BlackRock Latin American Investment Trust plc

Half Yearly Financial Report 30 June 2021

Financial highlights

14.79c

Total dividends per ordinary share

+45.6%[5]

4.9%[2,4]

Dividend yield

625.27c

NAV per ordinary share with dividends reinvested

+7.4%[2,3]

8.70c

Revenue profit per ordinary share

+205.1%

565.01c[1]

Ordinary share price with dividends reinvested

+4.9%[2,3]

Percentage comparisons are at 30 June 2021 against 31 December 2020 for share price, net assets and NAV per ordinary share. Comparisons for revenue return and dividends are against figures for the six month period to 30 June 2020.

1 Mid-market price.
2 Alternative Performance Measures. See Glossary on pages 30 to 33.
3 All calculations in US Dollars with dividends reinvested.
4 Yield calculated based on 4 quarterly dividends for the 12 months to 30 June 2021 of 27.69 cents per share and the share price as at 30 June 2021 of 565.01 cents.
5 Dividends declared in respect of the six-month period ended 30 June 2021 of 14.79 cents per share compared to dividends declared in respect of the six-month period ended 30 June 2020 of 10.16 cents per share.

Why BlackRock Latin American Investment Trust plc?

Investment objective

The Company's objective is to secure long term capital growth and an attractive total return primarily through investing in quoted securities in Latin America.

Investment approach

- The Board strongly believes that our closed end structure is the most appropriate for active equity investment in Latin America and its well-known advantages are the major factors differentiating us from our many open ended competitors. As a closed end company we are able to adopt a longer term investment horizon, and therefore may, when appropriate, have a higher proportion of less liquid mid and smaller capitalisation companies than comparable open ended funds.
- BlackRock Fund Managers Limited (the Manager) is encouraged to consider appropriate investments in Latin American companies outside the index.
- As an actively managed fund our primary aims over the medium term are significant outperformance of our benchmark index (the MSCI Emerging Markets Latin America Index (Net Return)) and most of our competitors on a risk adjusted basis. Our portfolio and performance will diverge from the returns obtained simply by investing in the index.
- The portfolio will be chosen from a spread of companies which are listed in, or whose main activities are in, Latin America.
- The Board actively seeks to maintain control over the level and volatility of the discount between share price and the net asset value (NAV).
- We will selectively employ gearing with the aim of enhancing returns. The Board believes that 105% of NAV is the neutral level of gearing over the longer term and that gearing should be used actively in an approximate range of plus or minus 10% around this as measured at the time that gearing is instigated.
- The Company pays a regular quarterly dividend equivalent to 1.25% of the Company's US Dollar NAV at the end of each calendar quarter.
- The Board believes that good Environmental, Social and Governance (ESG) behaviour by the companies we invest in is critical to the long-term financial success of our Company. Whilst the Company does not exclude investment in stocks purely on ESG criteria, ESG analytics are fully integrated into the investment process when weighing up the risk and reward benefits of investment decisions. The Board believes that communication and engagement with portfolio companies can lead to better outcomes for stakeholders and the environment than merely excluding investment in certain areas.

aic
The Association of Investment Companies

A member of the Association of Investment Companies

Details about the Company are available on the website at www.blackrock.com/uk/brla

Contents

Performance record

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Net assets (US$'000)[1]	245,480	234,151
Net asset value per ordinary share (US$ cents)	625.27	596.42
Ordinary share price (mid-market) (US$ cents)[2]	565.01	552.93
Ordinary share price (mid-market) (pence)	409.00	404.50
Discount[3]	9.6%	7.3%
Performance (with dividends reinvested)[5]		
Net asset value per share (US$ cents)[3]	7.4%	−14.5%
Ordinary share price (US$ cents)[2,3]	4.9%	−9.3%
Ordinary share price (pence)[3]	3.8%	−12.1%
MSCI EM Latin America Index (Net return, on a US Dollar basis)[4]	8.9%	−13.8%

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)	Change %
Revenue			
Net profit after taxation (US$'000)	3,414	1,119	+205.1
Revenue profit per ordinary share (US$ cents)	8.70	2.85	+205.1
Dividends per ordinary share (US$ cents)			
Quarter to 31 March	6.97	4.59	+51.9
Quarter to 30 June	7.82	5.57	+40.4
Total dividends paid and payable (US$ cents)	**14.79**	**10.16**	**+45.6**

Source: BlackRock.

1 The change in net assets reflects the market movements during the period and dividends paid.

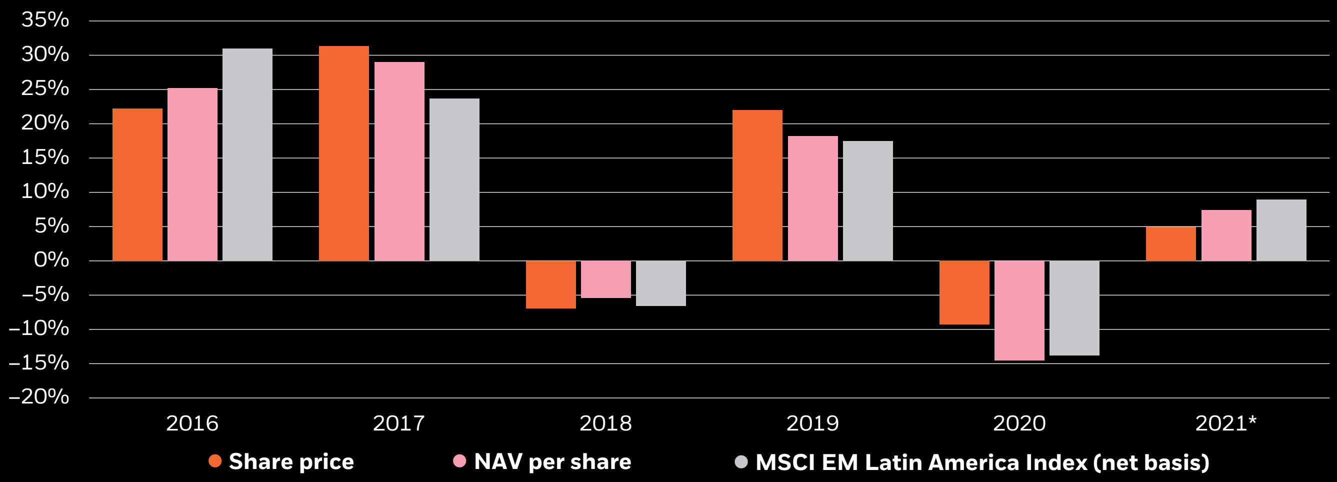
2 Based on an exchange rate of $1.3814 to £1 at 30 June 2021 and $1.3669 to £1 at 31 December 2020.

3 Alternative Performance Measures, see Glossary on pages 30 to 33.

4 The Company's performance benchmark (the MSCI EM Latin America Index) may be calculated on either a Gross or a Net return basis. Net return (NR) indices calculate the reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors, and hence give a lower total return than indices where calculations are on a Gross basis (which assumes that no withholding tax is suffered). As the Company is subject to withholding tax rates for the majority of countries in which it invests, the NR basis is felt to be the most accurate, appropriate, consistent and fair comparison for the Company.

