BlackRock Commodities Income Investment Trust plc

Annual Report and Financial Statements
30 November 2018

Registered in England, No. 5612963

BlackRock Commodities Income Investment Trust plc

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.

Gearing

The Company may from time to time utilise gearing. Borrowings are not anticipated to exceed 20% of the Company's gross assets.

Dividend target

The Board's current target is to declare quarterly dividends of at least 1.00 pence per share in the year to November 2019, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 5.7% based on the share price of 70.60 pence per share as at the close of business on 30 November 2018.

Financial highlights

5.7%
Yield as at
30 November 2018

▲ **0.4%**

70.60p
Ordinary share price[2]

▼ **0.9%**[1]

75.87p
NAV per ordinary share

▲ **3.6%**[1]

£88.1M
Net assets

4.37p
Revenue return per ordinary share

▼ **9.7%**

4.0p
Total dividends

No change

As at 30 November 2018. Percentage comparisons are year on year against 30 November 2017.
[1] Performance figures are calculated in sterling terms with dividends reinvested.
[2] Mid-market.

Why BlackRock Commodities Income Investment Trust plc?

Conviction
A conviction-led approach to delivering a high income from the best ideas in the global resources sectors. Unconstrained by market cap, sector or region, the managers can invest in a wide range of opportunities.

Opportunity
The Company is beginning to invest in Energy Transition i.e. the move towards less carbon intensive energy supply and energy consumption. This enables shareholders to benefit from potentially attractive investment opportunities in well-established, high quality renewable energy companies and companies set to benefit from changing energy consumption. The transition is fuelling growth across a wide range of areas from metals to lithium to battery cathode manufacturers.

Yield
The Company offers an attractive 5.7% net yield, as at 30 November 2018, as the managers focus on higher quality companies with strong cash flows that are good allocators of capital. The Company's global nature means that the large majority of its holdings generate earnings from around the world.

Expertise
The Company is managed by BlackRock's Natural Resources Team, one of the largest investors in natural resources, which has been running mining funds since 1993 and energy funds since 1999. The Team undertakes extensive, proprietary, on-the-ground research to get to know the management of the companies in which they invest.

Flexibility
The Company's flexibility means that the portfolio will adapt as the demand for mining and energy changes. For example, as China's economy shifts more to services its demand for resources may change. Over the long term, the Team is therefore able to change the portfolio makeup to select the best income-generating stocks.

ESG
Environmental, Social and Corporate Governance is a key consideration and embedded within the investment process. The Team's philosophy is that whilst ESG is one of many factors that should be considered when making an investment, there is a positive correlation between good ESG and investment performance.

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Performance record

	30 November 2018	30 November 2017	Change %
Assets			
Net asset value per ordinary share (pence)	75.87	76.92	(1.4)
- with dividends reinvested[2]			3.6
Net assets (£'000)[1]	88,109	91,357	(3.6)
Ordinary share (mid-market) (pence)	70.60	75.00	(5.9)
- with dividends reinvested[2]			(0.9)

	Year ended 30 November 2018	Year ended 30 November 2017	Change %
Revenue			
Net revenue profit after taxation (£'000)	5,145	5,753	(10.6)
Revenue return per ordinary share (pence)	4.37	4.84	(9.7)
Interim dividends (pence)			
1st interim	1.00	1.00	-
2nd interim	1.00	1.00	-
3rd interim	1.00	1.00	-
4th interim	1.00	1.00	-
Total dividends paid and payable	4.00	4.00	-

[1] The change in net assets reflects market movements and the issue and buyback of shares during the year.
[2] Further details of the calculation of performance with dividends reinvested are given in the Glossary on page 102.

Chairman's statement

ED WARNER

Dear Shareholder

I am pleased to present the annual report to shareholders of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2018.

Overview and performance

The year under review was marked by a mid-year u-turn in investor sentiment, with gains made through a strong first half being reversed as markets became increasingly nervous over the prospects for global growth. Heightened trade tensions between the US and China, a slowdown in Chinese demand and the oil market moving into a position of oversupply all contributed to market concerns. Against this backdrop, the Company's NAV per share rose by 3.6% for the year to 30 November 2018, outperforming both the MSCI World Energy Index which returned 3.5% and the EMIX Global Mining Index which returned 0.4% (all data in sterling terms with dividends reinvested). A 50:50 composite of the two indices posted an increase of 1.9% for the year to 30 November 2018.

It should be noted that these comparisons are given for illustrative purposes only. The Company's objectives are to achieve both an annual dividend target and, over the long term, capital growth. Consequently the Board does not benchmark performance against mining and energy sector indices as meeting a specific dividend target is not within the scope of these indices.

Additional information on commodity markets and key contributors and detractors to portfolio performance are set out in the Investment Manager's report on pages 8 to 14. Additional information on the performance of the Company is set out in the table below and in the performance record and chart, both on page 4.

Since the year end and up to the close of business on 25 January 2019, the Company's NAV has returned -0.2% and the share price has returned +0.8% (all calculations with dividends reinvested).

Revenue return and dividends

The Company's revenue return per share for the year amounted to 4.37 pence (2017: 4.84 pence). This was sufficient 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 2017 and 2018 financial years are set out in note 8 on page 72.

The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to November 2019, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 5.7% based on the share price as at the close of business on 30 November 2018.

The Company currently employs an option writing strategy to generate revenue returns and to ensure that the Company's dividend is covered by current year income. In 2018, option premium income represented 36% of total income (2017: 51%). The Board has discussed the merits of a more flexible approach, recognising that it may be possible to generate similar, or possibly improved returns for the Company with a lower level of option writing (particularly in rising markets where the returns may be curtailed by writing call options). Given that the Company has revenue reserves and also has the ability to make dividend distributions out of special reserves and capital reserves (totalling £39,942,000 at 30 November 2018), the Board does not believe that there is an overriding requirement for the annual dividend target to be covered by current year revenue alone. The portfolio managers therefore focus on investing the portfolio to generate an optimal level of total return without striving to meet an annual income target and the Board is prepared to use revenue reserves and capital and special reserves to meet the dividend target if current year portfolio income alone is insufficient.

Tender offers

The Directors 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.

	One year %	Three years %	Five years %	Since inception %
Net Asset Value (with dividends reinvested)[1]	3.6	52.4	-1.1	53.2
Share price (with dividends reinvested)[1]	-0.9	43.3	-10.8	40.3

[1] Further details of the calculation of performance with dividends reinvested are given in the Glossary on page 102.

Chairman's statement continued

The Board announced on 25 June 2018 that it had decided not to proceed with a tender offer in August 2018 and on 11 December 2018 that the tender offer in February 2019 would not be implemented. During the year ended 30 November 2018, the Company's shares traded at an average discount to NAV of 5.2% compared to the discount of 2.0% to NAV at which any tender offer would be made.

The Board is conscious of the Company's prevailing discount and recognises the importance to shareholders that the market price of the Company's shares should not trade at a significant discount to the underlying NAV. However, it does not believe that discretionary semi-annual tender offers represent the most effective form of discount mitigation and the Board has concluded that it would be more appropriate for the Company's share buybacks to be used, in normal market conditions, to seek to ensure that the share price does not trade at a significant discount to the underlying NAV per share. To this end the Board 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.

> The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to 30 November 2019, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 5.7% based on the share price as at the close of business on 30 November 2018.

The Board will not be seeking authority from shareholders to implement discretionary semi-annual tenders at the next Annual General Meeting.

Share capital

As noted above, the Directors are mindful of the Company's discount to NAV. The Board monitors the Company's share rating closely, and is committed to making share purchases where appropriate to ensure that the share price does not trade at a significant discount to the underlying NAV per share.

To the extent that shares are trading at a premium, the Board is committed to the regular issue of ordinary shares 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 shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary share capital.

During the financial year ended 30 November 2018, the Company bought back 2,891,485 ordinary shares at an average price of 82.08 pence per share and at an average discount of 6.6% representing total consideration of £2,373,000. The Company has not bought back any shares since 30 November 2018 up to the close of business on 28 January 2019.

The Company also issued 250,000 ordinary shares during the year at a price of 76.75 pence per share for a total consideration of £192,000, before the deduction of issue costs. The shares were issued at a premium of 2.02% 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.

Since 30 November 2018, and up to the close of business on 28 January 2019 no additional shares have been issued.

Gearing

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum gearing used during the year was 11.2% and at 30 November 2018 net gearing was 7.6%. Gearing has been calculated in accordance with AIC guidelines and on a net basis. Further details are included in the Glossary on page 103.

Board composition

The Board is mindful of the increasing focus on independence, tenure and succession planning set out in the recently updated Financial Reporting Council's review of the UK Corporate Governance Code, which will apply for periods commencing on or after 1 January 2019. Consequently it will be taking steps to refresh Board composition in the coming year to ensure that the majority of Directors, excluding the Chair, are non-executive directors whom the Board considers to be independent.

Franked Investment Income (FII) Group Litigation Order (GLO) V HMRC

It was pleasing to note the positive outcome on a tax ruling relating to overseas dividends during the year.

By way of background, in 2003 The Prudential Assurance Company Limited filed a case against HM Revenue & Customs (HMRC) on the treatment of foreign sourced dividends. The litigation has been ongoing for many years and concerned the tax treatment of UK-resident companies (including investment funds) that received dividends from portfolio shareholdings in non-UK companies. It had previously been settled that the UK dividend tax regime that applied to portfolio dividends prior to 2009 was contrary to EU law, as UK dividends were not subject to tax whereas non-UK dividends were taxable.

On 25 July 2018 the UK Supreme Court handed down its judgement in the Prudential case, ruling (inter alia) that non-UK dividends remain taxable but that credit should be given for the underlying foreign tax at the foreign nominal corporate income tax rate of the source country. It is not yet clear how this decision will be practically implemented; however the Company has submitted protective claims to HMRC for credit relief for the overseas withholding tax suffered on the relevant income impacted by this litigation. The value of the tax potentially recoverable under these claims is currently estimated to be approximately 1.1% of the Company's NAV as at 30 November 2018. No accrual has been made for this in the Company's NAV or the financial statements due to the continuing uncertainty as to how HMRC will implement the ruling which may affect the quantum of the amount potentially recoverable and the likelihood of recoverability.

Annual general meeting

The Company's AGM will be held on Tuesday, 12 March 2019 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 98 and 99 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

In the energy sector, structural shifts away from carbon-based energy supplies towards alternative and renewable energy sources will have fundamental and long-term consequences and be likely to cause permanent change in demand for these fuels. Whilst there remain good opportunities for investment in the traditional sectors of the industry, the Board is increasingly mindful of the growing use of renewable sources of power in electricity generation and the rapid development of energy technology. The shift to electricity to power cars will drive growth across a wide range of industries including lithium miners, battery cathode manufacturers and a wealth of companies involved in the electrification of transport.

In the mining sector, future prospects depend to a large extent on the outlook for economic growth in China. If this can be sustained, most mining companies continue to be well positioned, having paid down debt and been disciplined in their approach to capital spending in recent years.

The Manager continues to research these trends and regularly reports to the Board on their evolving views. They, as ever, will look to take advantage selectively of the opportunities identified in the coming year.

