP Billiton	Global	6,370	6.7
Glencore	Global	4,774	5.0
Vale	Latin America	3,128	3.3
South32	Global	1,977	2.1
South32 Call Option 21/12/17	Global	(8)	–
Teck Resources	Canada	1,904	2.0
Teck Resources Put Option 15/12/17	Canada	(18)	–
Lundin Petroleum	Europe	1,029	1.1
Lundin Mining	Europe	522	0.6
Lundin Mining Put Option 15/12/17	Europe	(19)	–
		26,066	**27.6**
Integrated Oil			
Royal Dutch Shell 'B'	Global	5,831	6.2
Chevron	Global	4,527	4.8
Chevron Put Option 15/12/17	Global	(3)	–
Exxon Mobil	Global	3,936	4.2
BP	Global	2,981	3.1
ConocoPhillips	USA	2,367	2.5
Occidental Petroleum	USA	1,677	1.8
Statoil	Europe	866	0.9
		22,182	**23.5**
Exploration & Production			
Anadarko Petroleum	USA	2,902	3.1
Marathon Oil	Global	2,372	2.5
EOG Resources	USA	2,168	2.3
EOG Resources Call Option 15/12/17	USA	(37)	(0.1)
Devon Energy	USA	1,779	1.9
Encana	Canada	1,633	1.7
Noble Energy	Global	1,203	1.3
Hess	Global	898	1.0
Laredo Petroleum	USA	887	0.9
Crescent Point Energy	Canada	471	0.5
		14,276	**15.1**
Copper			
First Quantum Minerals 7.25% 15 May 2022	Global	4,602	4.9
First Quantum Minerals	Global	3,578	3.8
First Quantum Minerals 7.5% 1 Apr 2025	Global	362	0.4
First Quantum Minerals 7.25% 1 Apr 2023	Global	348	0.3
Avanco Resources	Latin America	1,044	1.1
		9,934	**10.5**
Gold			
Newcrest Mining	Australia	1,914	2.0
Randgold Resources	Mali	1,289	1.4
Nevsun Resources	Africa	1,279	1.4
Agnico Eagle Mines	Canada	1,181	1.2
Newmont Mining	Global	1,073	1.1

Portfolio

Investments as at 30 November 2017 continued

	Main geographic exposure	Market value £'000	% of investments
Gold continued			
Franco-Nevada	Global	986	1.1
Osisko Gold Royalties 4% Cnv 31 Dec 2022	Canada	405	0.4
		8,127	**8.6**
Distribution			
Enbridge Income Fund Trust	Canada	2,148	2.3
TransCanada	Canada	1,279	1.3
		3,427	**3.6**
Silver			
Wheaton Precious Metals	Global	1,741	1.8
Fresnillo	Latin America	856	0.9
		2,597	**2.7**
Oil Sands			
Suncor Energy	Canada	1,860	2.0
		1,860	**2.0**
Industrial Minerals & Resources			
Pilgangoora 12% 21 Jun 2022	Australia	1,600	1.7
Iluka Resources	Australia	1,041	1.1
Albemarle Put Option 15/12/17	USA	(13)	–
		2,628	**2.8**
Oil Services			
Superior Energy Services	USA	805	0.8
Precision Drilling	Canada	633	0.7
		1,438	**1.5**
Steel			
Arcelormittal	Global	1,405	1.5
		1,405	**1.5**
Diamonds			
Petra Diamonds 7.25% 1 May 2022	Africa	565	0.6
		565	**0.6**
Portfolio		**94,505**	**100.0**
Comprising			
Equity and debt investments		94,603	100.1
Derivative financial instruments – written call options		(98)	(0.1)
		94,505	**100.0**

All investments are ordinary shares unless otherwised stated. The total number of holdings (including options) at 30 November 2017 was 53 (30 November 2016: 70). The total number of open options as at 30 November 2017 was 6 (30 November 2016: 16). The negative valuations of £98,000 in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2017.

The equity and debt investment total of £94,603,000 above before the deduction of the negative option valuations of £98,000 represents the Company's total investments held at fair value as reflected in the statement of financial position on page 45. The table above excludes cash and gearing; the level of the Company's gearing may be determined with reference to the bank overdraft of £5,446,000 and cash and cash equivalents of £78,000 that are also disclosed in the statement of financial position. Details of the AIC methodology for calculating gearing are given in the glossary on page 82.

As at 30 November 2017, 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 Company's assets to be safeguarded;
- To challenge constructively and scrutinise performance of all outsourced activities; and
- To set the Company's 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 Grant Thornton UK LLP, LMAX and the Standard Life Private Equity Trust. Ed is also a non-executive director of Clarkson PLC. He was previously chairman of Panmure Gordon & Co Plc and of UK Athletics and a non-executive director of BlackRock Emerging Europe plc (formerly The Eastern European Trust). He was also formerly the chief executive of IFX Group and 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 Chairman of the J Sainsbury Pension Scheme and its investment committee and a trustee of the Universities Superannuation Scheme. He was formerly a non-executive director of Cape plc and a director and trustee of 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, Tharisa plc, Petroleum Geo-Services ASA and Bonheur ASA 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: 6/6
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Jonathan Ruck Keene

Appointed March 2009

was formerly 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 his retirement in April 2017.

Attendance record:
Board: 5/6
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 2017.

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 75 and 76 and in the notes to the financial statements on pages 47 to 69.

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 on page 53.

INVESTMENT MANAGEMENT AND ADMINISTRATION

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives a management fee of 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 on page 51. The Board believes that the current fee structure is appropriate for an investment company in this sector.

The Group 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 2017, the Group's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£101.2 million) as at 31 December 2016, and this contribution is matched by BIM (UK). For the year ended 30 November 2017, £16,500 (excluding VAT) has been invoiced and paid 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.

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.

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 AIFMD to appoint an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD) in this role with effect from 2 July 2014. However, with effect from 1 November 2017, the role of Depositary was transferred, by operation of a novation agreement, from BNYMTD to its parent Company, The Bank of New York Mellon (International) Limited (BNYM or the Depositary). The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under AIFM Directive is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at a rate of 0.0115% 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 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, the Common Reporting Standard and for the Foreign Account Tax Compliance Act.

Computershare receive a fixed fee, plus disbursements and VAT. The fixed fee applies for the three years commencing 1 July 2017. Fees in respect of corporate actions are negotiated on an arising basis.

FOREIGN EXCHANGE

At the financial year end, approximately 71.2% of the Company's portfolio was invested in non-sterling assets, with 44.4% 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 £3,641,000 (2016: £3,687,000). 6 contracts remained open at 30 November 2017, details of which are given in the portfolio holdings listed on pages 19 and 20. 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.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 7 to 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, being a period of at least 12 months from the date these Financial Statements are approved, 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.

The Company's longer term viability is considered in the Viability Statement on page 10.

DIRECTORS

The Directors of the Company as at 30 November 2017 and their biographies are set out on page 21. Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 29. All of the Directors held office throughout the year under review.

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

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 pages 30 and 31.

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 31, 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 previous employee 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 AND POLICY

The Directors' Remuneration Report is set out on pages 27 to 29. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2017, therefore, an ordinary resolution to approve the policy will next be put to shareholders at the AGM in 2020.

DIRECTORS' RESPONSIBILITIES

The Directors' responsibilities in preparing these financial statements are noted on page 37.

SUBSTANTIAL SHARE INTERESTS

As at 30 November 2017 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
Charles Stanley & Co Limited	6,846,490	5.8
Brewin Dolphin Limited	5,921,585	5.0
Rathbone Brothers Plc	4,404,829	3.7

As at 29 January 2018, the Company had received notification of the following interests in 3% or more of the voting rights attaching to the Company's share capital.

	Number of ordinary shares	% of issued share capital
Charles Stanley & Co Limited	6,846,490	5.8
Brewin Dolphin Limited	5,921,585	5.0
Rathbone Brothers Plc	4,404,829	3.7

No other shareholder had notified an interest of 3% or more in the Company's shares up to 29 January 2018.

SHARE CAPITAL

Details of the Company's issued share capital are given in note 14 on page 55. Details of the voting rights are given in note 15 to the Notice of Annual General Meeting on page 80.

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.