5 Percentage comparisons at 30 June 2021 are for the six months from 31 December 2020 and percentage comparisons at 31 December 2020 are for the 12 months from 31 December 2019.

Performance from 31 December 2015 to 30 June 2021



Sources: BlackRock Investment Management (UK) Limited and Datastream.
Performance figures are calculated in US Dollar terms with dividends reinvested.
* Six month performance to 30 June 2021.

Dear Shareholder

Carolan Dobson
Chairman

I am pleased to present the Half Yearly Financial Report to shareholders for the six months ended 30 June 2021.

Overview and performance

Against a backdrop of political disruption and COVID-19 driven economic volatility and social fragility, markets in Latin America outperformed the MSCI Emerging Markets Index over the first half of 2021, with the MSCI EM Latin America Index up by 8.9%[1] compared to a 7.4%[1] rise in the MSCI Emerging Markets Index. Markets in Brazil and Mexico performed most strongly, up by 10.6%[1] and 13.7%[1] respectively. In contrast the Andean countries (Colombia, Peru, Chile) largely underperformed the benchmark. The Company's net asset value per share increased by 7.4% over the period (underperforming the benchmark by 1.5%). The underperformance was largely driven by stock specific factors as the portfolio managers moved to reduce country risk in the portfolio as political unrest escalated. In Sterling terms the NAV rose by 6.3% over the same period and the benchmark rose by 7.7%. The share price rose by 4.9% in US Dollar terms (3.8% in Sterling terms).

Additional information on the main contributors to and detractors from performance for the period under review is given in the Investment Manager's report on pages 7 to 11.

Revenue return and dividends

Revenue return for the six months ended 30 June 2021 was 8.70 cents per share (2020: 2.85 cents per share). The increase of 205.1% was largely due to a lower level of dividends received in the prior period for the six months ended 30 June 2020 when the COVID-19 pandemic first took hold. When compared to the less volatile pre-pandemic trading environment of 2019, the current period revenue return per share was 9.8% higher than the 7.92 cents per share recorded for the six months ended 30 June 2019.

[1] Calculations on a US Dollar net return basis with dividends reinvested.

Dividends declared in respect of the year to 30 June 2021

	Dividend rate (cents per share)	Announcement date	Pay date
Quarter to 30 September 2020	5.45	1 October 2020	9 November 2020
Quarter to 31 December 2020	7.45	4 January 2021	8 February 2021
Quarter to 31 March 2021	6.97	1 April 2021	10 May 2021
Quarter to 30 June 2021	7.82	1 July 2021	6 August 2021
Total	**27.69**		

The Company has declared dividends totalling 27.69 cents per share in respect of the 12 months to 30 June 2021 representing a yield of 4.9%. Under the Company's dividend policy, dividends are calculated and paid quarterly, based on 1.25% of the US Dollar NAV at close of business on the last working day of March, June, September and December respectively; additional information in respect of the payment timetable is set out in the Annual Report and Financial Statements. Dividends will be financed through a combination of available net income in each financial year and revenue and capital reserves.

The dividends paid and declared by the Company in the last 12 months have been funded from current year revenue and brought forward revenue reserves. As at 30 June 2021, a balance of US$0.8 million remained in revenue reserves. Dividends will be funded out of capital reserves to the extent that current year revenue and revenue reserves are fully utilised. The Board believes that this removes pressure from the investment managers to seek a higher income yield from the underlying portfolio itself which could detract from total returns. The Board also believes the Company's dividend policy will enhance demand for the Company's shares and help to narrow the Company's discount, whilst maintaining the portfolio's ability to generate attractive total returns. It is promising to note that since the dividend policy was introduced in July 2018, the Company's discount has narrowed from 14.9% as at 1 July 2018 to 9.6% as at 30 June 2021.

Discount management

The Directors continue to monitor the discount at which the ordinary shares trade to their prevailing NAV and in the six months ended 30 June 2021 the cum–income discount on the ordinary shares in Sterling terms has averaged 9.4% and ranged between 5.4% and 14.2%. The Board tries to reduce discount volatility by offering shareholders a discount control mechanism covering the four years to 31 December 2021 whereby shareholders are offered a tender for 24.99% of the shares in issue excluding treasury shares (at a tender price reflecting the latest cum-income NAV less 2% and related portfolio realisation costs) in the event that the continuation vote to be put to the Company's AGM in 2022 is approved, where either of the following conditions have been met:

(i) the annualised total NAV return of the Company does not exceed the annualised benchmark index (being the MSCI EM Latin America Index) US Dollar (net return) by more than 100 basis points over the four year period from 1 January 2018 to 31 December 2021 (the Calculation Period); or

(ii) the average daily discount to the cum-income NAV exceeds 12% as calculated with reference to the trading of the shares over the Calculation Period.

In respect of the above conditions, the Company's annualised total NAV return on a US Dollar basis for the 42 months from 1 January 2018 to 30 June 2021 was +0.74%, underperforming the annualised benchmark return for the same period of +0.85% by 0.11%. The cum-income discount of the Company's ordinary shares has averaged 11.8% for this period and ranged from a discount of 2.0% to 20.6%, ending on a discount of 9.6% at 30 June 2021. On these metrics a tender would be triggered if the annualised NAV performance relative to the benchmark and the average discount calculations for the 42 months to 30 June 2021 remain unchanged over the remaining six months to 31 December 2021.

The making of any tender offer pursuant to the above will be conditional upon the Company having the required shareholder authority or such shareholder authority being obtained, the Company having sufficient distributable reserves to effect the repurchase and, having regard to its continuing financial requirements, sufficient cash reserves to settle the relevant transactions with shareholders, and the Company's continuing compliance with the Listing Rules and all other applicable laws and regulations. The Company may require a minimum level of participation in any such tender offer to be met, failing which the tender offer may be declared void.

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 manage the discount. The Company has not bought back any shares during the six months ended 30 June 2021 and up to the date of publication of this report (no shares were bought back in the year to 31 December 2020).

Outlook

As vaccination rates ramp up globally and economies start to reopen, a resurgence in consumer demand is likely to boost global economic growth rates. As significant producers to the world of vital food, timber, minerals and oil supply, the Latin American region is well placed to benefit from this trend. The Company's portfolio managers are confident that there are many compelling investment opportunities in the region (with equity valuations remaining cheap relative to historic levels and global peers) and believe that current operating momentum will lead to upwards earnings revisions from portfolio companies. The risk of a significant increase in inflation and continued political disruption have the potential to derail this growth momentum; however, overall, the portfolio managers believe that higher external growth from US and China, buoyant commodity prices and a liquidity boost from supportive fiscal policies in developed markets are attractive tailwinds that should support a resurgence in Latin American equities over the coming year.