ED WARNER
Chairman
28 January 2019

Investment manager's report

OLIVIA MARKHAM TOM HOLL

Market Overview

2018 can be best described as a year of two halves. The year began strongly with both the mining and energy sectors outperforming broader equity markets on expectations of strong global growth. This performance was largely given back during the second half of the year as the market became increasingly focused on the risk to global growth as US/China trade tensions rose, cracks began to emerge in Chinese demand and the oil market moved into a position of oversupply.

Despite the high level of volatility in the sector, the Company was able to increase its NAV by +3.6% over the period outperforming both the MSCI World Energy Index which returned +3.5% and the EMIX Global Mining Index which returned +0.4% (all data in sterling terms with dividends reinvested). The Company also outperformed the FTSE All-Share Index by 5.1% over the one year period. (For reference the FTSE All-Share Index returned -1.5% during the year).

■ We continue to see a high degree of discipline across the mining sector with companies focused on free cash flow generation, deleveraging and returning excess cashflow to shareholders via dividends and buybacks...

We have seen a dramatic improvement in the oil market over the last two years as inventories have drawn down, OPEC compliance has remained high and underlying demand has been solid. For much of 2018, crude oil has traded between US$65-75 per barrel with the oil forward curve moving into backwardation - a sign of a strong oil market with the near-term oil price above the price further out. However, just at the point when the oil price peaked at ~US$85/bbl (Brent) in early October and market commentators were positing $100/bbl oil, we saw the most significant correction in the oil price since 2016 with the Brent oil price declining ~30% to finish the year at US$58/bbl.

The sell-off was primarily driven by the oil market moving into a position of oversupply as Saudi Arabia increased production to over 11mbpd, US supply also surprised to the upside and critically the US gave waivers to certain nations that mitigated the effect of Iranian crude oil sanctions. While the oil price finished the period lower year-on-year, it is important to note that the average oil price was ~30% higher year-on-year which has driven higher earnings across the energy sector and allowed companies to further reduce debt and increase returns to shareholders through dividends and buybacks.

The mining sector started the year strongly buoyed by better than expected economic data and seasonal strength in Chinese commodity demand which saw the sector +11% over the first two months of the year. However, concerns over the escalating US/China trade war, global growth and deteriorating economic data in China saw the sector decline during the second half of the year, finishing the period flat (+0.4% in sterling terms).

Base, bulk and precious metals prices generally traded down year-on-year. This was largely a function of a broad sell-off towards the end of the year with average prices generally flat to up over the year. Encouragingly, we continue to see a high degree of discipline across the sector with companies focused on free cash flow generation, deleveraging and returning excess cashflow to shareholders via dividends and buybacks which we believe will drive a re-rating of the sector in time.

Commodity	30 November 2018	30 November 2017	% change	2018 on 2017 Average Price % Change
Base Metals (US$t)				
Aluminium	1,957	2,034	-3.8	9.5
Copper	6,227	6,735	-7.5	8.6
Lead	1,961	2,471	-20.6	-0.2
Nickel	11,136	11,050	0.8	26.9
Tin	18,398	19,690	-6.6	-0.3
Zinc	2,655	3,177	-16.4	4.3
Precious (US$/oz)				
Gold	1,219.2	1,279.1	-4.7	1.8
Silver	14.2	16.3	-13.2	-7.3
Platinum	805.0	940.0	-14.4	-6.3
Palladium	1,205.0	1,010.0	19.3	20.0
Energy				
Oil (WTI) (US$/Bbl)	50.8	57.4	-11.5	30.3
Oil (Brent) (US$/Bbl)	57.5	63.5	-9.5	34.3
Natural Gas (US$/MMBTU)	4.6	3.0	55.7	-8.9
Uranium (US$/lb)	29.1	22.0	32.3	12.1
Bulk Commodities (US$/t)				
Iron ore	65.0	68.5	-5.1	-1.9
Coking coal*	225.5	214.5	5.1	8.7
Thermal coal	102.9	96.8	6.3	22.5
Equity Indices				
EMIX Global Mining Index (net return) (US$)	657.0	694.1	-5.3	n/a
EMIX Global Mining Index (net return) (£)	515.0	512.7	0.4	n/a
MSCI World Energy Index (net return) (US$)	317.7	325.8	-2.5	n/a
MSCI World Energy Index (net return) (£)	249.0	240.7	3.5	n/a

Source: Datastream.
* Source: Macquarie.

Portfolio Activity and Investment Performance

The portfolio began the year with relatively high gearing and an equally balanced portfolio between mining and energy stocks which proved to be very beneficial given the strong performance of both sectors. Our expectation of a strong reporting season for the mining sector, in particular the large cap diversified mining companies, saw the portfolio further increase gearing and its mining exposure towards the end of January. The Company benefited from the announcement of increased dividends by all the major mining companies. Consequently, the mining sector outperformed the energy sector by 13% over the first 3 months of the year.

In response to the outperformance of the mining sector we reduced some of our exposure taking down gearing as well as rotating exposure into a number of higher quality Exploration & Production (E&P) companies and our preferred integrated producers. This also proved beneficial with the energy sector performing very well in Q2 with the MSCI World Energy Index +16% (in sterling terms) driving strong performance of the Company with the NAV +17.7% in the first half of the year.

During the second half of the year, we increasingly took a more defensive portfolio stance reducing gearing initially to a level which offset the mining debt exposure in the portfolio, as well as reducing exposure to the

Investment manager's report continued

more leveraged US E&P companies and mid-cap mining stocks. In addition, the option writing in the portfolio was biased towards call writing particularly over the US E&P's that significantly sold-off and saw increased volatility, especially during the last two months of the year. In hindsight we should have taken a more defensive portfolio position, however, we did not forecast such a steep decline in the oil price which hurt portfolio performance at the back end of the year.

The Company successfully outperformed its reference 50/50 energy/mining indices by 1.7% net of fees over the year. The portfolio's overweight to copper was the key driver of outperformance with two of its mid-cap copper holdings - Avanco Resources and Nevsun Resources - acquired during the year; Avanco was subsequently bid for and acquired by Oz Minerals. In addition, a new area of the portfolio - Battery Materials - added significantly to performance through the Company's holdings (both equity and debt) in lithium producers as well as its holding in Umicore, a battery materials recycler. As discussed later in the report we are increasingly looking to build the portfolio's exposure to the "energy transition" theme, where we had 10.5% of the portfolio directly exposed to the area at the end of the reporting period. Despite the significant sell-off in the US E&P's during the last quarter of the year, the strong performance of this sub-sector during the first half, as well as our actions to cut exposure during the second half, resulted in a small positive contribution from the E&P companies as a whole over the year.

Income

The Company generated a total of £6.4 million in gross income during the year, which enabled a total dividend of 4.0 pence per share, being four quarterly payments of 1.0 pence. 0.4 pence per share was added to the revenue reserves of the Company, which now total 3.4 pence per share.

The Company's income in sterling terms had a tailwind in 2018 from a depreciating pound. Most of the portfolio holdings pay dividends in US dollars, so a weaker pound translates, all else being equal, to higher sterling denominated income. On the other hand, the option writing environment was less attractive for most of the year (with the exception of the last couple of months) as implied volatilities fell. This was most notable in mining where the iron ore price, a key earnings driver of the major diversified miners, traded tightly between $60-65 per tonne for the second and third quarters of the year.

In our interim report, we noted that many of the E&P companies had used surplus cash flow (relative to the start of year expectations where many had planned at $50 per barrel oil) to increase returns to shareholders via dividends and buybacks. We have seen this trend continue in the second half of the year, albeit at a slower pace. Looking forward into early 2019 and what to expect in the full year announcements for the oil companies, we would anticipate a more cautious approach. The dramatic decline in the oil price in October and November may cause companies in the first instance to strengthen balance sheets rather than risk overdistribution. However even at these lower oil prices, the dividends of the European integrated companies remain covered by underlying cash flow generation and, in the US, the dividend cover is even stronger, although dividend yield of, for example, Exxon is only two thirds of the yield of Royal Dutch Shell.

The mining sector continued to deliver strong returns to shareholders with the largest companies leading the way. BHP announced that it would be returning all the proceeds from its shale asset disposal back to shareholders via a dividend and a buyback. This follows Rio Tinto's announcement of three buybacks during 2018, totalling over $5 billion. With mining company balance sheets now generally strong and willingness to invest in new projects being low, we would expect this bias towards returning capital to shareholders to continue.

Energy

Until the last two months of the reporting year, it had been a rather uneventful year for the oil market. Crude oil (WTI, US$) had traded around $65-75 per barrel for much of the year with demand and supply relatively well balanced and the oil forward curve in backwardation. We mentioned this in the 2017 annual report and noted that the near-term oil price being higher than the price further in the future was a sign of a strong oil market. However, towards the end of 2018, the curve moved from backwardation to contango - a sign that the market was becoming looser/oversupplied. This was a significant catalyst in causing the oil price to decline sharply in the last two months of the year. This was caused by continued supply growth from the US, Saudi Arabia increasing production to over 11 million barrels per day and, critically, Donald Trump giving waivers to certain nations on the Iranian crude oil sanctions. This was completely unexpected by the market and meant there were around 800,000 barrels per day of additional supply in the market. The moves in the physical market were exacerbated by financial market players selling their oil exposure with the net length in crude oil futures falling by over 67% from the end of September to the end of November.

Following the end of the Company's reporting year, OPEC held its December meeting. Members announced a production cut of 800,000 barrels per day in conjunction with non-OPEC members agreeing to cut 400,000 barrels per day (the majority of this burden being shouldered by Russia). This was a larger cut than expected, and the oil price rallied but this was short lived with the oil price relinquishing most of the gain within a few days.

One of the most notable features of the oil market during 2018 was the emergence of a number of constraints to US shale production. The usual anecdotes of a lack of skilled labour and rapidly rising wages for truck drivers were perhaps not critical, but the lack of available infrastructure certainly was. There is currently not enough capacity in pipelines from the Permian Basin (the key US shale producing region), and this has resulted in producers in the region having to sell their product at a deep discount to the widely referenced WTI oil price. The chart below shows the evolution of this discount through 2018 and it has been one of the key drivers of the disappointing performance of shares in US E&P companies with Permian exposure. Looking into 2019 there should be some relief towards the end of the year when over two million barrels per day of new pipeline capacity is due to come online.

Whilst the pipeline constraints discussed above have had a negative impact on certain US E&P's, it has been a tailwind for refinery operators. This has benefited both dedicated refining companies and of course the larger integrated companies who also have significant trading operations. The outperformance of the integrated companies during 2018 is therefore something we believe to have been driven by fundamentals rather than a wider market trend of investments seeking dividend-focused companies (integrateds) over growth companies (E&P's).

Mining

It was a strong start to the year for the mining sector with 2018 set to be another year of stable synchronous growth. This positive backdrop was further supported by a strong reporting season with companies delivering growth in earnings, dividends and free cash flow year-on-year. In the recent annual reports we have discussed at length the need for, and the improvement in, company behaviour and capital allocation - a key driver of the sector's re-rating in our view. The increased focus on shareholder value creation with deleveraging, dividends and buybacks prioritised ahead of growth in recent years, sees the sector generating close to record levels of free cash flow underpinned by exceptionally strong balance sheets. Through a combination of dividends and buybacks, the large-cap diversified miners are forecast to deliver a 5-10% return in 2019, a high hurdle for mid-cap companies to compete against. Our conviction in the structural change in capital allocation for the major mining companies has translated into an increase in our diversified exposure to the highest level since the inception of the Company which was the third largest source of outperformance during the year and a core component of the Company's income.