SHARE ISSUES

During the year ended 30 November 2017, the Company allotted 500,000 ordinary shares for a total consideration of £438,000 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 26 January 2018, no additional shares had been issued. Further details are provided in the Chairman's Statement on page 5.

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 14 March 2017 and will expire at the conclusion of the 2018 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 14 March 2017 and will expire at the conclusion of the 2018 AGM. No ordinary shares were bought back in the year under review.

Since the year end, the Company has bought back 52,000 shares at an average price of 82.31 pence per share representing total consideration of £43,000. The shares were taken into treasury. Further details are given in note 14 on page 55.

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 raises 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 re-issue 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 2017 and February 2018.

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.

GLOBAL GREENHOUSE GAS EMISSIONS

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

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 £118,716 per annum which is equivalent to 11,871,600 ordinary shares and represents 10% 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 2019 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 £118,716 which is equivalent to 11,871,600 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 2019 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 17,795,528 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 2019 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 2018 and 30 April 2019.

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 30 to 33. 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 29 January 2018.

BY ORDER OF THE BOARD
SARAH BEYNSBERGER, FOR AND ON BEHALF OF BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
29 January 2018

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2017 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 38 to 42.

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.

The Board's remuneration was last reviewed in December 2017. Following this review it was agreed that all Directors' fees would be increased by £1,000 per annum, with effect from 1 December 2017. The basis for determining the level of any increase in Directors' remuneration is set out below. Prior to this, Directors' fees were last increased on 1 December 2016. The Board's remuneration is set out in the policy table on the following page.

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.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the AGM held on 14 March 2017, with 99.65% of votes cast (including votes cast at the Chairman's discretion) in favour and 0.35% votes cast against. It is the intention of the Board that the above policy on remuneration will continue to apply for the next two financial years to 30 November 2019. The Directors' Remuneration Report was also last approved by shareholders at the AGM held on 14 March 2017, with 99.59% of votes cast (including votes cast at the Chairman's discretion) in favour and 0.41% of votes cast against.

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 – £37,000 Audit and Management Engagement Committee Chairman – £31,000 Directors – £26,000 All reasonable expenses to be reimbursed.
	Maximum levels	Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association provide that the Directors are paid fees for their services not exceeding in the aggregate an annual sum of £150,000 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 also provide that the Directors are 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. 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). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment.
	Discretionary Payments	The Company's Articles authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit Committee. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director. Any discretionary fees paid will be disclosed in the Director's remuneration implementation report within the Annual Report.
	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 2017 and 2016:

	Year ended 30 November 2017			Year ended 30 November 2016		
Directors	Fees £	Taxable benefits[1] £	Total £	Fees £	Taxable benefits[1] £	Total £
Ed Warner (Chairman)	36,000	–	36,000	33,000	–	33,000
Carol Bell	25,000	–	25,000	22,000	–	22,000
Michael Merton	30,000	–	30,000	27,000	–	27,000
Jonathan Ruck Keene[2]	16,181	–	16,181	–	–	–
Total	107,181	–	107,181	82,000	–	82,000

1. Taxable benefits relates to travel and subsistence costs.
2. Mr Ruck Keene waived his Directors Fees until his retirement from BlackRock on 7 April 2017. He has been paid as a Director from this date.
No discretionary payments were made in the year to 30 November 2017 (2016: £ nil).

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 2017 there were no amounts outstanding to Directors in respect of their annual fees (2015: 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, and dividend distributions.

	2017 £'000	2016 £'000	Change £'000
Directors' total remuneration	107	82	25
Dividends paid and payable	4,751	5,899	(1,148)
Profit/(loss) on ordinary activities after tax	(3,162)	34,263	(37,425)

No payments were made in the period to any past Directors (2016: £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 2017 Ordinary shares	30 November 2016 Ordinary shares
Ed Warner (Chairman)	94,000	94,000
Carol Bell	33,500	33,500
Michael Merton	17,000	17,000
Jonathan Ruck Keene	14,000	14,000

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 24.

ON BEHALF OF THE BOARD
ED WARNER
Chairman
29 January 2018

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 2016. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in July 2016, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

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 on page 35; and
- nomination of a senior independent director.

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

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

BOARD COMPOSITION

The Board currently consists of four non-executive Directors. With the exception of Mr Ruck Keene, who was previously an employee of the Manager (retiring in April 2017), all Directors 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 21 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 21.

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 24.

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 21.

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 2017 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 22 and 23.

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 above.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is Bank of New York Mellon (International) Limited. The address at which the business is conducted is given on page 74. The agreement with the previous Depositary, BNY Mellon Trust & Depositary (UK) Limited, was transferred via a Deed of Novation dated 1 November 2017.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the

Corporate governance statement continued

Investment Manager. Details of the Investment Manager's voting policy are set out on pages 23 and 24.

Committees of the Board

The Board has appointed a number of committees as set out below and on page 21. 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 34 to 36.

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 27 to 29.

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 provide an annual presentation to the Audit Committee Chairman 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 Annual Report and Financial Statements is set out on page 37, the Report of the Independent Auditor on pages 38 to 42 and the Statement of Going Concern on page 24.

SOCIALLY RESPONSIBLE INVESTMENT

Generally, investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests 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.

CRIMINAL FINANCES ACT 2017

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

COMMUNICATION WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote at the 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 page 26. 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 70 to 72, 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.

PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS (PRIIPs) REGULATION ('THE REGULATION')

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

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document ('KID') in respect of the Company. This KID must be made available, free of charge, to EEA retail investors prior to them making any investment decision and have been published on BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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

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 22 to 26 because it is information which refers to events that have taken place during the course of the year.

ON BEHALF OF THE BOARD
ED WARNER
Chairman
29 January 2018

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 2017.

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 21 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 management fees;
- 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 32.

The fees paid to the external auditor are set out in note 5 on page 51. An explanation on how auditor objectivity and independence are safeguarded is reported under 'Assessment of the effectiveness of the external audit process' overleaf.

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.

INTERNAL AUDIT

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

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 (SOC 1) reports 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 the audit partner changes at least every five years.

Accordingly, following a formal tender process, Ernst & Young LLP (EY) who had acted as external Auditor since the Company's launch in 2005 was re-appointed in 2015 and Ms Susan Dawe became audit partner.

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 (2016: £Nil).

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

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 and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation action has been taken. 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. The Directors also review a detailed schedule of dividends received from portfolio holdings at each meeting which sets out current and historic dividend rates, and the amounts accrued. Any significant movements or unusual items are discussed with the Manager. The Committee also reviews Service Organisation Control (SOC 1) Reports from its service providers, including the Company's fund accountant and custodian, Bank of New York Mellon (International) Limited. These reports include information on the control processes in place to ensure the accurate recording of income, and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remediation action has been taken where relevant.

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 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, including the audit partner and team.

The external auditor is invited to attend the Committee meetings at which the half yearly and annual report and financial statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the Committee and the 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 ongoing 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 the external audit has been conducted effectively and also that EY is independent of the Company.

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 37.

M Merton

MICHAEL MERTON
Chairman
Audit and Management Engagement Committee
29 January 2018

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 as at the end of each financial year and of the profit or loss of the Group for that year.

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 21, 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 profit 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 2016 UK Corporate Governance Code also requires Directors to ensure that the annual report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the annual report and financial statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 34 to 36. As a result, the Board has concluded that the annual report and financial statements for the year ended 30 November 2017, 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
29 January 2018

Financial statements

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

OPINION OF FINANCIAL STATEMENTS

In our opinion:

- BlackRock Commodities Income Investment Trust plc's group financial statements and Company financial statements give a true and fair view of the state of the Group's financial statements and Company's affairs as at 30 November 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with 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 ("IFRS") 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.

We have audited the financial statements of the Group and Company for the year ended 30 November 2017 which comprise:

Group	Company
Consolidated Statement of Comprehensive Income for the year ended 30 November 2017	The Company Statement of Changes in Equity for the year ended 30 November 2017
The Consolidated Statement of Changes in Equity for the year ended 30 November 2017	The Company Statement of Financial Position as at 30 November 2017
The Group Statement of Financial Position as at 30 November 2017	The Company Statement of Cash Flows as at 30 November 2017
The Group Cash Flow Statement as at 30 November 2017	Related notes 1 to 19 to the financial statements
Related notes 1 to 19 to the financial statements	

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.