Carolan Dobson
Chairman
17 September 2021

Investment manager's report

Sam Vecht

Ed Kuczma

Latin American equities outperformed the MSCI Emerging Markets Index in the first half of 2021 and over the last 12 months ending 30 June 2021. Both Brazil and Mexico have posted region-leading returns over the past year, while the Andean countries have largely underperformed. At the sector level, Energy, Discretionary and Materials were the notable performing sectors in the first half of 2021. Markets in Latin America favoured smaller companies in the first half of 2021 as small caps outperformed large. In Brazil, quality, size and sentiment were the best performing factors, whereas in Mexico, low volatility worked best. Despite the recent outperformance, Latin American equities currently trade at an attractive discount to the rest of the emerging markets based on the median price to forward earnings multiple – in fact the difference in valuation is one of the widest variances in the last 25 years. At the stock level, we see positive trends for earnings revisions as economic recovery continues in the region and vaccinations slowly get distributed.

Latin America is a region where political risk creates several challenges and opportunities for investors. For 2021, politics has been more of a challenge. Political uncertainty has been seriously disruptive in Peru and problematic in Chile. Colombia has also seen public rioting in relation to proposed tax reform. Many governments are under pressure to take actions to stabilize deteriorated fiscal accounts. Doing this while the pandemic is still an issue, and social conditions are fragile, is politically difficult. With upcoming Presidential elections in Chile in the second half of 2021, and Brazil in 2022, we expect politics to have an important influence on markets in the near term. Our strategy has been to reduce country risk in the portfolio given bifurcated and polarising election outcomes, allowing for stock specific factors to drive performance.

	MSCI Indices			
	% Price change	% Return (with dividends reinvested)[1]	Local currency (% vs. USD)	Local indices (% change)
Argentina	−0.5	−0.5	−13.8	+21.8 (MERVAL)
Brazil	+7.9	+10.6	+4.3	+6.5 (Ibovespa)
Chile	−0.6	+0.3	−3.4	+3.4 (IGPA)
Colombia	−20.0	−19.6	−9.5	−11.8 (COLCAP)
Mexico	+12.7	+13.7	−0.1	+15.4 (IPC)
Peru	−18.9	−18.5	−6.9	−9.1 (S&P/BVL)

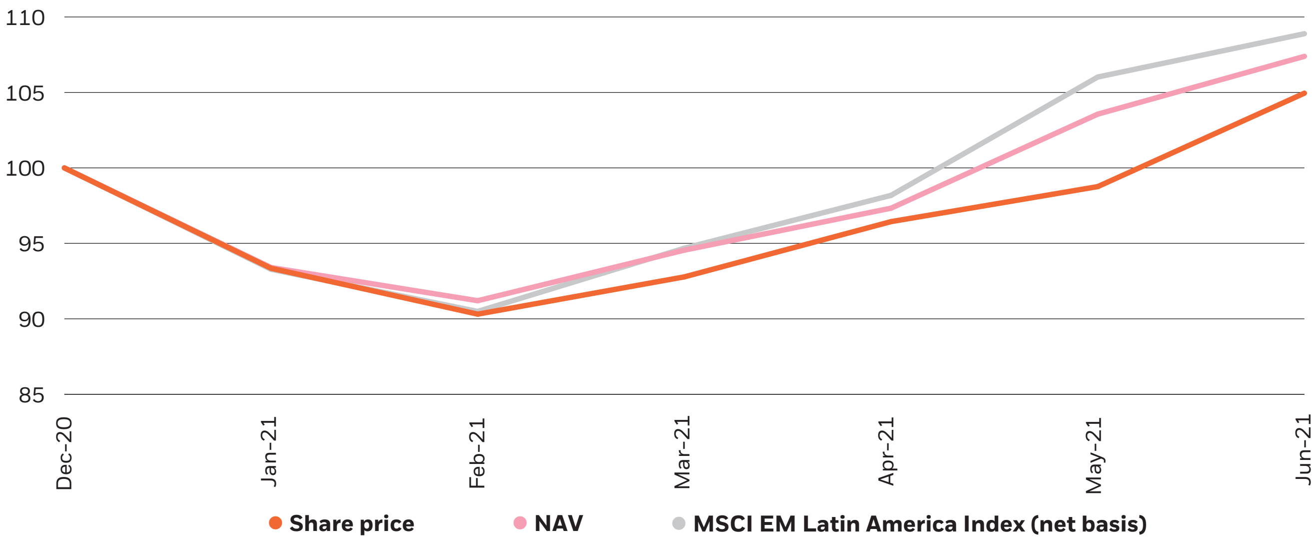
	Indices			
	% Price change	% Return (with dividends reinvested)[1]	Commodity/Index	Commodity prices (% change)
MSCI EM Latin America	+6.9	+8.9	CRB Index[2]	+27.2
MSCI Emerging Asia	+5.3	+6.0	Oil (WTI)[3]	+50.6
MSCI Emerging Markets	+6.5	+7.4	Gold	−6.6
MSCI World	+12.2	+13.0	Copper	+25.4
S&P 500	+14.4	+15.0	Corn	+70.0
MSCI Europe	+13.6	+11.8	Soybeans	+14.2

[1] MSCI total return indices are net of withholding taxes.
[2] Commodity Research Bureau Index.
[3] West Texas Intermediate.
Sources: Bloomberg and MSCI for the six months to 30 June 2021.

Portfolio review

During the first half of 2021 the Company's NAV rose by 7.4%, underperforming the Company's benchmark (the MSCI EM Latin America Index) which rose by 8.9% over the same time period (all calculations in US Dollar terms with dividends reinvested).

Performance from 1 January 2021 to 30 June 2021



Sources: BlackRock Investment Management (UK) Limited and Datastream.

Performance figures are calculated in US Dollar terms, with dividends reinvested, rebased to 100 as at 1 January 2021.

Top contributors:	Total effect (bps):	Top detractors:	Total effect (bps):
Cemex	+84.7	Centrais Elétricas Brasileiras (Eletrobras)	−59.8
Santos Brasil	+80.7	BB Seguridade Participações	−48.5
Ternium	+68.8	PagSeguro Digital	−47.0
Magazine Luíza	+48.5	Televisa	−44.3
Bancolombia	+45.6	Petróleo Brasileiro (Petrobrás)	−43.6

Source: BlackRock.

In **Brazil**, we see benefits to the economy from the ongoing local re-opening and global reflation trades. The Brazilian Real appears to be attractively valued and should be supported in the near-term from continued interest rate hikes from the Brazilian central bank. We expect economic activity to continue a gradual recovery during the second half of 2021 but rising inflation and interest rates, tighter finance conditions, and heightened policy and political uncertainty may cap the upside. The outlook for inflation remains unfavourable, with short-term inflationary pressures having proven persistent. The risks for both 2021 and 2022 inflation remain tilted to the upside. One thing made clear over the past months is that politics – as well as the related fiscal risks – will be a key driver of moves in local financial markets in the mid-term. With the president, congress and the judiciary all seemingly focused on institutional battles, much needed economic reforms are likely to be put on the backburner and politicians may be slow to address emerging problems like the threat of electricity shortages. Moreover, fiscal risks are likely to build in the run-up to the election in October 2022 – and possibly after it – as neither President Bolsonaro nor his main rival, Lula, seem overly committed to fiscal discipline.