China's influence on the mining sector remained at the forefront of investors' minds from both a demand and supply perspective in 2018. China's supply-side reform programme which commenced at the end of 2016 has continued to see supply exit and commodity markets tighten quicker than anticipated. In addition China's "war on pollution", an initiative expected to continue into the future, has resulted in increasing premiums for high quality products and widening discounts for lower quality products. This has been a very notable feature of the iron ore market with high grade 65% iron ore trading at close to double the level of lower grade 58% iron ore in the middle of the year. The Company's holding in the world's largest iron ore producer, Vale, was a key beneficiary of this trend.

From a demand perspective, physical demand conditions remained reasonably solid throughout the first half of the year despite increasingly negative sentiment centred on the impact of the US/China trade war, cracks began to emerge in the second half of the year. Credit tightening measures put in place by the Chinese Government at the end of last year have resulted in a material slowdown in infrastructure spending in the country and while the Chinese Government has recently boosted infrastructure spending and is looking at various fiscal measures to support the economy, the outlook for demand in China remains an area of uncertainty for the market as we enter 2019.

Market Outlook and Portfolio Positioning

The second half of 2018 was a tough period for resource investors with weaker than expected demand in China and higher than expected oil supply each undermining supply and demand fundamentals in their respective markets. Sentiment towards the sector was also negative with headlines around the US - China trade war being perceived as a key risk to the outlook for global trade, growth and subsequently the resources sector. However, it is at times of heightened fear and uncertainty that it is important looking forward to block out the attention grabbing headlines and focus on fundamentals for the companies in the portfolio. Whilst the major mining companies can no longer be seen as the growth companies that they were in the 2000s, they have transformed into dividend and free cash flow machines. Management and boards have embedded a strong bias to returning cash to shareholders rather than reinvesting and this combined with exceptionally strong balance sheets, makes the large-cap mining companies attractive investments. In the portfolio we have increased the holdings in the diversified miners to their highest level in recent years, reflecting our conviction in the sustainability of returns from this group of companies. It is challenging for mid-cap companies to compete given their higher level of risk and volatility of cash flow, so we have funded the higher weight in the large-cap diversified companies by reducing our mid-cap holdings.

Our 2019 outlook for oil is that from December's price ($53.8 per barrel for Brent Oil at 31 December 2018), there is a greater probability of a higher oil price than a lower one given OPEC's willingness to defend this oil price with the recent larger than expected production cuts. However, we struggle to see upside beyond $70 per barrel as demand destruction, notably in countries such as India, begins to occur above this level of price and shale activity becomes heavily incentivised. As we move towards 2020, the infrastructure constraints on shale production will begin to ease with pipeline capacity being added so we would expect shale supply to respond more readily to higher prices. In this type of environment we see the integrated oil companies as best positioned so have focused the portfolio into companies such as Royal Dutch Shell and BP in Europe and Chevron and Exxon in the US. We see value in some of the E&P companies but have concentrated our positions into those with the highest quality acreage. The emerging cost pressures in the shale industry will likely disproportionately impact the lesser operators and those without tier one assets and we do not see the lower quality companies trading cheaply enough relative to the highest quality companies to justify investment at this point in time.

Looking out beyond a one year time horizon, we want the portfolio to be increasingly exposed to the Energy Transition - the changing nature of both energy supply and energy consumption. The increasing use of renewable sources of power in electricity generation has been underway for many years now and offers some attractive investment opportunities in well established companies. We recently added to the portfolio Enel, one of Europe's leading energy companies with a focus on renewable energy generation and energy technology. Looking at the consumption of energy, the shift from internal combustion engines in cars to electric power is one we believe is going to happen more rapidly than consensus expectations. This is fuelling growth across a wide range of industries from metals such as lithium, battery cathode manufacturers and the vast array of automobile suppliers and technology companies involved in the electrification and, down the line, automation of transport. The portfolio has had holdings in lithium mining companies for a couple of years and we would expect to broaden portfolio holdings across the industries associated with the energy transition when suitable opportunities arise.

OLIVIA MARKHAM AND TOM HOLL
BlackRock Investment Management (UK) Limited
28 January 2019

The importance of considering Environmental, Social and Corporate Governance when investing in the Natural Resources Sector

Introduction

Environmental, Social & Corporate Governance (ESG) has been a key component of the BlackRock Natural Resources Team's investment process since the team was formed in 1991. Given the nature of the industry and the companies in which we invest, ESG is of critical importance and it's arguably more important for the natural resources sector than for any other. We actively engage with companies on ESG looking to identify those companies with strong and/or improving ESG. Our team philosophy is that whilst ESG is one of many factors that should be considered when making an investment, there is a positive correlation between good ESG and long-term investment performance.

Environmental

Digging mines and drilling for oil will inevitably have an impact on the local environment. Key is how companies manage this process ensuring the benefits are appropriately shared amongst all stakeholders. The value wiped off the market cap of companies like BP, after the Macondo oil spill, and BHP and Vale, after the Samarco tailings dam failure, highlights the key role that ESG has on share price performance.

Social

We believe it is vital that natural resources companies maintain their social licence to operate. By this, we mean that companies maintain broad acceptance from their employees, stakeholders, local communities and the national government. Our site visits to companies' assets provide us with valuable insight into these issues which often cannot be properly understood from company reports.

Corporate Governance

As with all companies, good corporate governance is critical for natural resources companies. In conjunction with the BlackRock Investment Stewardship team we actively engage with companies on a wide range of governance issues including board independence, executive compensation, shareholder protection and timely disclosure. One of the most famous examples of poor corporate governance which resulted in the destruction of shareholder value occurred in the energy space, with the Enron Scandal back in 2001. There, management hiding losses as part of an accounting fraud, resulted in a $60 billion company being reduced to zero.

What does the transition to a lower carbon world mean for commodities?

The world is moving towards lower carbon solutions in a bid to tackle climate change. This will have a major impact on global commodity demand and we recognise that we will need to be adept at positioning the Trust for such changes. The proportion of global electricity generation accounted for by solar and wind is set to rise sharply over the next 20 years. Meanwhile, the rise of electric vehicles will eventually be a headwind for global oil demand. However, while we see electric vehicles as a longer-term problem for oil we do not expect peak oil demand until the 2030's. We believe this allows oil and traditional energy equities room for at least one more up-cycle. This trend will be negative for some commodities, but it also creates opportunities elsewhere. For example, the electric vehicle theme will drive demand for certain commodities used in the batteries, such as lithium, cobalt and nickel.

Summary

ESG is an important consideration when investing in the natural resources sector. In our view, there is a positive correlation between strong ESG and long-term investment performance. As part of this, companies need to: have robust controls in place to minimise the chances of environmental incidents, exhibit high corporate governance standards and ensure that local communities benefit from their activities. We are proud to be incorporating ESG into our investment process as part of our pursuit of maximising total returns for our shareholders.

OLIVIA MARKHAM AND TOM HOLL
BlackRock Investment Management (UK) Limited
28 January 2019

Top ten investments

1

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3

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9

10

1 ▲ 2017 3rd

BHP

Diversified mining company

Ordinary shares	**£**	8,616,000
Share of investments	**%**	9.1%

An important global player in a number of commodities including 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.

2 ▼ 2017 1st

First Quantum Minerals

Copper producer

Ordinary shares	**£**	1,724,000
Corporate bonds	**£**	5,148,000
Share of investments	**%**	7.2%

An established and rapidly growing mining company operating seven mines and developing five projects worldwide. A significant producer of copper, as well as nickel, gold, zinc and platinum group elements.

3 ▲ 2017 4th

Royal Dutch Shell 'B'

Integrated oil company

Ordinary shares	**£**	6,447,000
Share of investments	**%**	6.8%

The Anglo-Dutch giant is active in every area of the oil and gas industry including exploration and production, refining and marketing, power generation and energy trading. The company also has renewable energy interests in biofuels.

4 ▼ 2017 2nd

Rio Tinto

Diversified mining company

Ordinary shares	**£**	6,157,000
Share of investments	**%**	6.5%

One of the world's leading mining operations. Although its primary product is iron ore, the company also produces aluminium, copper, diamonds, gold, industrial minerals and energy products.

5 ▲ 2017 7th

Exxon Mobil

Integrated oil company

Ordinary shares	**£**	4,913,000
Share of investments	**%**	5.2%

The world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

6 ▶ 2017 6th

Chevron

Integrated oil company

Ordinary shares	**£**	4,734,000
Share of investments	**%**	4.9%

An integrated oil and gas producer engaged in all aspects of the industry. The company has both upstream and downstream operations, as well as alternative energy including solar, wind and biofuels.

7 ▲ 2017 9th

BP Group

Integrated oil company

Ordinary shares	**£**	4,209,000
Share of investments	**%**	4.5%

An international leader in exploration and production of oil and natural gas, the company refines, markets and supplies petroleum products, generates solar energy and manufactures chemicals.

8 ▲ 2017 17th

Teck Resources

Diversified mining company

Ordinary shares	**£**	4,170,000
Share of investments	**%**	4.4%

Canada's largest diversified mining company. Teck is committed to responsible mining and mineral development, and is focused on copper, zinc, steelmaking coal and energy.

9 ▼ 2017 5th

Glencore

Diversified mining company

Ordinary shares	**£**	3,499,000
Share of investments	**%**	3.7%

The company is a diversified miner with activities in mining, smelting, refining, processing and marketing of metals and minerals, energy products and agricultural products worldwide.

10 ▼ 2017 8th

Vale

Diversified mining company

Ordinary shares	**£**	3,497,000
Share of investments	**%**	3.7%

Operating in 30 countries, Vale is the world's largest producer of iron ore, iron ore pellets and nickel. Also produces metallurgical and thermal coal, copper, manganese, ferroalloys, platinum group metals, gold, silver, cobalt, potash, phosphates and fertiliser nutrients.

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. Together, the ten largest investments represent 56.0% of total investments (ten largest investments as at 30 November 2017: 52.6%).