BASIS FOR OPINION

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

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

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

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

- the disclosures in the annual report set out on page 7 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 8 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement on page 24 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 10 to 11 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

OVERVIEW OF OUR AUDIT APPROACH

Key Audit Matters	▶ Incomplete or inaccurate income recognition of premium option income. ▶ Incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements or failure to assess stock liquidity appropriately and failure to maintain proper legal title to investments.
Audit scope	▶ All audit work was performed directly by the audit engagement team under the direction of the senior statutory auditor.
Materiality	▶ Overall materiality of £913.57k represents 1% of net assets.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that had the greatest effect on our overall audit strategy have not changed from the audit of the annual report dated 30 November 2016.

Key Audit Matter	Our response to the risk
Incomplete or inaccurate income recognition *Refer to the Report of the Audit and Management Engagement Committee on page 34; the accounting policies on pages 47–50 and the notes to the financial statements on page 50.* The Group's income for the year amounted to £7.12m (2016: £6.53m) which included £2.87m (2016: £2.5m) of dividend income and £3.64m (2016: £3.69m) of option premium income. The revenue recognised during the year is a key driver to the group's revenue return. Incomplete or inaccurate revenue recognition could therefore have a significant impact on the return generated for shareholders.	**We performed the following procedures:** ▶ We reviewed the Service Organisation Controls (SOC) Reports and EY Administration team's conclusion on the Bank of New York Mellon (International) Limited's (the 'Administrator' and the 'Custodian') systems and controls. ▶ We performed a walkthrough of the systems and controls in respect to the recognition of income. ▶ We agreed a sample of dividends received from the underlying financial records to an independent pricing source and agreed to bank statements as supporting documentation. ▶ We performed a review of all material special dividends received during the period and assessed the appropriateness of the accounting treatment adopted. ▶ To test for completeness, we checked a sample of dividends announced to an independent source to confirm that they were recorded in the correct accounting period. ▶ We obtained trade tickets and agreed a sample of 54 option premium income balances selected and ensured that the income was correctly amortised over the life of the options. ▶ We ensured that option premium income was recognised in the correct period by agreeing a sample of 6 items that straddle over the year end and reviewed sales of options for two weeks before and after, ensuring that correct cut-off had been applied. We agreed these to contract notes and bank statements. ▶ We compared the exchange rate used to translate income received in foreign currencies during the year and confirmed the accuracy of the translation.

Key observations communicated to the Audit and Management Engagement Committee:
Based on the work performed we had no matters to report to the Audit and Management Engagement Committee.

Key Audit Matter	Our response to the risk
Incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements or failure to assess stock liquidity appropriately and failure to maintain proper legal title to investments *Refer to the Report of the Audit and Management Engagement Committee on page 34; the accounting policies on pages 47–50 and the notes to the financial statements on page 54.* The investment portfolio at the year-end comprised of quoted securities, £94.6m (2016: £103.2m), and over-the-counter derivatives £(0.48m) (2016: (£0.48m)). The valuation of the assets held in the investment portfolio is the key driver of the Group's net asset value and investment return. Incorrect asset pricing by the Group could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	**We performed the following procedures:** ▸ We obtained an understanding of the BlackRock Fund Managers Limited's (the 'Manager') and the Administrator's systems and controls in this area. ▸ We compared 100% of investment holding prices to an independent source and investigated any discrepancies. ▸ We compared the exchange rates used in translating the value of securities denominated in foreign currency to an external and independent source. ▸ We agreed the holdings of all over-the-counter derivatives to the year-end depositary and broker confirmations. We agreed the total net market of the over-the-counter derivatives to the year-end broker statement. ▸ We performed a three-way reconciliation of the number of shares held for each security held between the records of the administrator, on behalf of the Group, the custodian and the depositary and investigated any discrepancies.

Key observations communicated to the Audit and Management Engagement Committee:
Based on the work performed we had no matters to report to the Audit and Management Engagement Committee.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the Group and the Company. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, changes in the business environment, the organisation of the Company and effectiveness of company-wide controls, and other factors such as recent Service Organisation Control (SOC 1) reporting when assessing the level of work to be performed.

OUR APPLICATION OF MATERIALITY:

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

MATERIALITY

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

We determined materiality for the Group to be £913.57k (2016: £988.33k), which is 1% of net assets. We have derived our materiality calculation based on a proportion of net assets as we consider it to be the key measurement of the Group's performance.

PERFORMANCE MATERIALITY

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

On the basis of our risk assessments and our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £685.18k (2016: £741.25k). We have set performance materiality at this level due to our past experience of the audit that indicates a lower risk of mistatements, both corrected and uncorrected.

REPORTING THRESHOLD

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

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £45.68k (2016: £49.4k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 3 to 37, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable set out on page 36** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 34 to 36** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 37** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us; or

- the Company's financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

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

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

Our approach was as follows:

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

- We understood how BlackRock Commodities Income Investment Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and review of the Group's documented procedures.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Group.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to management override in relation to inappropriate premium option income journals. Further details of our approach are included within the section on key audit matters.

- We have reviewed that the Group's control environment is adequate for the size and operating model of such a listed investment company.

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

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.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were first appointed by the Company to audit the financial statements for the year ending 30 November 2006 and subsequent financial periods.

- The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ending 30 November 2006 to 30 November 2017.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting the audit.

- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Ernst & Young LLP

SUSAN DAWE (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP
Statutory Auditor
London
29 January 2018

Notes:
1. The maintenance and integrity of the BlackRock Commodities Income Investment Trust Plc website is the responsibility of BlackRock; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

Consolidated statement of comprehensive income for the year ended 30 November 2017

	Notes	Revenue 2017 £'000	Revenue 2016 £'000	Capital 2017 £'000	Capital 2016 £'000	Total 2017 £'000	Total 2016 £'000
Income from investments held at fair value through profit or loss	3	3,456	2,836	–	–	3,456	2,836
Other income	3	3,664	3,694	–	–	3,664	3,694
Total revenue		7,120	6,530	–	–	7,120	6,530
Net (loss)/profit on investments held at fair value through profit or loss	10	–	–	(8,066)	29,133	(8,066)	29,133
Net (loss)/profit on foreign exchange		–	–	(39)	723	(39)	723
Total		7,120	6,530	(8,105)	29,856	(985)	36,386
Expenses							
Investment management fees	4	(239)	(201)	(717)	(602)	(956)	(803)
Other operating expenses	5	(336)	(279)	(3)	(6)	(339)	(285)
Total operating expenses		(575)	(480)	(720)	(608)	(1,295)	(1,088)
Net profit/(loss) before finance costs and taxation		6,545	6,050	(8,825)	29,248	(2,280)	35,298
Finance costs	6	(69)	(64)	(90)	(36)	(159)	(100)
Net profit/(loss) on ordinary activities before taxation		6,476	5,986	(8,915)	29,212	(2,439)	35,198
Taxation	7	(723)	(789)	–	(146)	(723)	(935)
Profit/(loss) for the year		5,753	5,197	(8,915)	29,066	(3,162)	34,263
Earnings/(loss) per ordinary share (pence)	9	4.84	4.43	(7.50)	24.75	(2.66)	29.18

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 the Group.

The Group does not have any other comprehensive income. The net profit/(loss) for the year disclosed above represents the Group's total comprehensive income.

The notes on pages 47 to 69 form part of these financial statements.