In **Mexico**, we remain balanced in our view for recovery in economic growth with a strong bias toward external sectors. The country's link to the US is strong, but the domestic part of the economy should continue to face growth challenges driven by the reluctance in private investment, as well as political and health uncertainty. Mid-term elections were held in the second quarter of 2021, with results mostly in line with the pre-election polls. Ruling party Morena had mixed results, helping to avoid the market's concern of granting President López Obrador greater representation in Congress to allow for constitutional reform. Despite a more challenging scenario in Congress, the federal government continues to move ahead with a nationalistic agenda for the energy sector, challenging both existing and future private investments as well as adding to bilateral tensions with the US given both governments' opposing environmental views. Despite the political sideshow, economic momentum continues in a favourable direction and the local currency also has room to appreciate given fiscal austerity and rising domestic interest rates.

For **Chile**, the fiscal uncertainty from the constitutional convention has added to the effect of recent hawkishness from the central bank, driven by an output gap that is closing and inflation close to target. Roughly half the population is already vaccinated and spending impulse from the recent pension withdrawals and other fiscal measures should keep the economy well supported for the rest of the year.

Contributors to relative returns

At the stock level, the largest positive contributors to relative returns were holdings in Cemex, Ternium and Santos Brasil. Mexican cement producer, **Cemex**, increased its full year guidance for profitability in the first half of the year as signs of robust cement demand persist from strong growth related to the residential housing market in the company's main operations in southern United States as well as expectations for buoyant infrastructure spending in the US and Mexico. **Ternium** is a non-index stock and a leading Latin American steel producer that has benefited from rising steel prices in North America. The company has been investing in a new Mexican growth platform and has taken market share from weaker domestic competitors. **Santos Brasil** is a Brazilian port operator that received a favourable renewal of an operating contract with a major global shipping company at a substantial increase in prices in the first half of this year.

Detractors from relative returns

The underweight portfolio positioning in respect of two state-owned companies in Brazil, namely **Petróleo Brasileiro (Petrobrás)** and **Centrais Elétricas Brasileiras (Eletrobras)** detracted significantly from the Company's relative returns. Both of these stocks suffered from unexpected changes at key management positions during the first half of 2021 which induced fears of increased government interference in the respective company's operations. The outgoing management teams of both companies were well regarded by investors and the abrupt changes at the CEO level created uncertainty regarding the ability for these companies to continue to generate value for shareholders. While the stocks have bounced back to an extent off their near-term valuation lows, responding positively in spite of what we interpreted as bad news, we are of the view that political risk will remain elevated for state-owned companies ahead of the Brazilian presidential election in 2022 and would argue there are greater investment opportunities elsewhere. Finally, shares of Mexican media firm, **Televisa**, spiked in the first half of the year on the back of the announcement that the company agreed to combine its content and media assets with its US partner, Univision, in order to create a combined entity which would be the largest Spanish-language media company in the world, providing the potential to unlock value for Televisa's shareholders. The Company's lack of holding in this security compared to the benchmark led to underperformance on a relative basis.

Portfolio positioning

Over the six months ending 30 June 2021, we notably managed our Brazilian exposure and built up positions in Chile and Mexico.

During the period, we added to Brazilian retail company, **Via Varejo**, as the company saw triple digit growth in online sales and continuation of favourable demand in offline channels despite withdrawal of government stimulus. We reduced exposure to Brazilian banks earlier in the period. In particular, we reduced exposure to **Banco Bradesco** as the bank faces incremental competition from fintech challengers and increased funding costs from rising domestic interest rates. Additionally, we sold our holding of **Banco do Brasil** as the state-owned company faced pressure from the government related to their recently announced cost cutting plan. Later in the period we initiated a position in **Credicorp**, a Peruvian financial services company, on the view that political uncertainty is creating opportunity for long term alpha generation given depressed valuations. The country was in the midst of a tightly contested Presidential election which created uncertainty and caused sharp depreciation of the currency, despite favourable external conditions from high metal prices. We believe fears of radical changes to the favourable institutional framework of the company are overdone and hence look to add exposure on political uncertainty induced volatility. We also purchased Chilean department stores company, **Falabella**, given the company's position to benefit from gradual economic reopening and improving consumption trends. We sold our holding in **Santos Brasil**, a Brazilian logistics company, to take profits following the stock's outperformance driven by strength in import and export of commodities.

The Company ended the period being overweight to Chile and Mexico, whilst being underweight to Colombia and Peru. At the sector level, we are overweight industrials and consumer discretionary, and underweight consumer staples and utilities.

Outlook

We expect economic activity to enjoy positive momentum in the region during the second half of 2021 as vaccination rates accelerate and economies reopen amid fiscal and monetary stimuli. Despite the risk posed by new variants of the virus, the appetite for new mobility restrictions seems low. We see upside risks to GDP growth forecasts for most of the region given robust global demand for bulk and soft commodities, for which many Latin countries will benefit from given the abundance of natural resources in the Latin America's export mix. Chile, Brazil and Mexico have shown improving economic momentum from vaccine distributions and increased mobility. Argentina and Peru are likely to be the laggards in the region amid high political uncertainty.

In **Brazil**, the economic recovery resumed after a relatively brief interruption following the Carnival holiday due to the strong pandemic rebound in March and part of April. Industrial production was stable in June after rising in May, yet it ended the second quarter of 2021 down from the first quarter, dragged by the larger drops in March and April. It is possible that the slower pace of recovery in the industrial segment is partially explained by insufficient inventories and other temporary bottlenecks and not simply weak demand, as confidence indicators have been recovering since April/May. Retail sales data continues to recover throughout the second quarter however the shock from late in the first quarter has not been fully assimilated yet. Even though retail sales and services grew in April and May, they are still below February 2021 levels. Still, as authorities continue to reduce movement restrictions in most states amid record vaccination rates, the expectation is that the recovery will gain pace during the second half of the year, particularly in services. As of early August, new daily COVID-19 cases and deaths are at their lowest levels since December and January, respectively, and Delta counts remain relatively low, although there is some concern that the more contagious strain could still create a new wave. Nearly 50% of the population has received at least one dose of the vaccine, while 20% is fully immunized. Despite the expected near term uplift from economic normalisation on the back of increased vaccine distribution in Brazil, the country faces a number of headwinds in 2022 including uncertainty around a polarised Presidential election next year, stubbornly high inflation, lingering pressure from high levels of government indebtedness and questions regarding the government's willingness to maintain credible fiscal policy.