Distribution of investments

as at 30 November 2018

Investments

as at 30 November 2018

	Main geographic exposure	Market value £'000	% of investments
Diversified Mining			
BHP	Global	8,616	9.2
BHP Put Option 21/12/18	Global	(79)	(0.1)
Rio Tinto	Global	6,157	6.5
Teck Resources	Canada	4,170	4.4
Teck Resources Call Option 21/12/18	Canada	(10)	-
Glencore	Global	3,499	3.7
Vale	Latin America	3,497	3.7
Vale Call Option 21/12/18	Latin America	(3)	-
KAZ Minerals	Asia	1,431	1.5
South32	Global	815	0.9
		28,093	**29.8**
Integrated Oil			
Royal Dutch Shell 'B'	Global	6,447	6.8
Royal Dutch Shell 'B' Call Option 21/12/18	Global	(9)	-
Exxon Mobil	Global	4,913	5.2
Chevron	Global	4,734	5.0
Chevron Call Option 21/12/18	Global	(106)	(0.1)
BP Group	Global	4,209	4.5
ConocoPhillips	USA	3,267	3.5
ConocoPhillips Call Option 21/12/18	USA	(4)	-
Suncor Energy	Canada	2,589	2.8
		26,040	**27.7**
Exploration & Production			
EOG Resources	USA	2,323	2.5
Marathon Oil	Global	2,264	2.4
Anadarko Petroleum	USA	1,787	1.9
Devon Energy	USA	1,323	1.4
Noble Energy	Global	1,152	1.2
Hess	Global	907	1.0
Laredo Petroleum	USA	384	0.4
Laredo Petroleum Call Option 21/12/18	USA	(3)	-
		10,137	**10.8**

	Main geographic exposure	Market value £'000	% of investments
Copper			
First Quantum Minerals 7.25% 15/05/22	Global	3,574	3.8
First Quantum Minerals	Global	1,724	1.8
First Quantum Minerals 6.875% 01/03/26	Global	926	1.0
First Quantum Minerals 7.5% 01/04/25	Global	325	0.3
First Quantum Minerals 7.25% 01/04/23	Global	323	0.3
OZ Minerals	Australia	1,802	1.9
Lundin Mining	Global	1,335	1.4
		10,009	**10.5**
Gold			
Newcrest Mining	Australia	1,739	1.9
Randgold Resources	Africa	1,193	1.3
Agnico Eagle Mines	Canada	998	1.1
Newmont Mining	Global	995	1.1
Franco-Nevada	Global	882	0.9
Barrick Gold	Global	812	0.9
Osisko Gold Royalties Convertible Bond 4% 31/12/22	Canada	406	0.4
		7,025	**7.6**
Industrial Minerals			
Pilgangoora 12% 21/06/22	Australia	1,763	1.9
Albemarle	Global	1,510	1.6
Nemaska Lithium 11.25% 30/05/23	Canada	1,009	1.1
Umicore Put Option 21/12/18	Global	(96)	(0.1)
		4,186	**4.5**
Diamonds			
Mountain Province Diamonds 8% 15/12/22	Canada	1,781	1.9
Petra Diamonds 7.25% 01/05/22	Africa	549	0.6
		2,330	**2.5**
Steel			
Arcelormittal	Global	1,116	1.2
Coronado Global	Australia	701	0.7
		1,817	**1.9**
Silver			
Fresnillo	Latin America	1,065	1.1
Fresnillo Put Option 21/12/18	Latin America	(201)	(0.2)
Wheaton Precious Metals	Global	768	0.8
		1,632	**1.7**

Investments continued

	Main geographic exposure	Market value £'000	% of investments
Distribution			
TransCanada	Canada	1,153	1.2
		1,153	**1.2**
Electricity			
Enel	Global	884	0.9
		884	**0.9**
Aluminium			
Alcoa Corp	USA	998	1.1
Alcoa Corp Put Option 21/12/18	USA	(171)	(0.2)
		827	**0.9**
Portfolio		**94,133**	**100.0**

Comprising		
Equity and debt investments	94,815	100.7
Derivative financial instruments – written options	(682)	(0.7)
	94,133	**100.0**

All investments are ordinary shares unless otherwise stated. The total number of holdings (including options) at 30 November 2018 was 56 (30 November 2017: 53). The total number of open options as at 30 November 2018 was 10 (30 November 2017: 6). The negative valuations of £682,000 (30 November 2017: £98,000) in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2018.

The equity and debt investment total of £94,815,000 above before the deduction of the negative option valuations of £682,000 represents the Company's total investments held at fair value as reflected in the Consolidated and Parent Company Statements of Financial Position on page 63. The table above excludes cash and gearing; the level of the Company's gearing may be determined with reference to the bank overdraft of £7,718,000 and cash and cash equivalents of £29,000 that are also disclosed in the Consolidated and Parent Company Statements of Financial Position. Details of the AIC methodology for calculating gearing are given in the Glossary on page 103.

As at 30 November 2018, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Governance structure

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

The Board

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

Chairman: Ed Warner (since March 2015)

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.

6 scheduled meetings per annum

Audit and Management Engagement Committee

Membership: All independent NEDs excluding the Chairman of the Board[1]

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.

3 scheduled meetings per annum

Nomination Committee

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.

1 scheduled meeting per annum

[1] The Chairman of the Board ceased to be a member of the Audit & Management Engagement Committee with effect from 1 January 2019.

Directors' biographies

Ed Warner

Chairman

Appointed July 2013

is chairman of Grant Thornton UK LLP and LMAX. 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) and Chairman of the Standard Life Private Equity 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[1]: 3/3
Nomination Committee: 1/1

Michael Merton

Audit and Management Engagement Committee Chairman

Appointed July 2010

is a Chartered Accountant with extensive experience in the international resources industry, having spent the majority of his executive career at Rio Tinto, where he held senior operational roles around the world. Michael is currently a Trustee of the Universities Superannuation Scheme. He was formerly Chairman of the J Sainsbury Pension Scheme and its investment committee and 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[1]: 3/3
Nomination Committee: 1/1

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter 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.

[1] Mr Warner stepped down as a member of the Audit and Management Engagement Committee with effect from 1 January 2019.

Directors' biographies continued

Dr Carol Bell

Appointed December 2014

is currently a non-executive director of Ophir Energy plc, Tharisa plc, Bonheur ASA and TransGlobe Energy Corporation 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 non-executive director of Petroleum Geo-Services ASA and 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[1]: 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

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2018. 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 (together 'the Group'). 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 The Bank of New York Mellon (International) Limited and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on pages 34 and 35.

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 2018 the portfolio consisted of 56 investments, and the detailed portfolio listing is provided on pages 20 to 22.

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

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

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

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

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

The Group may, from time to time, use borrowings to gear its investment policy or in order to fund the market purchase of its own ordinary shares. This gearing typically is in the form of an overdraft or short term facility, which can be repaid at any time. Under the Company's Articles of Association, the Board is obliged to restrict the borrowings of the Company to an aggregate amount equal to 40% of the value of the gross assets of the Group. However, borrowings are not anticipated to exceed 20% of 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 5. The Investment Manager's Report on pages 8 to 14 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The Company's revenue earnings for the year amounted to 4.37p per share (2017: 4.84p).

Details of dividends paid and declared in respect of the year, together with the Company's dividend policy, are set out on page 5 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 reviews performance in the context of the performance of the EMIX 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 4 and the Chairman's Statement and Investment Manager's Report on pages 5 and 8 to 14 respectively.

Share rating

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 2018, the Company's share price to NAV traded in the range of a premium of 3.5% to a discount of 9.5% on a cum income basis. The average discount for the year was 5.2%. The Company issued a total of 250,000 shares during the year and further details are given in the Chairman's Statement on page 6. 2,891,485 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 74.

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 102.

Ongoing charges

The ongoing charges represent the Company's management fee and all other recurring operating and investment management expenses, excluding finance costs, VAT refunded, transaction costs and taxation, 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 ongoing charges ratio is calculated is included in the Glossary on page 103.

Dividend target and income generation

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 8 to 14.

The table on page 29 sets out the key KPIs for the Company. These KPIs fall within the definition of 'Alternative Performance Measures' (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 102 and 103.

	Year ended 30 November 2018	Year ended 30 November 2017
Net asset value total return[1]	3.6%	(3.2%)
Share price total return[1]	(0.9%)	(4.4%)
Discount to net asset value (at year end)[2]	6.9%	2.5%
Revenue return per share	4.37p	4.84p
Ongoing charges[3]	1.39%	1.36%

[1] This measures the Company's NAV and share price total returns, which assumes dividends paid by the Company have been reinvested.
[2] This is the difference between the share price and the cum-income NAV per share.
[3] Ongoing charges represent the management fee and all other recurring operating expenses excluding finance costs, VAT refunded, transaction costs and taxation, 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.

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 (The 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.

Strategic report continued

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 has the ability to make dividend distributions out of special reserves and capital reserves as well as revenue reserves to support any dividend target. These reserves totalled £39,942,000 at 30 November 2018. In setting the dividend target each year, the Board is mindful of the balance of shareholder returns between income and capital.
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 The 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 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.

Principal Risk	Mitigation/Control
Legal and regulatory compliance	
The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws 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 Regulation, the UK Listing Rules and the FCA's Disclosure Guidance and 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 The 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 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. Under the Company's investment policy, the Investment Manager has the ability to invest in energy transition stocks and is mindful of the impact of any shift in energy consumption towards less carbon intensive energy supply. This is taken into account by the Investment Manager in building a well diversified portfolio.
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 a 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 7 and in the Investment Manager's Report on pages 13 and 14.

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 47.

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 and gender representation

The Directors of the Company on 30 November 2018, all of whom held office throughout the year, are set out in the Governance Structure and Directors' biographies on pages 24 to 26.

The Board consists of three male Directors and one female Director.

By order of the Board

SARAH BEYNSBERGER
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
28 January 2019

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 2018.

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 96 and 97 and in the notes to the financial statements on pages 65 to 89.

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 pooled investments and intends to continue to do so for the foreseeable future.

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

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 72.

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 68. 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 2018, 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 (£97.9 million) as at 31 December 2017, and this contribution is matched by BIM (UK). For the year ended 30 November 2018, £21,000 (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. 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 the 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 66.9% of the Company's portfolio was invested in non-sterling assets, with 49.1% 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 £2,307,000 (2017: £3,641,000). 10 contracts remained open at 30 November 2018, details of which are given in the portfolio holdings listed on pages 20 to 22. 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 27 to 33.

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 1.39% of the net assets.

The Company's longer term viability is considered in the Viability Statement on pages 32 and 33.

Directors

The Directors of the Company as at 30 November 2018 and their biographies are set out on pages 25 and 26. Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 43. 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 page 44.

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 45, 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 judgement 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 40 to 43. 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 53.

Substantial share interests

As at 30 November 2018 and subsequently up to 28 January 2019, the Company had not received any notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Share capital

Details of the Company's issued share capital are given in note 14 on page 74. Details of the voting rights are given in note 15 to the Notice of Annual General Meeting on page 101.

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 2018, the Company allotted 250,000 ordinary shares for a total consideration of £192,000 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 28 January 2019, no additional shares had been issued. Further details are provided in the Chairman's Statement on page 6.

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 13 March 2018 and will expire at the conclusion of the 2019 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 13 March 2018 and will expire at the conclusion of the 2019 AGM. 2,891,485 ordinary shares were bought back in the year under review at an average price of 82.08 pence per share representing total consideration of £2,373,000.

As at the date of this report, no shares have been bought back since 30 November 2018.

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 2018 and February 2019.

The Directors are not 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).

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 £116,126 per annum which is equivalent to 11,612,651 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 2020 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 £116,126 which is equivalent to 11,612,651 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 2020 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 17,407,364 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 2020 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.

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 44 to 48. 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 28 January 2019.

By order of the Board
SARAH BEYNSBERGER
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
28 January 2019

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2018 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 55 to 59.