Financial statements

Consolidated and parent statements of changes in equity for the year ended 30 November 2017

Group	Notes	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2017							
At 30 November 2016		1,183	46,395	71,223	(22,479)	2,511	98,833
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(8,915)	5,753	(3,162)
Transaction with owners, recorded directly to equity:							
Proceeds from shares issued	14 & 15	5	433	–	–	–	438
Share issue costs	15	–	(1)	–	–	–	(1)
Dividends paid*	8	–	–	–	–	(4,751)	(4,751)
At 30 November 2017		1,188	46,827	71,223	(31,394)	3,513	91,357
For the year ended 30 November 2016							
At 30 November 2015		1,156	44,837	71,223	(51,545)	3,759	69,430
Total comprehensive income:							
Net profit for the year		–	–	–	29,066	5,197	34,263
Transaction with owners, recorded directly to equity:							
Proceeds from shares issued		27	1,559	–	–	–	1,586
Share issue costs		–	(8)	–	–	–	(8)
Tender issue costs rebated		–	7	–	–	–	7
Dividends paid**	8	–	–	–	–	(6,445)	(6,445)
At 30 November 2016		1,183	46,395	71,223	(22,479)	2,511	98,833

Company	Notes	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2017							
At 30 November 2016		1,183	46,395	71,223	(21,975)	2,007	98,833
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(8,124)	4,962	(3,162)
Transaction with owners, recorded directly to equity:							
Proceeds from shares issued	14 & 15	5	433	–	–	–	438
Share issue costs	15	–	(1)	–	–	–	(1)
Dividends paid*	8	–	–	–	–	(4,751)	(4,751)
At 30 November 2017		1,188	46,827	71,223	(30,099)	2,218	91,357
For the year ended 30 November 2016							
At 30 November 2015		1,156	44,837	71,223	(50,001)	2,215	69,430
Total comprehensive income:							
Net profit for the year		–	–	–	28,026	6,237	34,263
Transaction with owners, recorded directly to equity:							
Proceeds from shares issued		27	1,559	–	–	–	1,586
Share issue costs		–	(8)	–	–	–	(8)
Tender issue costs rebated		–	7	–	–	–	7
Dividends paid**	8	–	–	–	–	(6,445)	(6,445)
At 30 November 2016		1,183	46,395	71,223	(21,975)	2,007	98,833

* 4th interim dividend of 1.00p per share for the year ended 30 November 2016, declared on 16 December 2016 and paid on 20 January 2017; 1st interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 14 March 2017 and paid on 21 April 2017, 2nd interim dividend of 1.00p per share for the year ending 30 November 2017, declared on 13 June 2017 and paid on 21 July 2017 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 11 September 2017 and paid on 13 October 2017.

** 4th interim dividend of 1.50p per share for the year ended 30 November 2015, declared on 17 December 2015 and paid on 22 January 2016, 1st interim dividend of 1.50p per share for the year ended 30 November 2016, declared on 14 March 2016 and paid on 21 April 2016, 2nd interim dividend of 1.50p per share for the year ended 30 November 2016, declared on 14 June 2016 and paid on 22 July 2016 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2016, declared on 12 September 2016 and paid on 21 October 2016.

The notes on pages 47 to 69 form part of these financial statements.

Financial statements

Consolidated and parent statements of financial position as at 30 November 2017

	Notes	30 November 2017 Group £'000	30 November 2017 Company £'000	30 November 2016 Group £'000	30 November 2016 Company £'000
Non current assets					
Investments held at fair value through profit or loss	10	94,603	96,718	103,127	104,449
Current assets					
Other receivables	12	2,057	2,057	916	916
Cash collateral held with brokers		949	–	2,990	–
Cash and cash equivalents		78	–	7,208	74
		3,084	2,057	11,114	990
Total assets		97,687	98,775	114,241	105,439
Current liabilities					
Other payables	13	(786)	(557)	(3,239)	(2,886)
Derivative financial liabilities held at fair value through profit or loss	10	(98)	(98)	(482)	(482)
Bank overdraft		(5,446)	(6,763)	(11,687)	(3,238)
		(6,330)	(7,418)	(15,408)	(6,606)
Net assets		91,357	91,357	98,833	98,833
Equity attributable to equity holders					
Called up share capital	14	1,188	1,188	1,183	1,183
Share premium account	15	46,827	46,827	46,395	46,395
Special reserve	15	71,223	71,223	71,223	71,223
Capital reserves	15	(31,394)	(30,099)	(22,479)	(21,975)
Revenue reserve	15	3,513	2,218	2,511	2,007
Total equity		91,357	91,357	98,833	98,833
Net asset value per ordinary share (pence)	9	76.92	76.92	83.57	83.57

The financial statements on pages 43 to 69 were approved and authorised for issue by the Board of Directors on 29 January 2018 and signed on its behalf by Ed Warner, Chairman.

BlackRock Commodities Income Investment Trust plc

Registered in England, No. 5612963

The notes on pages 47 to 69 form part of these financial statements.

Financial statements

Consolidated and parent cash flow statements for the year ended 30 November 2017

	30 November 2017 Group £'000	30 November 2017 Company £'000	30 November 2016 Group £'000	30 November 2016 Company £'000
Operating activities				
Net (loss)/profit on ordinary activities before taxation	(2,439)	(2,970)	35,198	34,416
Add back finance costs	159	120	100	48
Net loss/(profit) on investments and options held at fair value through profit or loss (including transaction costs)	8,066	7,273	(29,133)	(28,911)
Net loss/(profit) on foreign exchange	39	41	(723)	95
Sales of investments held at fair value through profit or loss	63,910	63,910	73,535	73,535
Purchases of investments held at fair value through profit or loss	(63,836)	(63,836)	(78,060)	(78,060)
Increase in other receivables	(21)	(21)	(13)	(13)
Increase/(decrease) in other payables	6	6	(203)	(203)
Increase in amounts due from brokers	(1,120)	(1,120)	(448)	(448)
(Decrease)/increase in amounts due to brokers	(2,335)	(2,335)	2,335	2,335
Net movement in cash collateral held with brokers	2,041	–	(1,678)	–
Net cash inflow from operating activities before interest and taxation	4,470	1,068	910	2,794
Interest paid	(159)	(120)	(100)	(48)
Taxaton paid	(655)	–	(845)	–
Taxation on investment income included within gross income	(192)	(192)	(153)	(153)
Net cash inflow/(outflow) from operating activities	3,464	756	(188)	2,593
Financing activities				
Proceeds from shares issued	438	438	1,586	1,586
Share issue costs paid	(1)	(1)	(8)	(8)
Tender issue costs rebate received	–	–	7	7
Dividends paid	(4,751)	(4,751)	(6,445)	(6,445)
Net cash outflow from financing activities	(4,314)	(4,314)	(4,860)	(4,860)
Decrease in cash and cash equivalents	(850)	(3,558)	(5,048)	(2,267)
Effect of foreign exchange rate changes	(39)	(41)	723	(95)
Change in cash and cash equivalents	(889)	(3,599)	(4,325)	(2,362)
Cash and cash equivalents at start of year	(4,479)	(3,164)	(154)	(802)
Cash and cash equivalents at end of year	(5,368)	(6,763)	(4,479)	(3,164)
Comprised of:				
Cash and cash equivalents	78	–	7,208	74
Bank overdraft	(5,446)	(6,763)	(11,687)	(3,238)
	(5,368)	(6,763)	(4,479)	(3,164)

The notes on pages 47 to 69 form part of these 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 twelfth 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 International Financial Reporting Standards (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 Company's operations are of a continuing nature.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC), revised in November 2014, is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP.

Substantially, all of the assets of the Group consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

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

The Group has adopted IFRS10 – Consolidated Financial Statements Investment Entities amendments (effective 1 January 2014) which establishes a single control model that applies to all entities including special purposes 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 that became effective during the year had no significant impact on the amounts reported in these financial statements but may impact accounting for future transactions and arrangements.

At the date of authorising these financial statements the following standards and interpretations which had not been applied in these financial statements were in issue but not yet effective.

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. Under IFRS 9 equity and derivative investments will be held at fair value because they fail the 'solely payments of principal and interest' test and debt investments will be held at fair value because the business model is to manage them on a fair value basis. The scope of the fair value option is reduced within IFRS 9. The standard is effective from 1 January 2018 with earlier application permitted. The Company does not plan to early adopt this standard. The Standard is not expected to have any impact on the Company as all its investments are held at fair value through profit or loss.

Amendments to IAS 7 – Disclosure initiative Statement of Cash Flows (effective 1 January 2017). The amendment is not expected to have a significant effect on the presentation of the Statement of Cash Flows within the financial statements of the Company.

Notes to the financial statements continued

2. ACCOUNTING POLICIES continued

Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses (effective 1 January 2017). The amendment is not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017) 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 have a material impact.

(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 year 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 and deposit interest is accounted for on an accruals basis.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue column of the Consolidated 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 Consolidated Statement of Comprehensive Income.