In **Mexico**, quarterly GDP reports showed sequential expansion and confirmed the significant recovery in the services sector. On the other hand, primary and industrial activities grew strongly supported by low base effects from the pandemic shock a year ago. We think there might be some upside risks in the second half of the year as the economy benefits from close proximity to the United States, supporting Mexico's manufacturing export sector. Although the main risk to our view continues to be the current wave of new COVID-19 cases, we see limited risks from this as the government has ruled out imposing new mobility restrictions while it continues with its vaccination roll-out efforts amid fewer deaths than in previous waves. During July, some high-frequency indicators such as Google's mobility reports and OpenTable reservations continued to improve. Hence, services like sports, entertainment and restaurants, which are still the most affected sectors, might continue to gradually recover. Despite our optimism, we acknowledge risks remain around the deterioration of the COVID-19 backdrop, high inflation and rising rates which could cap the upside.

In **Chile**, we have seen a consistent trend of upwardly revised growth forecasts and Chile should be one of the first countries in the region to see GDP return to levels above pre-pandemic readings. We expect additional sequential growth in the second half of the year, as economic activities continue to reopen as cases decline and the vaccination programme advances. The government is implementing a cash transfer program starting in June that is worth 1 percentage point of GDP per month until September, implying that the balance of risks to growth forecast remains tilted to the upside benefited by strong levels of consumption. Coming from such high levels, we believe that next year's growth could slow as fiscal stimulus is reduced and the chance for political uncertainty to negatively impact investment increases as the country enters a highly contested presidential election in the fourth quarter of 2021.

In **Colombia**, we see a mixed balance of risks between the economic reopening and social unrest but generally expect market consensus estimates for growth to keep moving higher. Activity data recently released showed that the protests over tax reform that took place during May had a smaller-than-expected economic impact. Moreover, leading indicators suggest that May's temporary social disruptions have been overcome through June and July and the recovery process remains on track. The reopening of the economy, fiscal stimulus and a rebound of oil production should help sustain the recovery.

In **Argentina**, economic activity has been weaker than seen elsewhere because of lockdowns in the first half of the year. However, economic activity is likely to rebound sequentially going forward as restrictions have started to be lifted. In fact, manufacturing and construction have posted sequential monthly expansions recently, which is an encouraging leading indicator. Macroeconomic imbalances continue to pose challenges for a sustained recovery in the country and in this context the country is also facing legislative elections in the fourth quarter that could impact business confidence.

Peru is likely to be the laggard of the region. The recovery already started to lose momentum through the second quarter of the year, with an estimated contraction amid high political uncertainty generated by the new Castillo administration that was inaugurated on 28 July. We expect business confidence to deteriorate and investment and consumption decisions to be put on hold. The first actions taken by the Castillo administration appear to suggest that moderation from radical campaign rhetoric is unlikely for now. Instead, the administration seems headed towards a confrontation with Congress in its push to hold a Constitutional Assembly. We expect capital outflows to persist and weakening fundamentals to lead to rating downgrades. It is noteworthy to mention that a great deal of uncertainty has already been reflected in weak currency and equity prices which could present a long term opportunity for patient investors amid current discounted valuation of asset prices.

Reasons to invest in Latin America

It has been a tough period for Latin America, with many countries hit hard by the COVID-19 crisis. However, we see a strong case for better times ahead for the region as the world rebuilds after the pandemic, and Latin America may be one of the most important beneficiaries of recovery in the global economy.

As the region rebuilds, it will have some important tailwinds. Perhaps the most significant is rising commodity prices. Vast stimulus in the US and economic recovery across the world has pushed up demand for commodities after a period of tight supply. Global governments have ambitious, commodity-heavy infrastructure plans, particularly for green energy development. Latin America is also one of the most abundant regions in the world for lithium, iron ore and copper with some of the longest-life reserves at a low cost in Brazil, Chile and Peru.

There are also broader factors that should support economic growth. Across Latin America, a growing middle class is fuelling domestic consumption and after a brief hiatus from the pandemic, this spending appears to be resuming. As businesses in the US look to diversify their supply chains, opportunities are being created in Mexico, particularly along the northern border, in the manufacturing sector.

Importantly, a rich seam of new companies listing on the stock market is creating more opportunities all the time. The buoyancy of the Brazilian IPO market is perhaps the best example. 2020 was a bumper year for Brazilian IPOs. 28 companies listed on the main exchange, raising BRL$43.7 billion (US$8.3 billion) in spite of the pandemic. This was almost four times the previous year's figure and the highest level since the giddy pre-crash optimism of 2007. This year looks set to be even more promising; over 40 companies have already said they want to list on Sao Paulo's B3 exchange this year. There are sound reasons for this, with excess global liquidity, favourable macroeconomic conditions, and increased financial awareness among Brazilian investors, all supporting new issuance in Brazil. This is bringing new sectors and more choice for investors in the region. In the Company, we have exposure to structural growth themes in the region including healthcare, e-commerce and convenience stores.

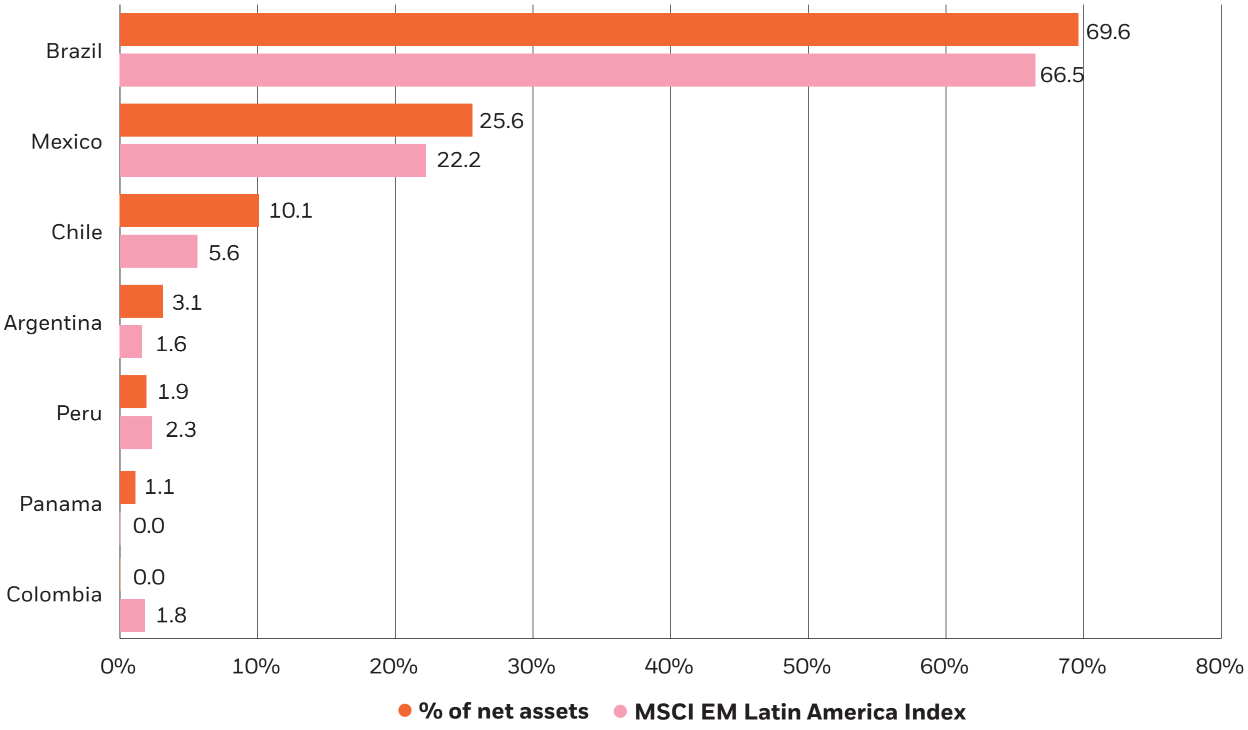
Against this positive backdrop, we see anecdotal evidence that investors are moving away from China – which has a lot of technology names – to more cyclical markets. Latin American markets, with their focus on materials, energy and financials, are a key beneficiary. For example, the weight of cyclical sectors such as Energy and Materials in emerging market benchmarks peaked at 37% at the end of 2007, while at the end of 2020 these sectors only represent 13% of the global emerging market index. This has been offset by Consumer Discretionary and Technology sectors becoming over half of emerging market indices from a low of 26% at the end of the 2000's. Furthermore, regulatory scrutiny has been increasingly punitive on Chinese tech companies as the government looks to address social imbalances in the country to promote a harmonious distribution of wealth. We believe that Latin America is a prime destination for a rotation away from the Asia tech complex for a number of reasons. Latin America is lightly represented in emerging market benchmarks and has generally been under-owned, so it only takes a small change in sentiment to have a significant impact. Furthermore, relative valuations in Latin America have rarely been cheaper as the region trades at a large discount to its own history, as well as compared to emerging market and developed market peers, when looking at traditional valuation metrics such as price-to-earnings or price-to-book value multiples. As a result, we believe Latin American equities create an attractive investment destination given the under-valued and under-owned characteristics of the asset class. Given the wide valuation discounts in markets and cyclical benefits to the economies, we expect more and more investors to rediscover the huge opportunities in this fascinating region.