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 2018. Following this review it was agreed that all Directors' fees would be increased by £1,000 per annum, with effect from 1 December 2018. 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 2017. 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 2020. The Directors' Remuneration Report was also last approved by shareholders at the AGM held on 13 March 2018, with 99.36% of votes cast (including votes cast at the Chairman's discretion) in favour and 0.64% 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 (with effect from 1 December 2018) Chairman - £38,000 Audit and Management Engagement Committee Chairman - £32,000 Directors - £27,000 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, 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.
Operation	**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.
Operation	**Taxable benefits**	Taxable benefits comprise travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

Directors' remuneration report continued

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 2018 and 2017:

Directors	Year ended 30 November 2018 Fees £	Taxable benefits[1] £	Total £	Year ended 30 November 2017 Fees £	Taxable benefits[1] £	Total £
Ed Warner (Chairman)	37,000	-	37,000	36,000	-	36,000
Carol Bell	26,000	-	26,000	25,000	-	25,000
Michael Merton	31,000	-	31,000	30,000	-	30,000
Jonathan Ruck Keene[2]	26,000	-	26,000	16,181	-	16,181
Total	120,000	-	120,000	107,181	-	107,181

[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 2018 (2017: £nil).

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

As at 30 November 2018 £10,000 (2017: £10,000) was outstanding to Directors in respect of their annual fees.

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.

	2018 £'000	2017 £'000	Change £'000
Directors' total remuneration	120	107	+13
Dividends paid and payable	4,682	4,751	-69
Profit/(loss) on ordinary activities after tax	3,659	(3,162)	+6,821

No payments were made in the period to any past Directors (2017: £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% EMIX 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 opposite. 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 2018 Ordinary shares	30 November 2017 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

All of the Company's Directors will retire and offer themselves for re-election at the next AGM in March 2019. Further details are given in the Directors' Report on page 36.

By order of the Board

ED WARNER
Chairman
28 January 2019

Corporate governance statement

Chairman's introduction

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

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

As a UK listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in 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 50; 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 pages 25 and 26 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 25.

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. With effect from 1 January and in view of the changes to the UK Corporate Governance Code effective from this date, Mr Warner no longer acts as a member of the Audit and Management Engagement Committee. 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 36.

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 pages 25 and 26.

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 2018 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 34 and 35.

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 The Bank of New York Mellon (International) Limited. The address at which the business is conducted is given on page 95.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on pages 35 and 36.

Committees of the Board

The Board has appointed a number of committees as set out below and on page 24. 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 consists of Michael Merton who acts as Chairman and Carol Bell. Mr Warner was a member of the Committee up to 1 January 2019 when he stepped down to comply with changes to the UK Corporate Governance Code effective from this date.

Further details are provided in the Report of the Audit and Management Engagement Committee on pages 49 to 52.

Nomination committee

The Nomination Committee comprises all 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 40 to 43.

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 reviews this register on a semi-annual basis and BFM as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit Committee 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 53, the Report of the Independent Auditor on pages 55 to 59 and the Statement of Going Concern on page 36.

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 38. 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 91 to 93, which provides an overview of useful information available to shareholders.

Corporate governance statement continued

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 Guidance and Transparency Rules has been placed in the Directors' Report on pages 34 to 39 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

ED WARNER
Chairman
28 January 2019

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 2018.

Composition

All of the Directors, except Mr Ruck Keene, were members of the Committee during the year under review. The Chairman was a member to enable him to be fully informed of any issues which may arise. The Financial Reporting Council (FRC) has published its updated UK Corporate Governance Code in July 2018. The revised code applied to accounting periods commencing on 1 January 2019 or after, and states that the Chairman of the Board should not also be a member of the audit committee. The previous UK Code allowed that in smaller companies (below FTSE 350), the company chairman might be a member of, but not chair, the Committee in addition to the independent non-executive directors (provided he or she was considered independent on appointment as chairman). The Committee has considered this development in guidance and with effect from 1 January 2019 Mr Warner has stepped down as a member of the Committee, which will be composed of Mr Merton and Dr Bell going forward.

The Directors' biographies are given on pages 25 and 26 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. The Board is also satisfied that the Audit and Management Engagement Committee as a whole has competence relevant to the sector in which the Company operates.

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, re-appointment 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;
- 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.

Report of the audit and management engagement committee continued

Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit; 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 47.

The fees paid to the external auditor are set out in note 5 on page 69. 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 on page 51 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 The Bank of New York Mellon (International) Limited, and the provision of depositary services is contracted to BNYM, the Committee has also reviewed the 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 (2017: £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 option income 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 SOC 1 Reports from its service providers, including the Company's fund accountant and custodian, The 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.

Report of the audit and management engagement committee continued

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 its objectivity and independence in the conduct of the audit resulting from the provision of such services. On an ongoing basis, EY reviews the independence of its relationship with the Group and reports to the Committee, providing details of any other relationships with the Manager. As part of this review, the Auditor will provide the Committee with information about policies and processes for maintaining independence and monitoring compliance with relevant requirements. This 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 its 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 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 53.

MICHAEL MERTON
Chairman
Audit and Management Engagement Committee
28 January 2019

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 Guidance 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.

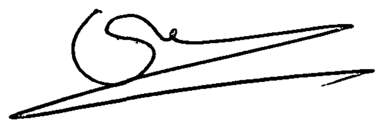
Each of the Directors, whose names are listed on pages 25 and 26, confirm to the best of their knowledge that:

- 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 fulfil 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 49 to 52. As a result, the Board has concluded that the annual report and financial statements for the year ended 30 November 2018, taken as a whole, are fair, balanced and understandable and provide 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
28 January 2019



Independent auditor's report

Opinion

In our opinion:

- The BlackRock Commodities Income Investment Trust plc's (the "Group") Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 November 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 BlackRock Commodities Income Investment Trust plc which comprise:

Group	Parent company
Consolidated Statement of Financial Position as at 30 November 2018;	Statement of Financial Position as at 30 November 2018;
Consolidated Statement of Comprehensive Income for the year then ended 30 November 2018;	Statement of Changes in Equity for the year then ended 30 November 2018;
Consolidated Statement of Changes in Equity for the year then ended 30 November 2018;	Cash Flow Statement for the year then ended 30 November 2018; and
Consolidated Cash Flow Statement for the year then ended 30 November 2018; and	Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies.
Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies.	

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and; as regards to the parent 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 pages 30 to 32 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 32 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 36 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 page 32 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 • 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	• We performed an audit of the complete financial information of BlackRock Commodities Income Investment Trust Plc's components. All audit work was performed directly by the audit engagement team under the direction of the senior statutory auditor.
Materiality	• Overall Group materiality of £0.88m which 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.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Incomplete or inaccurate income recognition. Refer to the Report of the Audit and Management Engagement Committee on page 51; the accounting policies on pages 65 to 67 and the notes to the financial statements on page 68. The Group's income for the year amounted to £6.36m (2017: £7.12m) which included £3.13m (2017: £2.87m) of dividend income and £2.31m (2017: £3.64m) 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 22 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 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 end and confirmed the accuracy of the translation to test for the risk of management override. • To test for the risk of management override, we tested a sample of manual journal entries posted to the income account and corroborated their business purpose.	**What we reported to the Audit and Management Engagement Committee:** No issues to communicate with respect to our consideration of the Administrator's processes and controls surrounding revenue recognition and allocation of special dividends. Agreed the sample of dividends received to an independent source, agreed the exchange rate used to convert the foreign currency received to Sterling and agreed them to the bank statements. Based on the procedures performed, we identified no issues. For all special dividends gained an understanding of the basis of accounting treatment. Based on the procedures performed, we identified no exceptions. For all investments, checked that the dividends declared as per an independent pricing source had been fully recorded and were recorded in the correct accounting period. Based on the procedures performed, we identified no issues.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
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 51 accounting policies on pages 65 to 67 and the notes to the financial statements on page 73. The investment portfolio at the year-end comprised of quoted securities £94.82m (2017: £94.60m). 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 generate for shareholders.	**We performed the following procedures:** • We obtained an understanding of the BlackRock Fund Managers Limited's (the 'Manager') and the Administration 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 this 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.	**What we reported to the Audit and Management Engagement Committee:** No issues to communicate with respect to our assessment of the Administrator's processes and controls surrounding investment pricing and trade processing. For all listed investments, it was noted no differences in market value or exchange rates that were more than our tolerable threshold when compared to an independent source. It was noted no issues in our reconciliation between the Custodian and Depositary confirmations and the Company's underlying financial records.

An overview of the scope of our audit

Tailoring the scope

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

We have performed a full scope audit for both the parent company and BlackRock Commodities Securities Income Company Limited.

All audit work performed for the purpose of the audit was undertaken by the Group audit team.

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 decision 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 £0.88m (2017: £0.91m), which is 1% of net assets. We believe that net assets provides us with a 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, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £0.66m (2017: £0.68m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Group, we have also applied a separate testing threshold of £0.29m (2017: £0.32m) for the revenue column of the Income Statement, being 5% of the return on ordinary activities before taxation.

Reporting threshold

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

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.04m (2017: £0.05m), 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 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 53** - 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
- **Report of the Audit and Management Engagement Committee set out on pages 49 to 52** - the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 44 to 48** - 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 53, 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 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 IFRSs, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies Statement of Recommended Practice 2017 and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Group is complying with those frameworks through discussions with the Audit and Management Engagement Committee and review of the Group's documented policies and procedures.
- 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 'Incomplete or inaccurate income recognition' section on key audit matters.
- 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 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 have reviewed that the Group 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/auditors responsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were 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 13 years, covering the years ending 30 November 2006 to 30 November 2018.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

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

Susan J Dawe

Sue Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 January 2019

Consolidated statement of comprehensive income

for the year ended 30 November 2018

	Notes	Revenue 2018 £'000	Revenue 2017 £'000	Capital 2018 £'000	Capital 2017 £'000	Total 2018 £'000	Total 2017 £'000
Income from investments held at fair value through profit or loss	3	4,038	3,456	-	-	4,038	3,456
Other income	3	2,323	3,664	-	-	2,323	3,664
Total income		6,361	7,120	-	-	6,361	7,120
Net loss on investments and options held at fair value through profit or loss	10	-	-	(717)	(8,066)	(717)	(8,066)
Net profit/(loss) on foreign exchange		-	-	30	(39)	30	(39)
Total		6,361	7,120	(687)	(8,105)	5,674	(985)
Expenses							
Investment management fees	4	(250)	(239)	(750)	(717)	(1,000)	(956)
Other operating expenses	5	(343)	(336)	(3)	(3)	(346)	(339)
Total operating expenses		(593)	(575)	(753)	(720)	(1,346)	(1,295)
Net profit/(loss) on ordinary activities before finance costs and taxation		5,768	6,545	(1,440)	(8,825)	4,328	(2,280)
Finance costs	6	(37)	(69)	(109)	(90)	(146)	(159)
Net profit/(loss) on ordinary activities before taxation		5,731	6,476	(1,549)	(8,915)	4,182	(2,439)
Taxation	7	(586)	(723)	63	-	(523)	(723)
Profit/(loss) for the year		5,145	5,753	(1,486)	(8,915)	3,659	(3,162)
Earnings/(loss) per ordinary share (pence)	9	4.37	4.84	(1.26)	(7.50)	3.11	(2.66)

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/(loss). The net profit/(loss) for the year disclosed above represents the Group's total comprehensive income/(loss).