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

(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 the capital column of the Consolidated Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 10 to the financial statements on page 54;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;

- 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 year. Taxable profit differs from net profit as reported in the Consolidated 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 liability for current tax is 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 tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the 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 designated upon initial recognition 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 initially and subsequently measured at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. The sale 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 investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated future selling costs. 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 'Profits 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.

For all financial instruments not traded in an active market, the fair value is determined by using various valuation techniques. Valuation techniques include market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making use of available and supportable market data as possible). Where no reliable fair value can be estimated for such instruments, they are carried at cost subject to any provision for impairment.

(i) Options

Options are held at fair value based on the bid/offer prices of the options written to which the Company 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 exercised the gain or loss is accounted for as a capital gain or loss. Any cost on closing out an option is transferred to revenue along with any remaining unamortised premium.

2. ACCOUNTING POLICIES continued

(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, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be accrued in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity.

(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 and non monetary assets held at fair value 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. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

(m) Cash and cash equivalents
Cash comprises cash in hand and on demand deposits. 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.

(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

	2017 £'000	2016 £'000
Investment Income:		
UK listed dividends	1,300	1,028
Overseas listed dividends	1,574	1,222
Fixed interest	582	586
	3,456	2,836
Other income:		
Deposit interest	23	7
Option premium income	3,641	3,687
	3,664	3,694
Total income	7,120	6,530

During the year, the Group received option premium income totalling £3,334,000 (2016: £4,103,000) for writing covered call options for the purposes of revenue generation. Option premiums of £3,641,000 (2016: £3,687,000) were amortised to income. At 30 November 2017, there were 6 (2016: 16) open positions with an associated liability of £98,000 (2016: £482,000).

Dividends and Interest received during the year amounted to £2,866,000 and £491,000 (2016: £2,226,000 and £525,000).

A special dividend of £91,000 has been recognised in capital (2016: nil).

4. INVESTMENT MANAGEMENT FEES

	2017			2016		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Investment management fee	239	717	956	201	602	803
Total	239	717	956	201	602	803

The investment management fee is levied at 0.95% of gross assets per annum on the first £250 million of the Company's gross assets reducing to 0.90% thereafter. The fee is allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

5. OTHER OPERATING EXPENSES

	2017 £'000	2016 £'000
Allocated to revenue:		
Custody fees	5	3
Auditors' remuneration:		
– audit services	25	25
Registrar's fee	23	26
Directors' emoluments	107	82
Broker fees	25	40
Depositary fees	11	9
Marketing fees	25	69
Marketing fees prior year adjustment	–	(59)
Other administrative costs	115	84
	336	279
Allocated to capital:		
Custody transaction charges	3	6
	339	285
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any finance costs and taxation, were:	1.36%	1.39%

Details of the calculation methodology for ongoing charges are given in the glossary on page 82.

For the year ended 30 November 2017, expenses of £3,000 (2016: £6,000) were charged to the capital column of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

6. FINANCE COSTS

	2017			2016		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Interest on bank overdrafts	69	90	159	64	36	100
	69	90	159	64	36	100

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

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Corporation taxation	570	–	570	635	146	781
Double taxation relief	(14)	–	(14)	–	–	–
Prior year adjustment - 2014	(25)	–	(25)	–	–	–
Overseas tax	192	–	192	154	–	154
Total taxation charge (note 7b)	723	–	723	789	146	935

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 £145,000 (2016: £110,000) 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.

£720,000 management expenses accounted for through the capital column of the income statement has been surrendered to the subsidiary for the year ended 30 November 2017 (2016: £608,000). 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 current 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 19.33% (2016: 20.00%). The differences are explained below:

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total profit/(loss) on ordinary activities before taxation	6,476	(8,915)	(2,439)	5,986	29,212	35,198
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax 19.33% (2016: 20%)	1,252	(1,723)	(471)	1,197	5,842	7,039
Effects of:						
Non taxable UK listed dividend income	(251)	–	(251)	(206)	–	(206)
Non taxable overseas listed dividend income	(286)	–	(286)	(246)	–	(246)
Overseas tax suffered	192	–	192	154	–	154
Relief for overseas tax	(14)	11	(3)	–	–	–
Net loss/(profit) on investments and options held at fair value through profit or loss	–	1,560	1,560	–	(5,826)	(5,826)
Foreign exchange loss	–	7	7	–	19	19
Taxation effect of allowable expenses in capital	(145)	145	–	(110)	110	–
Disallowable expenses	–	–	–	–	1	1
Prior year adjustment – 2014	(25)	–	(25)	–	–	–
	(529)	1,723	1,194	(408)	(5,696)	(6,104)
Total taxation charge for the year (note 7(a))	723	–	723	789	146	935

The Company is exempt from corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to meet the conditions required to maintain its investment trust status, it has not provided for deferred tax on any capital gains or losses.

8. DIVIDENDS

Dividends paid on equity shares:	Record date	Payment date	2017 £'000	2016 £'000
4th interim dividend of 1.00p per share for the year ended 30 November 2016 (2015: 1.50p)	30 December 2016	20 January 2017	1,188	1,734
1st interim dividend of 1.00p per share for the year ended 30 November 2017 (2016: 1.50p)	24 March 2017	21 April 2017	1,187	1,762
2nd interim dividend of 1.00p per share for the year ended 30 November 2017 (2016: 1.50p)	23 June 2017	21 July 2017	1,188	1,769
3rd interim dividend of 1.00p per share for the year ended 30 November 2017 (2016: 1.00p)	22 September 2017	13 October 2017	1,188	1,180
Accounted for in the financial statements			4,751	6,445

The total dividends payable in respect of the year ended 30 November 2017 which form the basis of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts proposed, meet the relevant requirements as set out in this legislation.

Dividends paid, proposed or declared on equity shares:	2017 £'000	2016 £'000
1st interim dividend of 1.00p per share paid for the year ended 30 November 2017 (2016: 1.50p)	1,187	1,762
2nd interim dividend of 1.00p per share paid for the year ended 30 November 2017 (2016: 1.50p)	1,188	1,769
3rd interim dividend of 1.00p per share paid for the year ended 30 November 2017 (2016: 1.00p)	1,188	1,180
4th interim dividend of 1.00p per share payable on 19 January 2018 for the year ended 30 November 2017* (2016: 1.00p)	1,188	1,188
	4,751	5,899

* Based on 118,768,000 ordinary shares in issue on 22 December 2017.

Notes to the financial statements continued

9. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

	2017	2016
Net revenue profit attributable to ordinary shareholders (£'000)	5,753	5,197
Net capital (loss)/profit attributable to ordinary shareholders (£'000)	(8,915)	29,066
Total (loss)/profit attributable to ordinary shareholders (£'000)	(3,162)	34,263
Equity shareholders' funds (£'000)	91,357	98,833
The weighted average number of ordinary shares in issue during the year, on which the earnings per ordinary share was calculated, was:	118,751,562	117,437,126
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated, was:	118,768,000	118,268,000
Return per share		
Revenue earnings per share – (pence)	4.84	4.43
Capital (loss)/earnings per share – (pence)	(7.50)	24.75
Total earnings per share – (pence)	(2.66)	29.18
Net asset value per ordinary share – (pence)	76.92	83.57
Ordinary share price (pence)	75.00	82.75

There were no dilutive securities at the year end.

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
UK listed equity investments held at fair value through profit or loss	67,385	67,385	78,713	78,713
Overseas listed equity investments held at fair value through profit or loss	27,218	27,218	24,414	24,414
Investment in subsidiary held at fair value through profit or loss[1]	–	2,115	–	1,322
Total value of financial asset investments	94,603	96,718	103,127	104,449
Derivative financial instruments - written option contracts	(98)	(98)	(482)	(482)
Total value of financial asset investments and derivatives at 30 November	94,505	96,620	102,645	103,967
Valuation brought forward at 1 December	102,645	103,967	68,987	70,531
Investment and derivative holding (profit)/losses at 1 December	(12,148)	(13,470)	27,705	26,161
Opening cost of investments and derivatives	90,497	90,497	96,692	96,692
Additions at cost	63,836	63,836	78,060	78,060
Disposal proceeds	(63,910)	(63,910)	(73,535)	(73,535)
Realised profit/(losses) on sales	484	484	(10,720)	(10,720)
Cost carried forward at 30 November	90,907	90,907	90,497	90,497
Investment and derivative holding profit at 30 November	3,598	5,713	12,148	13,470
Closing valuation of investments and derivatives	94,505	96,620	102,645	103,967

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

During the year, transaction costs of £78,000 (2016: £162,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £127,000 (2016: £81,000). All transaction costs have been included within the capital reserves.