Ed Kuczma and Sam Vecht
BlackRock Investment Management (UK) Limited
17 September 2021

Portfolio analysis

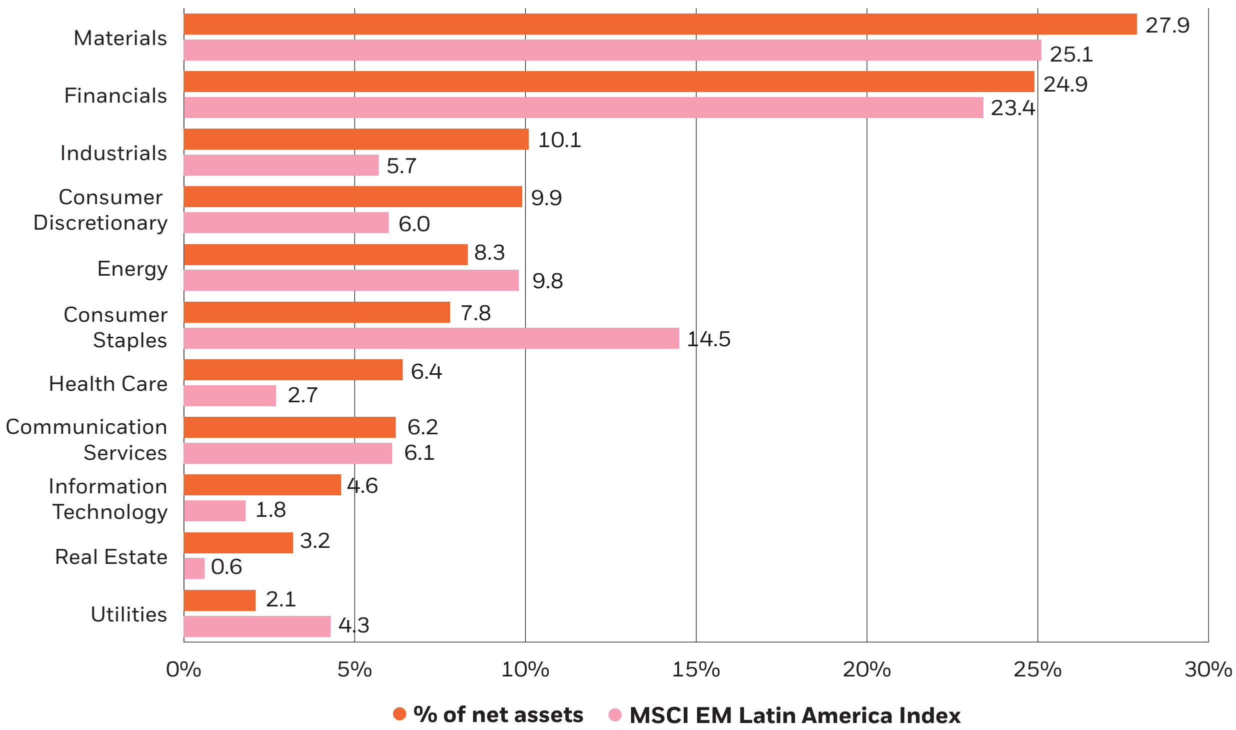
as at 30 June 2021

Geographic Weighting (gross market exposure) vs MSCI EM Latin America Index



Sources: BlackRock and MSCI.

Sector allocation (gross market exposure) vs MSCI EM Latin America Index



Sources: BlackRock and MSCI.

Ten largest investments

1 ▲ Vale (2020: 3rd)

Materials

Market value – American depositary share (ADS): US$27,676,000
Share of investments: 10.1% (2020: 8.1%)

is one of the world's largest mining companies, with other business in logistics, energy and steelmaking. Vale is the world's largest producer of iron ore and nickel but also operates in the coal, copper, and manganese and ferro-alloys sectors.

2 ▼ Petrobrás (2020: 1st)

Energy

Market value – American depositary receipt (ADR): US$13,055,000
Market value – Preference shares ADR: US$7,220,000
Share of investments: 7.4% (2020: 9.2%)

is a Brazilian integrated oil and gas company, operating in the exploration and production, refining, marketing, transportation, petrochemicals, oil product distribution, natural gas, electricity, chemical-gas and biofuel segments of the industry. The company controls significant assets across Africa, North and South America, Europe and Asia, with a majority of production based in Brazil.

3 ▼ Banco Bradesco (2020: 2nd)

Financials

Market value - ADR: US$19,914,000
Share of investments: 7.3% (2020: 8.5%)

is one of Brazil's largest private sector banks. The company divides its operations in two main areas – banking services and insurance services, management of complementary private pension plans and savings bonds.

4 ▲ América Móvil (2020: 5th)

Communication Services

Market value - ADR: US$13,391,000
Share of investments: 4.9% (2020: 4.2%)

is the leading provider of integrated telecommunications services in Latin America, with wireless and fixed-line presence in Latin America, the US, and Central and Eastern Europe. The company has the largest wireless subscriber base in the world outside of China and India.