The notes on pages 65 to 89 form part of these financial statements.

Consolidated and parent company statements of changes in equity

for the year ended 30 November 2018

Group	Notes	Called up share capital	Share premium account	Special reserve	Capital reserve	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 30 November 2018							
At 30 November 2017		1,188	46,827	71,223	(31,394)	3,513	91,357
Total comprehensive income:							
Net (loss)/profit for the year		-	-	-	(1,486)	5,145	3,659
Transactions with owners, recorded directly to equity:							
Share issues	14,15	2	150	-	-	-	152
Ordinary shares purchased into treasury	14,15	-	-	(2,373)	-	-	(2,373)
Ordinary shares reissued from treasury	14,15	-	-	40	-	-	40
Share purchase costs	15	-	-	(17)	-	-	(17)
Dividends paid*	8	-	-	-	-	(4,709)	(4,709)
At 30 November 2018		1,190	46,977	68,873	(32,880)	3,949	88,109
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)
Transactions with owners, recorded directly to equity:							
Share issues		5	433	-	-	-	438
Share issue costs		-	(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

* 4th interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 11 December 2017 and paid on 19 January 2018; 1st interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 13 March 2018 and paid on 20 April 2018, 2nd interim dividend of 1.00p per share for the year ending 30 November 2018, declared on 13 June 2018 and paid on 20 July 2018 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 18 September 2018 and paid on 23 October 2018.

** 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.

The notes on pages 65 to 89 form part of these financial statements.

Consolidated and parent company statements of changes in equity continued

for the year ended 30 November 2018

Company	Notes	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2018							
At 30 November 2017		1,188	46,827	71,223	(30,099)	2,218	91,357
Total comprehensive income:							
Net (loss)/profit for the year		-	-	-	(1,345)	5,004	3,659
Transactions with owners, recorded directly to equity:							
Share issues	14,15	2	150	-	-	-	152
Ordinary shares purchased into treasury	14,15	-	-	(2,373)	-	-	(2,373)
Ordinary shares reissued from treasury	14,15	-	-	40	-	-	40
Share purchase costs	15	-	-	(17)	-	-	(17)
Dividends paid*	8	-	-	-	-	(4,709)	(4,709)
At 30 November 2018		1,190	46,977	68,873	(31,444)	2,513	88,109
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)
Transactions with owners, recorded directly to equity:							
Share issues		5	433	-	-	-	438
Share issue costs		-	(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

* 4th interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 11 December 2017 and paid on 19 January 2018; 1st interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 13 March 2018 and paid on 20 April 2018, 2nd interim dividend of 1.00p per share for the year ending 30 November 2018, declared on 13 June 2018 and paid on 20 July 2018 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 18 September 2018 and paid on 23 October 2018.

** 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.

The notes on pages 65 to 89 form part of these financial statements.

Consolidated and parent company statements of financial position

as at 30 November 2018

	Notes	30 November 2018 Group £'000	30 November 2018 Company £'000	30 November 2017 Group £'000	30 November 2017 Company £'000
Non current assets					
Investments held at fair value through profit or loss	10	94,815	97,071	94,603	96,718
Current assets					
Other receivables	12	474	474	2,057	2,057
Cash collateral held with brokers		2,013	-	949	-
Cash and cash equivalents		29	-	78	-
		2,516	474	3,084	2,057
Total assets		97,331	97,545	97,687	98,775
Current liabilities					
Other payables	13	(822)	(631)	(786)	(557)
Derivative financial liabilities held at fair value through profit or loss	10	(682)	(682)	(98)	(98)
Bank overdraft		(7,718)	(8,123)	(5,446)	(6,763)
		(9,222)	(9,436)	(6,330)	(7,418)
Net assets		88,109	88,109	91,357	91,357
Equity attributable to equity holders					
Called up share capital	14	1,190	1,190	1,188	1,188
Share premium account	15	46,977	46,977	46,827	46,827
Special reserve	15	68,873	68,873	71,223	71,223
Capital reserves					
At 1 December		(31,394)	(30,099)	(22,479)	(21,975)
Net loss for the year		(1,486)	(1,345)	(8,915)	(8,124)
At 30 November	15	(32,880)	(31,444)	(31,394)	(30,099)
Revenue reserves					
At 1 December		3,513	2,218	2,511	2,007
Net profit for the year		5,145	5,004	5,753	4,962
Dividends paid		(4,709)	(4,709)	(4,751)	(4,751)
At 30 November	15	3,949	2,513	3,513	2,218
Total equity		88,109	88,109	91,357	91,357
Net asset value per ordinary share (pence)	9	75.87	75.87	76.92	76.92

The financial statements on pages 60 to 89 were approved and authorised for issue by the Board of Directors on 28 January 2019 and signed on its behalf by Ed Warner, Chairman.

BlackRock Commodities Income Investment Trust plc

Registered in England, No. 5612963

The notes on pages 65 to 89 form part of these financial statements.

Consolidated and parent company cash flow statements

for the year ended 30 November 2018

	30 November 2018		30 November 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Operating activities				
Net profit/(loss) on ordinary activities before taxation	4,182	3,823	(2,439)	(2,970)
Add back finance costs	146	145	159	120
Net loss on investments and options held at fair value through profit or loss (including transaction costs)	717	576	8,066	7,273
Net (profit)/loss on foreign exchange	(30)	(31)	39	41
Sales of investments held at fair value through profit or loss	34,333	34,333	63,910	63,910
Purchases of investments held at fair value through profit or loss	(34,678)	(34,678)	(63,836)	(63,836)
Increase in other receivables	(83)	(83)	(21)	(21)
Increase in other payables	74	74	6	6
Decrease/(increase) in amounts due from brokers	1,568	1,568	(1,120)	(1,120)
Decrease in amounts due to brokers	-	-	(2,335)	(2,335)
Net movement in cash collateral held with brokers	(1,064)	-	2,041	-
Net cash inflow from operating activities before taxation	5,165	5,727	4,470	1,068
Taxation paid	(397)	-	(655)	-
Taxation on investment income included within gross income	(66)	(66)	(192)	(192)
Net cash inflow from operating activities	4,702	5,661	3,623	876
Financing activities				
Interest paid	(146)	(145)	(159)	(120)
Proceeds from share issues	192	192	438	438
Share issue costs paid	-	-	(1)	(1)
Payments for share purchases	(2,373)	(2,373)	-	-
Share purchase costs paid	(17)	(17)	-	-
Dividends paid	(4,709)	(4,709)	(4,751)	(4,751)
Net cash outflow from financing activities	(7,053)	(7,052)	(4,473)	(4,434)
Decrease in cash and cash equivalents	(2,351)	(1,391)	(850)	(3,558)
Effect of foreign exchange rate changes	30	31	(39)	(41)
Change in cash and cash equivalents	(2,321)	(1,360)	(889)	(3,599)
Cash and cash equivalents at start of year	(5,368)	(6,763)	(4,479)	(3,164)
Cash and cash equivalents at end of year	(7,689)	(8,123)	(5,368)	(6,763)
Comprised of:				
Cash at bank	29	-	78	-
Bank overdraft	(7,718)	(8,123)	(5,446)	(6,763)
	(7,689)	(8,123)	(5,368)	(6,763)

The notes on pages 65 to 89 form part of these financial statements.

Notes to the financial statements

for the year ended 30 November 2018

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 thirteenth 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 Group'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 and updated in January 2017 and February 2018, 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 Group 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.

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning on or after 1 December 2018 and have not been applied in preparing these financial statements (major changes and new standards issued are detailed below) as these are not expected to have any effect on the measurement of the amounts recognised in the financial statements of the Group.

IFRS standards that have been recently adopted:

Amendments to IAS 7 - Disclosure Initiative Statement of Cash Flows (effective 1 January 2017). The amendments did not have a significant effect on the presentation of the Cash Flow Statement within the financial statements of the Group.

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

IFRS standards that have yet to be adopted:

IFRS 9 (2014) - Financial Instruments 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 standard is effective for periods beginning on or after 1 January 2018 with earlier application permitted. The standard is not expected to have any impact on the Group as all of its investments are held at fair value through profit or loss.

IFRS 15 - Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2018) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Given the nature of the Group'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 (together 'the Group').

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.

2. Accounting policies continued

(c) Presentation of the Consolidated 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 dividend. 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 Group'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 Group has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(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 73;
- 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 fee and finance costs 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 expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all 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 tax 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 tax 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 measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales of investments are recognised at the trade date of the disposal.

The fair value of the Financial investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as 'Net profit or loss on investments and options 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 Group is exposed. The value of the option is subsequently marked-to-market to reflect the fair value of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is 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.

(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 Consolidated and Parent Company Statements 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.

(o) Critical accounting estimates and judgements
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

	2018 £'000	2017 £'000
Investment income:		
UK listed dividends	1,599	1,300
Overseas listed dividends	1,478	1,574
Overseas listed special dividends	49	-
Fixed interest	912	582
	4,038	3,456
Other income:		
Deposit interest	16	23
Option premium income	2,307	3,641
	2,323	3,664
Total income	6,361	7,120

During the year, the Group received option premium income totalling £2,370,000 (2017: £3,334,000) for writing covered call and put options for the purposes of revenue generation. Option premiums of £2,307,000 (2017: £3,641,000) were amortised to revenue. At 30 November 2018, there were 10 (2017: 6) open positions with an associated liability of £682,000 (2017: £98,000).

Dividends and interest received in cash during the year amounted to £3,134,000 and £740,000 (2017: £2,866,000 and £491,000).

No special dividends have been recognised in capital during the year (2017: £91,000).

4. Investment management fees

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Investment management fees	250	750	1,000	239	717	956
	250	750	1,000	239	717	956

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

	2018 £'000	2017 £'000
Allocated to revenue:		
Custody fees	4	5
Auditors' remuneration - audit services	26	25
Registrar's fee	30	23
Directors' emoluments	120	107
Broker fees	20	25
Depositary fees	11	11
Marketing fees	21	25
Printing fees	25	20
Other administrative costs	86	95
	343	336
Allocated to capital:		
Custody transaction charges	3	3
	346	339
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any finance costs, VAT refunded, transaction costs and taxation were:	1.39%	1.36%

Details of the calculation methodology for ongoing charges can be found in the Glossary on page 103.

For the year ended 30 November 2018, expenses of £3,000 (2017: £3,000) were charged to the capital column of the Consolidated Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

Details of the Directors' emoluments are given in the Directors' Remuneration Report on pages 40 to 43.

6. Finance costs

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Interest payable - bank overdraft	37	109	146	69	90	159
	37	109	146	69	90	159

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.

Notes to the financial statements continued

7. Taxation

(a) Analysis of charge in year

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Current taxation:						
Corporation taxation	448	(89)	359	570	-	570
Double taxation relief	(26)	26	-	(14)	-	(14)
Prior year adjustment - 2014	-	-	-	(25)	-	(25)
Overseas tax	164	-	164	192	-	192
Total current tax (note 7(b))	586	(63)	523	723	-	723

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 financial statements 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 £79,000 (2017: £145,000) 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.