Profit/(losses) on investments held at fair value through profit or loss

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Realised profit/(loss) on sales	484	484	(10,720)	(10,720)
Changes in investment and derivative holding (profit)/loss	(8,550)	(7,757)	39,853	39,631
	(8,066)	(7,273)	29,133	28,911

11. INVESTMENT IN SUBSIDIARY

At 30 November 2017, 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 activity of the subsidiary, BlackRock Commodities Securities Income Company Limited, is investment dealing and options writing.

	Description of ordinary shares	Authorised and issued share capital 2017	2016
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

12. OTHER RECEIVABLES

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Amounts due from brokers	1,568	1,568	448	448
Withholding tax recoverable	106	106	127	127
Prepayments and accrued income	383	383	341	341
	2,057	2,057	916	916

13. OTHER PAYABLES

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Amounts due to brokers	–	–	2,335	2,335
Accruals for expenses and interest payable	557	557	551	551
Taxation payable	229	–	353	–
	786	557	3,239	2,886

14. CALLED UP 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 2016	118,268,000	118,268,000	1,183
Shares issued	500,000	500,000	5
At 30 November 2017	118,768,000	118,768,000	1,188

During the year 500,000 (2016: 2,700,000) shares were issued for a total consideration of £438,000 (2016: £1,586,000) before deduction of issue costs. Since 30 November 2017 52,000 shares have been bought back at an average price of 82.31 pence per share representing total consideration of £43,000.

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15. RESERVES

Group	Share premium account £'000	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on revaluation of investments held £'000	Revenue reserve £'000
At 1 December 2016	46,395	71,223	(34,627)	12,148	2,511
Movement during the year:					
Total comprehensive income:					
Net capital loss for the year	–	–	(365)	(8,550)	–
Net revenue profit for the year	–	–	–	–	5,753
Transactions with owners recorded directly to equity:					
Proceeds from shares issued	433	–	–	–	–
Share issue costs	(1)	–	–	–	–
Dividends paid	–	–	–	–	(4,751)
At 30 November 2017	46,827	71,223	(34,992)	3,598	3,513

Company	Share premium account £'000	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on revaluation of investments held £'000	Revenue reserve £'000
At 1 December 2016	46,395	71,223	(35,445)	13,470	2,007
Movement during the year:					
Total comprehensive income:					
Net capital loss for the year	–	–	(365)	(7,759)	–
Net revenue profit for the year	–	–	–	–	4,962
Transactions with owners recorded directly to equity:					
Proceeds from shares issued	433	–	–	–	–
Share issue costs	(1)				
Dividends paid	–	–	–	–	(4,751)
At 30 November 2017	46,827	71,223	(35,810)	5,711	2,218

The share premium account is not a distributable reserve under the Companies Act 2006. The special reserve may be used as distributable profits for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for payment as dividends. In accordance with the Company's articles and its status as an investment company under the provisions of section 1158 of the Corporation Tax Act 2010, net capital returns may be distributed by way of dividend.

16. 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.

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on page 30 and in the Statement of Directors' Responsibilities on page 37, 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 the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the 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 monitoring investment performance, product risk monitoring and oversight and have 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 tracks the actual risk management practices being deployed across the Group. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

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

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.

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

The one-day VaR as of 30 November 2017 and 30 November 2016 (based on a 99% confidence level) was 2.21% and 3.79%, respectively.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(i) Market risk arising from other price risk

Exposure to other price risk

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

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

Use of derivatives

The Group may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, options, as part of its investment policy. Options written by the Group provide the purchaser with the opportunity to purchase from the Company or sell to the Company the underlying asset an an agreed-upon value either on or before the expiration of the option. OTC options are generally settled in cash on a net basis.

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.

The Group's exposure to other changes in market prices at 30 November 2017 on its equity and debt investments was £94,603,000 (2016: £103,127,000). In addition, the Company's gross market exposure to these price changes through its option portfolio was £9,271,000 (2016: £21,811,000).

(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 2017 and 30 November 2016 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.

2017	US Dollar £'000	Canadian Dollar £'000	Australian Dollar £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	1,584	198	–	115
Cash and cash equivalents	78	–	–	–
Total foreign currency exposure on net monetary items	1,662	198	–	115
Investments at fair value through profit or loss	41,955	16,065	5,968	3,299
Total net foreign currency exposure	43,617	16,263	5,968	3,414

2016	US Dollar £'000	Canadian Dollar £'000	Euro £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	296	261	16	125
Cash and cash equivalents	4,543	1,892	82	691
Payables	(2,115)	–	–	(221)
Total foreign currency exposure on net monetary items	2,724	2,153	98	595
Investments at fair value through profit or loss	55,833	15,397	1,313	5,742
Total net foreign currency exposure	58,557	17,550	1,411	6,337

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 debt investments, cash holdings and its borrowing facility for investment purposes. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Group's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure
The exposure at 30 November 2017 and 30 November 2016 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.

	2017			2016		
	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:						
Collateral held with brokers	949	–	949	2,990	–	2,990
Cash and cash equivalents	78	–	78	7,208	–	7,208
Bank overdraft	(5,446)	–	(5,446)	(11,687)	–	(11,687)
Exposure to fixed interest rates:						
Fixed interest investments	–	7,882	7,882	–	6,041	6,041
Total exposure to interest rates	(4,419)	7,882	3,463	(1,489)	6,041	4,552

Interest rates received on cash balances or paid on bank overdrafts in sterling, respectively, is approximately 0.00% and 1.265% per annum (2016: 0.00% and 1.225% 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.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(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.

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 creditworthiness of the financial institutions with whom cash is held is reviewed regularly by the Investment Manager.

RQA completes a formal review of each 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 2017 (30 November 2016: nil).

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

Depositary

The Group's Depositary is Bank of New York (International) Limited (the Depositary) (S&P long term credit rating as at 30 November 2017: A1) (2016: Aa2). All of the equity and debt assets and cash of the Group are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary may cause the Group'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 2017 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 non-cash assets 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.

The Group's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited as the Group's custodian. Bankruptcy or insolvency of the custodian may also cause the Group's rights with respect to its securities held by the custodian to be delayed or limited.

Counterparties/brokers

The Group only invests directly in markets that operate on a "delivery versus payment" basis, and consequently most investment transactions in listed securities involve simultaneous delivery of securities against cash payment using an approved broker. The risk of default is considered minimal, and the trade will fail if either party fails to meet its obligation.

For a few markets that the Group invests in from time to time, although they operate on a "delivery versus payment" basis, there may be a very short time gap between stock delivery and payment, giving potential rise to counterparty credit risk with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used for those markets. 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).

	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 *
2017	5	970	–	1,625	•
2016	3	7,208	–	3,438	A-1

* Standard & Poors ratings.
** Calculated on a net basis.

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

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 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 2017 and 30 November 2016, the Group wrote covered call option contracts to generate revenue income for the Group. As the call options are covered by dedicated cash or stock resources and no call option contracts were written to manage price risk, there is no impact on the Group's exposure to gearing or leverage as a result of writing covered call options. The notional amount of call options written that were open at 30 November 2017 was £9,271,000 (2016: £21,811,000).

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 Group's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising 6 positions as at 30 November 2017 (2016: 16).

The economic exposures to options can be closed out at any time by the Group with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given elsewhere in this note.