5 ▼ B3 (2020: 4th)

Financials

Market value – Ordinary Shares: US$10,852,000
Share of investments: 4.0% (2020: 4.9%)

is a stock exchange located in Brazil, providing trading services in an exchange and OTC environment. B3's scope of activities include the creation and management of trading systems, clearing, settlement, deposit and registration for the main classes of securities, from equities and corporate fixed income securities to currency derivatives, structured transactions and interest rates, and agricultural commodities. B3 also acts as a central counterparty for most of the trades carried out in its markets and offers central depository and registration services.

6 ▲ Grupo Financiero Banorte (2020: 13th)

Financials

Market value – Ordinary Shares: US$9,381,000
Share of investments: 3.4% (2020: 2.5%)

is a Mexican banking and financial services holding company and is one of the largest financial groups in the country. It operates as a universal bank and provides a wide array of products and services through its broker dealer, annuities & insurance companies, retirements savings funds (Afore), mutual funds, leasing & factoring company and warehousing.

7 ▶ Walmart de México y Centroamérica (2020: 7th)

Consumer Staples

Market value – Ordinary Shares: US$8,508,000
Share of investments: 3.1% (2020: 3.5%)

is the Mexican and Central American division of Wal-Mart Stores Inc, with operations in Mexico, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. The company operates eight brands in the region, covering the discount, winery, supermarket and supercenter segments.

8 ▲ Notre Dame Intermédica Participações (2020: 12th)

Health Care

Market value – Ordinary Shares: US$8,396,000
Share of investments: 3.1% (2020: 2.5%)

is a Brazil-based healthcare company that owns more than 15 hospitals, 20 emergency rooms, 10 units of preventive medicine and 65 clinical centres. The company offers health services, dental services, which includes dental plans, preventive dentistry and other specialised services such as child surgery or occupational health.

9 ▲ Cemex (2020: 10th)

Materials

Market value - ADR: US$8,276,000
Share of investments: 3.0% (2020: 3.1%)

is a Mexican multinational building materials company and is one of the world's largest global building materials companies. It manufactures and distributes cement, ready-mix concrete and aggregates in more than 50 countries.

10 ▲ Via Varejo (2020: 28th)

Consumer Discretionary

Market value – Ordinary Shares: US$7,337,000
Share of investments: 2.7% (2020: 1.6%)

is the largest electronics and furniture retailer in Brazil. The company owns and distributes via Casas Bahia and Pontofrio brands with more than 1,000 stores spread throughout the country.

All percentages reflect the value of the holding as a percentage of total investments. For this purpose, where more than one class of securities is held, these have been aggregated. The percentages in brackets represent the value of the holding as at 31 December 2020.

Together the ten largest investments represent 49.0% of the total investments (ten largest investments as at 31 December 2020: 51.8%).

Portfolio of investments

as at 30 June 2021

	Market value US$'000	% of investments
Brazil		
Vale - ADS	27,676	10.1
Petrobrás - ADR	13,055	7.4
Petrobrás - preference shares - ADR	7,220	
Banco Bradesco - ADR	19,914	7.3
B3	10,852	4.0
Notre Dame Intermedica Participações	8,396	3.1
Via Varejo	7,337	2.7
Suzano Papel e Celulose	6,913	2.5
BB Seguridade Participações	5,685	2.1
Afya	5,590	2.1
Rumo Logística Operadora Multimodal	4,554	1.7
Cyrela Brazil Realty	4,475	1.6
CIA Locação das Américas	4,226	1.5
Azul - preference shares	2,939	1.5
Azul - ADR	1,270	
AmBev	4,165	1.5
Movida Participações	4,047	1.5
Cielo	3,819	1.4
Rede D'Or Sao Luiz	3,794	1.4
Fleury	3,440	1.4
Locaweb Servicos	3,393	1.2
Klabin – composite units[1]	2,827	1.0
Klabin 2.5% 15/06/22 convertible bond[2]	34	
Neoenergia	2,849	1.0
Itaú Unibanco – ADR	2,835	1.0
Omega Geração	2,301	0.8
Marfrig Global Foods	2,071	0.8
TIM	1,716	0.6
Lojas Americanas - preference shares	817	0.5
Lojas Americanas	546	
Vasta Platform	1,013	0.4
Natura & Co	928	0.3
	170,697	**62.4**

	Market value US$'000	% of investments
Mexico		
América Móvil - ADR	13,391	4.9
Grupo Financiero Banorte	9,381	3.4
Walmart de México y Centroamérica	8,508	3.1
Cemex - ADR	8,276	3.0
Grupo México	6,997	2.6
Grupo Aeroportuario del Pacifico - ADS	3,549	1.8
Grupo Aeroportuario del Pacifico	1,391	
Fibra Uno Administracion - REIT	4,448	1.6
FEMSA - ADR	3,502	1.3
Corporación Inmobiliaria Vesta	3,434	1.3
	62,877	**23.0**
Chile		
Sociedad Quimica y Minera de Chile – ADR	7,015	2.6
Empresas CMPC	5,400	2.0
Falabella	4,526	1.7
Banco Santander-Chile - ADR	4,322	1.5
Banco de Chile	3,472	1.3
	24,735	**9.1**
Argentina		
Globant	4,173	1.5
Ternium - ADR	3,496	1.3
	7,669	**2.8**
Peru		
Credicorp	4,671	1.7
	4,671	**1.7**
Panama		
Copa Holdings	2,791	1.0
	2,791	**1.0**
Total Investments	**273,440**	**100.0**

All investments are in equity shares unless otherwise stated.

[1] Composite Units include 1 ordinary share and 4 preference shares.

[2] Unquoted securities.

The total number of investments held at 30 June 2021 was 51 (31 December 2020: 43). At 30 June 2021, the Company did not hold any equity interests comprising more than 3% of any company's share capital (31 December 2020: nil).

Interim management report and responsibility statement

The Chairman's Statement on pages 5 and 6 and the Investment Manager's Report on pages 7 to 11 give details of the events which have occurred during the period and their impact on the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Counterparty;
- Investment performance;
- Income/dividend;
- Legal and regulatory compliance;
- Operational;
- Market;
- Financial; and
- Marketing.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 31 December 2020. A detailed explanation can be found on pages 40 to 44 and in note 16 on pages 91 to 98 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at blackrock.com/uk/brla.

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

Going concern

The Board is mindful of the continuing uncertainty surrounding the potential duration of the COVID-19 pandemic and its impact on the global economy, the Company's assets and the potential for the level of revenue derived from the portfolio to reduce versus the prior year. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the COVID-19 pandemic.

There will be a continuation vote at the Company's AGM in 2022, and the Board proposes to offer a tender for 24.99% of the Company's ordinary shares in issue (excluding treasury shares) at the same AGM if certain performance and discount conditions are met (more details of these conditions are set out in the Chairman's Statement in page 6). The outcome of these events are unknown at the present time. Notwithstanding these uncertainties, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Company has a portfolio of investments which are considered to be readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Ongoing charges excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items for the year ended 31 December 2020 were approximately 1.14% of average daily net assets. To the extent that the tender offer proceeds in 2022 and is fully subscribed, the Company would remain a viable size and would retain a liquid portfolio with ongoing expenses and liabilities still representing a very small percentage of net assets. In addition, the Company has a $40 million bank overdraft facility in place to meet liquidity requirements, subject to a maximum restriction of 30% of net asset value. As at 14 September 2021, this facility had an unutilised margin of US$17.6 million for the Company to draw on for liquidity purposes. Therefore, for the reasons set out above, the Directors continue to adopt the going concern basis in preparing the financial statements.