Management expenses of £416,000 accounted for through the capital column of the income statement have been surrendered to the subsidiary for the year ended 30 November 2018 (2017: £720,000). In accordance with the Company's accounting policy the transfer has been made for group tax relief between the Company and its subsidiary.

(b) Factors affecting total tax charge for the year
The taxation assessed for the year is lower than the standard rate of corporation taxation in the UK of 19.00% (2017: 19.33%). The differences are explained below:

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
Net profit/(loss) on ordinary activities before taxation	5,731	(1,549)	4,182	6,476	(8,915)	(2,439)
Net profit/(loss) on ordinary activities multiplied by standard rate of corporation tax at 19.00% (2017: 19.33%)	1,089	(294)	795	1,252	(1,723)	(471)
Effects of:						
Non taxable UK listed dividend income	(304)	-	(304)	(251)	-	(251)
Non taxable overseas listed dividend income	(258)	-	(258)	(286)	-	(286)
Overseas tax suffered	164	-	164	192	-	192
Relief for overseas tax	(26)	22	(4)	(14)	11	(3)
Net loss on investments and options held at fair value through profit or loss	-	136	136	-	1,560	1,560
Foreign exchange (profit)/loss	-	(6)	(6)	-	7	7
Taxation effect of allowable expenses in capital	(79)	79	-	(145)	145	-
Prior year adjustment - 2014	-	-	-	(25)	-	(25)
	(503)	231	(272)	(529)	1,723	1,194
Current taxation charge for the year (note 7(a))	586	(63)	523	723	-	723

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.

Notes to the financial statements continued

8. Dividends

Dividends paid on equity shares:

	Record date	Payment date	2018 £'000	2017 £'000
4th interim dividend of 1.00p per share for the year ended 30 November 2017 (2016: 1.00p)	22 December 2017	19 January 2018	1,188	1,188
1st interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	23 March 2018	20 April 2018	1,190	1,187
2nd interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	22 June 2018	20 July 2018	1,169	1,188
3rd interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	28 September 2018	23 October 2018	1,162	1,188
Accounted for in the financial statements			4,709	4,751

The total dividends payable in respect of the year ended 30 November 2018 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 or declared on equity shares:	2018 £'000	2017 £'000
1st interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	1,190	1,187
2nd interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	1,169	1,188
3rd interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)	1,162	1,188
4th interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p)*	1,161	1,188
	4,682	4,751

* Based on 116,126,515 ordinary shares in issue on 20 December 2018.

9. Earnings and net asset value per ordinary share

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

	2018	2017
Net revenue profit attributable to ordinary shareholders (£'000)	5,145	5,753
Net capital loss attributable to ordinary shareholders (£'000)	(1,486)	(8,915)
Total profit/(loss) attributable to ordinary shareholders (£'000)	3,659	(3,162)
Equity shareholders' funds (£'000)	88,109	91,357
The weighted average number of ordinary shares in issue during the year, on which the earnings per ordinary share was calculated was:	117,618,034	118,751,562
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	116,126,515	118,768,000
Earnings per share:		
Revenue earnings per share (pence)	4.37	4.84
Capital earnings per share (pence)	(1.26)	(7.50)
Total earnings per share (pence)	3.11	(2.66)

	As at 30 November 2018	As at 30 November 2017
Net asset value per ordinary share (pence)	75.87	76.92
Ordinary share price (pence)	70.60	75.00

There were no dilutive securities at the year end.

10. Investments held at fair value through profit or loss

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
UK listed equity investments held at fair value through profit or loss	31,423	31,423	27,218	27,218
Overseas listed equity investments held at fair value through profit or loss	52,736	52,736	59,503	59,503
Fixed income investments held at fair value through profit or loss	10,656	10,656	7,882	7,882
Investment in subsidiary held at fair value through profit or loss[1]	-	2,256	-	2,115
Total value of financial asset investments	94,815	97,071	94,603	96,718
Derivative financial instruments - written option contracts	(682)	(682)	(98)	(98)
Total value of financial asset investments and derivatives at 30 November	94,133	96,389	94,505	96,620
Valuation brought forward at 1 December	94,505	96,620	102,645	103,967
Investment and derivative holding profit at 1 December	(3,598)	(5,713)	(12,148)	(13,470)
Opening cost of equity investments	90,907	90,907	90,497	90,497
Acquisitions at cost	34,678	34,678	63,836	63,836
Disposal proceeds	(34,333)	(34,333)	(63,910)	(63,910)
Realised profit on sales	24	24	484	484
Cost carried forward at 30 November	91,276	91,276	90,907	90,907
Investment and derivative holding profit at 30 November	2,857	5,113	3,598	5,713
Closing valuation of equity and fixed income investments	94,133	96,389	94,505	96,620

[1] Relates to wholly owned subsidiary, BlackRock Commodities Securities Income Company Limited.

During the year, transaction costs of £81,000 (2017: £78,000) were incurred on the addition of investments. Costs relating to the disposal of investments during the year amounted to £18,000 (2017: £127,000). All transaction costs have been included within the capital reserves.

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

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Realised profit on sales	24	24	484	484
Changes in investment and derivative holdings (profit)/loss	(741)	(600)	(8,550)	(7,757)
	(717)	(576)	(8,066)	(7,273)

11. Investment in subsidiary

At 30 November 2018, 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. The registered office address for the subsidiary company is 12 Throgmorton Avenue, London EC2N 2DL.

	Description of ordinary shares	Authorised and issued share capital 2018	2017
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

12. Other receivables

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Amounts due from brokers	-	-	1,568	1,568
Withholding tax recoverable	8	8	106	106
Prepayments and accrued income	466	466	383	383
	474	474	2,057	2,057

13. Other payables

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Accruals for expenses and interest payable	631	631	557	557
Taxation payable	191	-	229	-
	822	631	786	557

14. Called up share capital

	Ordinary shares number	Treasury 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 2017	118,768,000	-	118,768,000	1,188
Shares issued	198,000	-	198,000	2
Shares purchased into treasury	(2,891,485)	2,891,485	-	-
Shares reissued from treasury	52,000	(52,000)	-	-
At 30 November 2018	116,126,515	2,839,485	118,966,000	1,190

During the year 2,891,485 (2017: nil) shares were bought back and transferred to treasury for a total consideration of £2,373,000 (2017: nil). Of these 52,000 (2017: nil) were subsequently re-issued along with a new issue of a further 198,000 shares (2017: 500,000 new shares) for a total consideration of £192,000 (2017: £438,000) before the deduction of issue costs. Since 30 November 2018, no shares have been issued or bought back into treasury.

15. Reserves

			Distributable reserves		
	Share premium account	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments	Revenue reserve
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 30 November 2017	46,827	71,223	(34,992)	3,598	3,513
Movement during the year:					
Total comprehensive income:					
Net capital loss for the year	-	-	(745)	(741)	-
Net revenue profit for the year	-	-	-	-	5,145
Transactions with owners recorded directly to equity:					
Share issues	150	-	-	-	-
Ordinary shares purchased into treasury	-	(2,373)	-	-	-
Ordinary shares reissued from treasury	-	40	-	-	-
Share purchase costs	-	(17)	-	-	-
Dividends paid	-	-	-	-	(4,709)
At 30 November 2018	46,977	68,873	(35,737)	2,857	3,949

			Distributable reserves		
	Share premium account	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments	Revenue reserve
Company	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 30 November 2017	46,827	71,223	(35,810)	5,711	2,218
Movement during the year:					
Total comprehensive income:					
Net capital loss for the year	-	-	(745)	(600)	-
Net revenue profit for the year	-	-	-	-	5,004
Transactions with owners recorded directly to equity:					
Share issues	150	-	-	-	-
Ordinary shares purchased into treasury	-	(2,373)	-	-	-
Ordinary shares reissued from treasury	-	40	-	-	-
Share purchase costs	-	(17)	-	-	-
Dividends paid	-	-	-	-	(4,709)
At 30 November 2018	46,977	68,873	(36,555)	5,111	2,513

The share premium account is not a distributable reserve under the Companies Act 2006. The special reserve and capital 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.

Notes to the financial statements continued

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 Group.

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 44 and in the Statement of Directors' Responsibilities on page 53, 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 has the responsibility for the monitoring and oversight of regulatory and operational risk for the Group. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and tracks the actual risk management practices being deployed across the Group. By breaking down the components of the process, RQA has the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

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

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 2018 and 30 November 2017 (based on a 99% confidence level) was 3.59% and 2.21%, respectively.

(i) Market risk arising from other price risk

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

The 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 at 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 2018 on its equity and debt investments was £94,815,000 (2017: £94,603,000). In addition, the Company's gross notional market exposure to these price changes through its option portfolio was £11,295,000 (2017: £9,271,000).

(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 2018 and 30 November 2017 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.

2018	US Dollar £'000	Canadian Dollar £'000	Australian Dollar £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	253	30	-	1
Cash and cash equivalents	29	-	-	-
Derivative financial liabilities at fair value through profit or loss	(298)	-	-	(97)
Total foreign currency exposure on net monetary items	(16)	30	-	(96)
Investments at fair value through profit or loss	46,481	9,855	5,057	2,000
Total net foreign currency exposure	46,465	9,885	5,057	1,904

16. Risk management policies and procedures continued

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	-	-	-
Derivative financial liabilities at fair value through profit or loss	(71)	(19)	(8)	-
Total foreign currency exposure on net monetary items	1,591	179	(8)	115
Investments at fair value through profit or loss	42,026	16,084	5,976	3,299
Total net foreign currency exposure	43,617	16,263	5,968	3,414

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 of 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 2018 and 30 November 2017 of financial assets and liabilities to interest rate risk is shown by reference to:

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

	Within one year	More than one year	2018 Total	Within one year	More than one year	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Exposure to floating interest rates:						
Cash collateral held with brokers	2,013	-	2,013	949	-	949
Cash and cash equivalents	29	-	29	78	-	78
Bank overdraft	(7,718)	-	(7,718)	(5,446)	-	(5,446)
Exposure to fixed interest rates:						
Fixed income investments	-	10,656	10,656	-	7,882	7,882
Total exposure to interest rates	(5,676)	10,656	4,980	(4,419)	7,882	3,463

Interest rates received on cash balances or paid on bank overdrafts in sterling, respectively, is approximately 0.00% and 1.642% per annum (2017: 0.00% and 1.265% per annum).

Management of interest rate risk
The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the overdraft facility.

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

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

The Group is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Group arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio.

There were no past or impaired assets as of 30 November 2018 (2017: nil).

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

Depositary
The Group's Depositary is The Bank of New York Mellon (International) Limited (the Depositary) (S&P long term credit rating as at 30 November 2018: A) (2017: A). 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 2018 is the total value of equity and debt investments held with the Depositary and cash and cash equivalents in the Consolidated and Parent Company Statements 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 assets 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.

16. Risk management policies and procedures continued

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*
2018	2	2,013	-	29	A
2017	5	970	-	1,625	A

* S&P 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 2018 and 30 November 2017, the Group wrote covered call and put option contracts to generate revenue income for the Group. As the call and put options are covered by dedicated cash or stock resources and no call or put 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 and put options. The notional amount of call/put options written that were open at 30 November 2018 was £11,295,000 (2017: £9,271,000).