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 and is not included as a component of cash and cash equivalents. 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 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.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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

	Pledged collateral		Inbound collateral	
	30 November 2017 £'000	30 November 2016 £'000	30 November 2017 £'000	30 November 2016 £'000
Cash collateral	949	2,990	–	–

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 (RQA). 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 2017 and 30 November 2016 was as follows:

	2017 £'000	2016 £'000
Fixed interest securities	7,882	6,041
Collateral held with brokers	949	2,990
Cash and cash equivalents	78	7,208
Other receivables (amounts due from brokers, dividends, interest and tax receivable)	2,057	916
	10,966	17,155

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:

- transactions are only entered into with those counterparties approved by RQA, with a formal review carried out for each new counterparty and with counterparties selected by RQA on the basis of a number of risk migration criteria designed to reduce the risk to the Group of default;
- the Group's listed investments are held on its behalf by the Bank of New York (International) Limited as the Group's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Groups's rights with respect to securities held by the custodian to be delayed. The Board monitors the Group's risk by reviewing the custodian's internal control reports;
- 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 meet its obligation. RQA review the credit standard of the Group's brokers on a periodic basis, and set limits on the amount that may be due from any one broker;

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

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Group'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 custodian's processes;
- the Manager's internal control reports which include a report by the Manager's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and
- in addition, the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

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 derivative 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 2017 and 30 November 2016, the Group's derivative assets and liabilities (by type) are as follows:

	30 November 2017		30 November 2016	
Derivatives	**Assets £'000**	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
Written option contracts	–	(98)	–	(482)
Total derivative assets and liabilities in the Statements of Financial Position	–	(98)	–	(482)
Total assets and liabilities subject to a master netting agreement	–	(98)	–	(482)

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 2017:

Counterparty	**Derivative liabilities subject to a master netting agreement by a counterparty**	**Derivatives available for offset**	**Non-cash collateral given**	**Cash collateral given**	**Net amount of derivative liabilities**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 30 November 2017					
Bank of America Merrill Lynch	(98)	–	–	98	–
At 30 November 2016					
Bank of America Merrill Lynch	(482)	–	–	482	–

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Group had an overdraft facility of the lower of £20.0 million or 20% of the Group's net assets. (2016: £10 million or 20% of the Group's net assets).

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2017 and 30 November 2016, based on the earliest date on which payment can be required, were as follows:

2017	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	557	229	786
Derivative financial liabilities held at fair value through profit or loss	98	–	98
Bank overdraft	5,446	–	5,446
	6,101	229	6,330

2016	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	2,886	353	3,239
Derivative financial liabilities held at fair value through profit or loss	482	–	482
Bank overdraft	11,687	–	11,687
	15,055	353	15,408

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. However, the timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the 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.

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 (investment 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 2(h) to the Financial Statements on page 49.

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

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; 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. 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 these 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 entity determined 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 investment manager. The investment manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group.

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 2017 – Group	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Equity and debt investments	94,603	–	–	94,603
Liabilities:				
Derivative financial instruments – written options	–	(98)	–	(98)
	94,603	(98)	–	94,505

Financial assets at fair value through profit or loss at 30 November 2017 – Company	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Equity and debt investments	94,603	–	2,115	96,718
Liabilities:				
Derivative financial instruments – written options	–	(98)	–	(98)
	94,603	(98)	2,115	96,620

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Financial assets at fair value through profit or loss at 30 November 2016 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity and debt investments	103,127	–	–	103,127
Liabilities:				
Derivative financial instruments – written options	–	(482)	–	(482)
	103,127	(482)	–	102,645

Financial assets at fair value through profit or loss at 30 November 2016 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity and debt investments	103,127	–	1,322	104,449
Liabilities:				
Derivative financial instruments – written options	–	(482)	–	(482)
	103,127	(482)	1,322	103,967

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

Level 3 Financial assets at fair value through profit or loss as 30 November – Company	2017 £'000	2016 £'000
Opening fair value	1,322	1,544
Total gains or losses included in profit/(loss) on investments in the Consolidated Statement of Comprehensive Income:		
– assets held at the end of the year	793	(222)
Closing balance	2,115	1,322

(e) 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 2017 was £96,803,000 (2016: £110,520,000), comprising a bank overdraft of £5,446,000 (2016: £11,687,000) and equity shares, capital and reserves of £91,357,000 (2016: £98,833,000).

Under the terms of the overdraft facility agreement, the Group's total indebtedness shall at no time exceed £20m or 20% of the Group's net asset value (whichever is the lowest).

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

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

The Group is subject to externally imposed capital requirements:

- as a public company, the Group has a minimum share capital of £50,000; and

- in order to be able to pay dividends out of profits available for distribution, the Group has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

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

Investment in the People's Republic of China (PRC) via the Stock Connect

The Stock Connect is a securities trading and clearing linked program developed by HKEX, SSE and China Clear with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Company), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE. Under the Southbound Trading Link investors in the PRC will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and CSRC on 10 November 2014 the Stock Connect commenced trading on 17 November 2014.

Companies and funds investing in the PRC may invest in China A Shares trading on the Shanghai Stock Exchange via Stock Connect. The Stock Connect is a programme that links the Shanghai Stock Exchange and the SEHK. Under the programme, investors can access the Shanghai Stock Exchange via the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the HKSCC as central securities depositary in Hong Kong. Investing in China A Shares via Stock Connect bypasses the requirement to obtain RQFII status which is required for direct access to the Shanghai Stock Exchange.

Quota Limitations

Investing in the PRC via Stock Connect is subject to quota limitations which apply to the Investment Manager. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance).

Investment Thresholds for Stock Connect Funds

The Company may invest no more than 10% of its net asset value in the Stock Connect.

Legal/Beneficial Ownership

The China A Shares invested in via the Stock Connect will be held by the Trustee in accounts in the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the China A Shares, as the nominee holder, through an omnibus securities account in its name registered with CSDCC. The precise nature and rights of the Stock Connect Funds as the beneficial owners of the China A Shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Stock Connect Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the China A Shares will be regarded as held for the beneficial ownership of the Company or as part of the general assets of HKSCC available for general distribution to its creditors.

Clearing and Settlement Risk

HKSCC and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote. In the remote event of a CSDCC default, HKSCC's liabilities in respect of China A Shares invested in via the Stock Connect will be limited under its market contracts with clearing participants to assisting clearing participants in pursuing their claims against CSDCC. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation. In that event, the Company may suffer delay in the recovery process or may not fully recover its losses from CSDCC.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Suspension Risk

It is contemplated that both the SEHK and the Shanghai Stock Exchange would reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator will be sought before a suspension is triggered. Where a suspension is effected, the Company's ability to access the PRC market will be adversely affected.

Differences in Trading Day

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Company cannot carry out any China A Shares trading via the Stock Connect. The Company may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Shanghai Stock Exchange will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the Company intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Company may not be able to dispose of its holdings of China A Shares in a timely manner.

Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the SEHK and the Shanghai Stock Exchange differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Company's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Company may be adversely affected as a result of such changes.

Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may restrict the ability of the Company to acquire shares.

No Protection by Investor Compensation Fund

Investment in China A Shares via the Stock Connect is conducted through brokers, and is subject to the risk of default by such brokers in their obligations. Investments of the Company are not covered by the Hong Kong's investor compensation fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A Shares invested in via the Stock Connect do not involve products listed or traded on the SEHK, they will not be covered by the investor compensation fund. Therefore the Company is exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connect.

Taxation Risks

The PRC tax authorities have also made announcements that gains derived from China A-Shares investments via the Stock Connects would be temporarily exempted from PRC taxation effective from 17 November 2014. This temporary exemption applies to China A-Shares generally, including shares in PRC 'land-rich' companies. The duration of the period of temporary exemption has not been stated and may be subject to termination by the PRC tax authorities with or without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the relevant Stock Connect Funds would be subject to PRC taxation in respect of gains on China-A Shares and the resultant tax liability would eventually be borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will also be passed to investors.

17. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

The Board consists of four non-executive Directors, all of whom, with the exception of Mr Ruck Keene, who was previously (up until April 2017) 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 2017, the Chairman received an annual fee of £36,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £30,000 and the other Director received an annual fee of £25,000. Mr Ruck Keene waived his fee during the period from 1 October 2016 to 7 April 2017 when he retired as an employee of BlackRock. He has been paid as a Director from this date and for the year to 30 November 2017 received a total of £16,181 for his services as a Director.

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 27 to 29.

At 30 November 2017, £10,000 (2016: £nil) was outstanding in respect of Directors' fees.