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 10 positions as at 30 November 2018 (2017: 6).

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 Consolidated 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 Consolidated 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 Consolidated Statement of Financial Position.

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

	Pledged collateral		Inbound collateral	
	As at 30 November 2018 £'000	As at 30 November 2017 £'000	As at 30 November 2018 £'000	As at 30 November 2017 £'000
Cash collateral - Bank of America Merrill Lynch	2,013	949	-	-

Receivables

Amounts due from debtors are disclosed in the Consolidated and Parent Company Statements of Financial Position as receivables. The counterparties included in receivables 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 CCR). 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 2018 and 2017 was as follows:

	2018 £'000	2017 £'000
Fixed income investments	10,656	7,882
Cash collateral held with brokers	2,013	949
Cash and cash equivalents	29	78
Other receivables (amounts due from brokers, dividends and interest receivable)	474	2,057
	13,172	10,966

Management of counterparty credit risk

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

16. Risk management policies and procedures continued

The counterparty/credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk 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 Mellon (International) Limited as the Group's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed. 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 a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation. RQA CCR reviews 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 Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the custodian's processes;
- the summary of 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 Consolidated and Parent Company 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 2018 and 2017, the Company's derivative assets and liabilities (by type) are as follows:

	At 30 November 2018		At 30 November 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives	**£'000**	**£'000**	**£'000**	**£'000**
Written option contracts	-	(682)	-	(98)
Total derivative assets and liabilities in the Consolidated and Parent Company Statements of Financial Position	-	(682)	-	(98)
Total assets and liabilities subject to a master netting agreement	-	(682)	-	(98)

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 2018:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Net amount as per statement of financial position £'000	Non-cash collateral given £'000	Cash collateral given £'000	Net amount of derivative liabilities £'000
At 30 November 2018						
Bank of America Merrill Lynch	(682)	-	(682)	-	682	-
At 30 November 2017						
Bank of America Merrill Lynch	(98)	-	(98)	-	98	-

(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 £17.5 million or 20% of the Group's net assets. (2017: £17.5 million or 20% of the Group's net assets).

Liquidity risk exposure
The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2018 and 30 November 2017, based on the earliest date on which payment can be required, were as follows:

2018	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	631	191	822
Derivative financial liabilities held at fair value through profit or loss	682	-	682
Bank overdraft	7,718	-	7,718
	9,031	191	9,222

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

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.

16. Risk management policies and procedures continued

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

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

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Consolidated and Parent Company 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 67.

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

The fair value hierarchy has the following levels:

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

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

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less 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 market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The determination of what constitutes 'observable' inputs 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.

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

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

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 a listed entity. The fair value of the investment in the subsidiary is calculated based on the fair value of the underlying balances within the subsidiary. Therefore, no sensitivity analysis has been presented.

Fair values of financial assets and financial liabilities
The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2018 - Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets:				
Equity and fixed income investments	94,815	-	-	94,815
Liabilities:				
Derivative financial instruments - written options	-	(682)	-	(682)
	94,815	(682)	-	94,133

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2018 - Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets:				
Equity and fixed income investments	94,815	-	2,256	97,071
Liabilities:				
Derivative financial instruments - written options	-	(682)	-	(682)
	94,815	(682)	2,256	96,389

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2017 - Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets:				
Equity and fixed income investments	94,603	-	-	94,603
Liabilities:				
Derivative financial instruments - written options	-	(98)	-	(98)
	94,603	(98)	-	94,505

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

Notes to the financial statements continued

16. Risk management policies and procedures continued

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

Level 3 Financial assets fair value through profit or loss at 30 November - Company	2018 £'000	2017 £'000
Opening fair value	2,115	1,322
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	141	793
Closing balance	2,256	2,115

(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 2018 was £95,827,000 (2017: £96,803,000), comprising a bank overdraft of £7,718,000 (2017: £5,446,000) and equity shares, capital and reserves of £88,109,000 (2017: £91,357,000).

Under the terms of the overdraft facility agreement, the Group's total indebtedness shall at no time exceed £17.5m 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 Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

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

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 a delay in the recovery process or may not fully recover its losses from CSDCC.

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.

16. Risk management policies and procedures continued

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 programme 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 programme 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 Connect 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 an employee of the Manager) are considered to be independent of the Manager by the Board. Mr Ruck Keene retired from his position at BlackRock on 7 April 2017 and will continue to be deemed to be non-independent of the Manager for a period of five years following his retirement under current guidance set out in the UK Corporate Governance Code.

None of the Directors has a service contract with the Company. For the year ended 30 November 2018, the Chairman received an annual fee of £37,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £31,000 and the other Directors received an annual fee of £26,000.

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 40 to 43.

At 30 November 2018, £10,000 (2017: £10,000) was outstanding in respect of Directors' fees.

18. Transactions with the manager and investment manager

BlackRock Fund Managers Limited (BFM) provides management and administrative services to the Group under a contract which is terminable on six months' notice. BFM has (with the Group'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 34 and 35.

The investment management fee due for the year ended 30 November 2018 amounted to £1,000,000 (2017: £956,000). At the year end, £412,000 was outstanding in respect of the management fee (2017: £387,000).

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 2018 amounted to £21,000 excluding VAT (2017: £25,000). Marketing fees of £22,000 excluding VAT (2017: £23,000) were outstanding as at the year end.

19. Contingent liabilities

There were no contingent liabilities at 30 November 2018 (2017: nil).

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 2018 there is annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

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	GB00BON8MF98
SEDOL	BON8MF9
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.

Shareholder information continued

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.

New individual savings accounts (NISAs)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion in an ISA. In the 2018/2019 tax year, investors will be able to invest up to £20,000 in New Individual Savings Accounts (NISAs) either as cash or shares.

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: 0207 743 3000

Email: Cosec@blackrock.com

Analysis of ordinary shareholders

By type of holder

	Number of shares	% of total 2018	% of total 2017	Number of holders	% of total 2018	% of total 2017
Direct private investors	1,780,688	1.5	1.5	224	23.4	24.6
Banks and nominee companies	111,866,171	96.3	96.2	715	74.8	73.2
Others	2,479,656	2.2	2.3	17	1.8	2.2
	116,126,515	100.0	100.0	956	100.0	100.0

By size of holding

Range	Number of shares	% of total 2018	% of total 2017	Number of holders	% of total 2018	% of total 2017
1-10,000	2,588,838	2.2	2.3	567	59.3	62.5
10,001-100,000	7,663,728	6.6	5.7	271	28.4	25.0
100,001-1,000,000	29,887,553	25.7	28.4	90	9.4	9.4
1,000,001-5,000,000	48,997,725	42.2	47.1	24	2.5	2.8
5,000,001-9,999,999	26,988,671	23.3	16.5	4	0.4	0.3
	116,126,515	100.0	100.0	956	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
Year ended 30 November 2018	88,109	75.87	70.60	4.37	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.

Management & other service providers

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

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

Investment Manager and Company Secretary
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12 Throgmorton Avenue
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Email: cosec@blackrock.com

Banker, Custodian and Depositary
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Registrar
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The Pavilions, Bridgwater Road
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Telephone: 0370 707 1476

Auditor
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25 Churchill Place
London E14 5EY

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] BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager under a delegation agreement with BFM.

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 2018	**Gross leverage as at 30 November 2018**
Leverage ratio	1.14	1.21

Further information on the calculation of leverage ratios is provided in the Glossary on page 103.

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 76 to 88.

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
28 January 2019

Information to be disclosed in accordance with Listing Rule 9.8.4

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

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

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

9.8.4 (3) This provision has been deleted.

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

9.8.4 (5) and (6) 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 250,000 ordinary shares in total with a nominal value of £2,500 were issued at a price of 76.75 pence per share for a total consideration of £191,875, 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	250,000	76.75	192	2

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
28 January 2019

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, 12 March 2019 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 and 12, as special resolutions).

Ordinary business

1. To receive the report of the Directors of the Company and the financial statements for the year ended 30 November 2018, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 November 2018.

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 £116,126 (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 2020, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

11. That, in substitution for all existing authorities and subject to the passing of the resolution numbered 10 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 2020, 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 £116,126, (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 17,407,364 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 2020 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

All 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.

By order of the Board
SARAH BEYNSBERGER
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
28 January 2019

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notice of annual general meeting continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is 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 8 March 2019 (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 8 March 2019 (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 Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

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.

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 2019, 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 28 January 2019 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital (excluding 2,839,485 treasury shares) consisted of 116,126,515 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 116,126,515.

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' funds" (as set out in note 9 of the notes to the financial statements on page 72) by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2018, total equity was £88,109,000 and there were 116,126,515 ordinary shares in issue (as set out in note 9 of the notes to the financial statements on page 72); the NAV was therefore 75.87p per ordinary share.

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

Net asset value and share price return per share with income reinvested[1]

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. The measure is also known as 'total return' and this information enables investors to make performance comparisons between investment trusts with different dividend policies. The income reinvestment calculation measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/Share price.

NAV total return	Page	30 November 2018	30 November 2017	
Closing NAV per share (pence)	4	75.87	76.92	
Add back interim dividends for the year (pence)	4	4.00	4.00	
Effect of dividend reinvestment		(0.19)	-	
Adjusted closing NAV (pence)		79.68	80.92	(a)
Opening NAV per share (pence)	4, 94	76.92	83.57	(b)
NAV return with Income reinvested (c = ((a - b)/b)) (%)		3.6	(3.2)	(c)

Share price total return	Page	30 November 2018	30 November 2017	
Closing share price (pence)	4	70.60	75.00	
Add back interim dividends for the year (pence)	4	4.00	4.00	
Effect of dividend reinvestment		(0.31)	0.08	
Adjusted closing share price (pence)		74.29	79.08	(a)
Opening share price (pence)	4, 94	75.00	82.75	(b)
Share price return with Income reinvested (c = ((a - b)/b)) (%)		(0.9)	(4.4)	(c)

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 73 for the audited inputs to the calculation at 30 November 2018 and 2017).

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 73 for the audited inputs to the calculation at 30 November 2018 and 2017).

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

[1] Alternative Performance Measures.

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[1]

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

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments (as set out in note 5 of the notes to the financial statements on page 69). Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

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

Ongoing charges calculation	Page	30 November 2018	30 November 2017	
Management fee	68	1,000	956	
Other operating expenses	69	343	336	
Total management fee and other operating expenses		1,343	1,292	(a)
Average net assets in the year		96,808	95,002	(b)
Ongoing charges (c = a/b)		1.39%	1.36%	(c)

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 7.6% as at 30 November 2018 as disclosed in the Chairman's Statement on page 6 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 2018 the Company had total net assets of £88,109,000, current liabilities of £9,222,000, current assets of £2,516,000 and shareholders' funds of £88,109,000.

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

(£88,109,000 - (£2,516,000 - £9,222,000) = £94,815,000/£88,109,000 = 7.6%).

The audited inputs for this calculation can be found in the Consolidated and Parent Company Statements of Financial Position on page 63.

[1] Alternative Performance Measures.

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Park Communications 37422