18. TRANSACTIONS WITH THE AIFM AND INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014 under a contract which is terminable on six months' notice. BIM has (with the Company's consent) delegated certain portfolio and risk services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 22 and 23.

The investment management fee due for the year ended 30 November 2017 amounted to £956,000 (2016: £803,000). At the year end, £387,000 was outstanding in respect of the management fee (2016: £382,000).

In addition to the above services, BlackRock has provided the Group with marketing services. The total fees paid or payable for these services for the year ended 30 November 2017 amounted to £25,000 excluding VAT (2016: £69,000 before writeback of prior year expense of £59,000). Marketing fees of £23,000 excluding VAT (2016: £14,500) were outstanding as at the year end.

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2017 (2016: 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.

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

DIVIDEND TAX ALLOWANCE

From April 2016 dividend tax credits have been replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio. This allowance will reduce to £2,000 from April 2018. 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. To purchase this investment, you must have read the Key Information Document before the trade can be executed. Computershare can email or post this to you.

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

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.

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS (ISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion in an ISA. In the 2017/2018 tax year, investors will be able to invest up to £20,000 in NISAs either as cash or shares.

Additional information

Shareholder information continued

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, dividend confirmation 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

Additional information

Analysis of ordinary shareholders

BY TYPE OF HOLDER

	Number of shares	% of total 2017	% of total 2016	Number of holders	% of total 2017	% of total 2016
Direct private investors	1,863,521	1.6	1.7	242	24.6	18.4
Banks and nominee companies	114,206,103	96.2	96.2	721	73.2	79.7
Others	2,698,376	2.3	2.1	22	2.2	1.9
	118,768,000	100.0	100.0	985	100.0	100.0

BY SIZE OF HOLDING

Range	Number of shares	% of total 2017	% of total 2016	Number of holders	% of total 2017	% of total 2016
1-10,000	2,775,223	2.3	3.6	615	62.4	64.9
10,001-100,000	6,768,149	5.7	8.5	246	25.0	26.3
100,001-1,000,000	33,694,368	28.4	25.1	93	9.4	6.5
1,000,001-5,000,000	55,883,942	47.1	48.3	28	2.8	2.1
5,000,001-9,999,999	19,646,318	16.5	14.5	3	0.3	0.2
	118,768,000	100.0	100.0	985	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
Year ended 30 November 2016	98,933	83.57	82.75	4.43	5.00	1.4
Year ended 30 November 2017	**91,357**	**76.92**	**75.00**	**4.84**	**4.00**	**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]
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
The Bank of New York Mellon (International) Limited[2]
One Canada Square
London E14 5AL

Registrar
Computershare Investor Services PLC[1]
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 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]
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

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

1. Authorised and regulated by the Financial Conduct Authority.
2. From 1 November 2017.

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 2017	Gross leverage as at 30 November 2017
Leverage ratio	1.07	1.10

Further information on the calculation of leverage ratios is provided in the glossary on page 81.

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 16 to the notes to the financial statements on pages 57 to 69.

PRE INVESTMENT DISCLOSURES

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

There have been no material changes (other than those reflected in these financial statements or previously disclosed to the London Stock Exchange through a primary information provider) 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.

SARAH BEYNSBERGER
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
29 January 2018

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 his Directors' fees for the period from 1 December 2016 to 7 April 2017 when he served as an employee of BlackRock. With effect from his retirement on 7 April he has been paid as a Director of the Company and no longer waives his fees.

9.8.4 (7) During the year, the Company issued shares on one occasion and 500,000 ordinary shares in total with a nominal value of £5,000 were issued at a price of 87.60 pence per share for a total consideration of £438,000, before the deduction of issue costs.

Details of the allottees are set out in the following table:

Allottee	Number of issues	Shares issued	Price (pence)	Total consideration (£'000)	Average premium %
Winterflood Securities Limited	1	500,000	87.60	438	2.0

9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) As a managing director of BlackRock, up to his retirement on 7 April 2017, Mr Ruck Keene is deemed to have had an interest 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.

BY ORDER OF THE BOARD
SARAH BEYNSBERGER
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
29 January 2018

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the next 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 Tuesday, 13 March 2018 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 14, 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 2017, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 November 2017.

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 4.00p 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 £118,716 (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 2019, 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 2019, 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 £118,716, (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 17,795,528 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 2019 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 2018 (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 2018 (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 2019 (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 2019 (unless such authority is renewed prior to such time) save that the Company may, prior to such 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.

BY ORDER OF THE BOARD
SARAH BEYNSBERGER
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
29 January 2018

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is 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 9 March 2018 (Saturdays, Sundays and public holidays excepted). Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 10.30 a.m. on 9 March 2018 (Saturdays, Sundays and public holidays excepted).
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. 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 Company's 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.
9. 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.
10. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure 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.
11. 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.
12. 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.

Annual general meeting

Notice of annual general meeting continued

13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are laid before the meeting; or
    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.
    The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. 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 29 January 2018, 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.
15. As at 26 January 2018 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital (excluding 52,000 treasury shares) consisted of 118,716,000 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 118,716,000.
16. 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.
17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association

Glossary

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 "equity shareholders' fund" (as set out in note 9 of the notes to the financial statements on page 54) by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2017, total equity was £91,357,000 and there were 118,768,000 ordinary shares in issue (as set out in note 9 of the notes to the financial statements on page 54); the NAV was therefore 76.92p 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.

NET ASSET VALUE PER SHARE WITH INCOME REINVESTED

This is the theoretical return on shareholders' funds per share, reflecting the change in value of the NAV per share assuming that dividends paid to shareholders were reinvested at the first opportunity. As at 30 November 2017, the Company's NAV stood at 76.92 pence per share; a reinvestment factor of 1.05207 (rounded) was applied to reach a closing NAV for the purposes of the calculation of NAV performance with income reinvested of 80.92 pence per share (please see note 9 of the financial statements on page 54 for the audited inputs to the calculation).

SHARE PRICE RETURN PER SHARE WITH INCOME REINVESTED

This is the theoretical return on the Company's shares based on the mid-market share price, reflecting the change in the share price assuming that dividends paid to shareholders were reinvested at the first opportunity. As at 30 November 2017, the Company's share price stood at 75.00 pence per share; a reinvestment factor of 1.054374 was applied to reach a closing adjusted share price for the purposes of the calculation of share price performance with income reinvested of 79.08 pence per share (please see note 9 of the financial statements on page 54 for the audited inputs to the calculation).

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%. (Please see note 9 of the financial statements on page 54 for the audited inputs to the calculation at 30 November 2017 and 2016).

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%. (Please see note 9 of the financial statements on page 54 for the audited inputs to the calculation at 30 November 2017 and 2016).

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

ONGOING CHARGES RATIO

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

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments (as set out in note 5 of the notes to the financial statement on page 51). Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

The inputs that have been used to calculate the ongoing charges percentage are as follows:

Annualised ongoing charges = management fees of £956,000 + other operating expenses of £339,000 = £1,295,000 (these inputs can be found in the consolidated statement of comprehensive income on page 43).

Average undiluted net asset value in the period = £95,001,725.
£1,295,000 / £ 95,001,725 = 1.36%.

GEARING AND BORROWINGS

The Group may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital, investment in derivatives and structured financial instruments, and borrowings. Gearing through the use of derivatives is limited to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns. Gearing through borrowings is limited to 40% of the group's assets; however borrowings are not envisaged to exceed 20% of the Company's gross assets at the date or drawdown.

Gearing of 3.4% as at 30 November 2017 as disclosed in the Chairman's Statement on page 5 has been calculated in accordance with AIC Guidelines. AIC guidelines require gearing to be calculated as total assets of the Company less cash or cash equivalents held minus total shareholders' funds, divided by total shareholders' funds. Cash and cash equivalents are further defined by the AIC as net current assets or net current liabilities (as relevant). At 30 November 2017 the Company had total assets of £97,687,000, current liabilities of £6,330,000, current assets of £3,084,000 and shareholders' funds of £91,357,000.

The calculation of gearing under the AIC definition is therefore as follows:

(£97,687,000 – (£6,330,000 – £3,084,000) – £91,357,000/£91,357,000 = 3.4%).

The audited inputs for this calculation can be found in the Statements of Financial Position on page 45.