Related party disclosure and transactions with the Investment Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM (Alternative Investment Fund Manager) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the fees payable are set out in note 11.

The related party transactions with the Directors are set out in note 12.

Directors' responsibility statement

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

The Directors confirm to the best of their knowledge and belief that:

- the condensed set of financial statements contained within the Half Yearly Financial Report has been prepared in accordance with the applicable UK Accounting Standard FRS 104 'Interim Financial Reporting'; and

- the Interim Management Report, together with the Chairman's Statement and the Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's (FCA) Disclosure Guidance and Transparency Rules.

The Half Yearly Financial Report has not been audited or reviewed by the Company's Auditor.

The Half Yearly Financial Report was approved by the Board on 17 September 2021 and the above responsibility statement was signed on its behalf by the Chairman.

CAROLAN DOBSON
For and on behalf of the Board
17 September 2021

Income statement

for the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 (unaudited) Revenue US$'000	Six months ended 30 June 2021 (unaudited) Capital US$'000	Six months ended 30 June 2021 (unaudited) Total US$'000	Six months ended 30 June 2020 (unaudited) Revenue US$'000	Six months ended 30 June 2020 (unaudited) Capital US$'000	Six months ended 30 June 2020 (unaudited) Total US$'000	Year ended 31 December 2020 (audited) Revenue US$'000	Year ended 31 December 2020 (audited) Capital US$'000	Year ended 31 December 2020 (audited) Total US$'000
Gains/(losses) on investments held at fair value through profit or loss		–	14,049	14,049	–	(107,548)	(107,548)	–	(48,590)	(48,590)
Gains on foreign exchange		–	283	283	–	28	28	–	228	228
Income from investments held at fair value through profit or loss	2	4,367	–	4,367	1,968	–	1,968	5,323	–	5,323
Other income	2	–	–	–	–	–	–	129	–	129
Total income/(loss)		**4,367**	**14,332**	**18,699**	**1,968**	**(107,520)**	**(105,552)**	**5,452**	**(48,362)**	**(42,910)**
Expenses										
Investment management fee	3	(229)	(689)	(918)	(159)	(477)	(636)	(363)	(1,089)	(1,452)
Other operating expenses	4	(404)	4	(400)	(362)	(26)	(388)	(804)	(58)	(862)
Total operating expenses		**(633)**	**(685)**	**(1,318)**	**(521)**	**(503)**	**(1,024)**	**(1,167)**	**(1,147)**	**(2,314)**
Net profit/(loss) on ordinary activities before finance costs and taxation		**3,734**	**13,647**	**17,381**	**1,447**	**(108,023)**	**(106,576)**	**4,285**	**(49,509)**	**(45,224)**
Finance costs		(24)	(71)	(95)	(20)	(59)	(79)	(41)	(124)	(165)
Net profit/(loss) on ordinary activities before taxation		**3,710**	**13,576**	**17,286**	**1,427**	**(108,082)**	**(106,655)**	**4,244**	**(49,633)**	**(45,389)**
Taxation		(296)	–	(296)	(308)	–	(308)	1,590	227	1,817
Net profit/(loss) on ordinary activities after taxation		**3,414**	**13,576**	**16,990**	**1,119**	**(108,082)**	**(106,963)**	**5,834**	**(49,406)**	**(43,572)**
Earnings/(loss) per ordinary share (US$ cents)	**7**	**8.70**	**34.58**	**43.28**	**2.85**	**(275.30)**	**(272.45)**	**14.86**	**(125.84)**	**(110.98)**

The total column of this statement represents the Company's profit and loss account. 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 period. All income is attributable to the equity holders of the Company.

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

The notes on pages 21 to 27 form part of these financial statements.

Statement of changes in equity

for the six months ended 30 June 2021

	Note	Called up share capital US$'000	Share premium account US$'000	Capital redemption reserve US$'000	Non-distributable reserve US$'000	Capital reserves US$'000	Revenue reserves US$'000	Total US$'000
For the six months ended 30 June 2021 (unaudited)								
At 31 December 2020		4,144	11,719	4,843	4,356	206,047	3,042	234,151
Total comprehensive income:								
Net profit for the period		–	–	–	–	13,576	3,414	16,990
Transaction with owners, recorded directly to equity:								
Dividends paid[1]	5	–	–	–	–	–	(5,661)	(5,661)
At 30 June 2021		**4,144**	**11,719**	**4,843**	**4,356**	**219,623**	**795**	**245,480**
For the six months ended 30 June 2020 (unaudited)								
At 31 December 2019		4,144	11,719	4,843	4,356	255,453	6,929	287,444
Total comprehensive (loss)/income:								
Net (loss)/profit for the period		–	–	–	–	(108,082)	1,119	(106,963)
Transaction with owners, recorded directly to equity:								
Dividends paid[2]		–	–	–	–	–	(5,394)	(5,394)
At 30 June 2020		**4,144**	**11,719**	**4,843**	**4,356**	**147,371**	**2,654**	**175,087**
For the year ended 31 December 2020 (audited)								
At 31 December 2019		4,144	11,719	4,843	4,356	255,453	6,929	287,444
Total comprehensive (loss)/income:								
Net (loss)/profit for the year		–	–	–	–	(49,406)	5,834	(43,572)
Transactions with owners, recorded directly to equity:								
Dividends paid[3]		–	–	–	–	–	(9,721)	(9,721)
At 31 December 2020		**4,144**	**11,719**	**4,843**	**4,356**	**206,047**	**3,042**	**234,151**

[1] Quarterly dividend of 7.45 cents per share for the year ended 31 December 2020, declared on 4 January 2021 and paid on 8 February 2021; quarterly dividend of 6.97 cents per share for the year ending 31 December 2021, declared on 1 April 2021 and paid on 10 May 2021.

[2] Quarterly dividend of 9.15 cents per share for the year ended 31 December 2019, declared on 2 January 2020 and paid on 6 February 2020; quarterly dividend of 4.59 cents per share for the year ending 31 December 2020, declared on 1 April 2020 and paid on 20 May 2020.

[3] Quarterly dividend of 9.15 cents per share for the year ended 31 December 2019, declared on 2 January 2020 and paid on 6 February 2020; quarterly dividend of 4.59 cents per share for the year ending 31 December 2020, declared on 1 April 2020 and paid on 20 May 2020; quarterly dividend of 5.57 cents per share for the year ended 31 December 2020, declared on 1 July 2020 and paid on 11 August 2020; quarterly dividend of 5.45 cents per share for the year ended 31 December 2020, declared on 1 October 2020 and paid on 9 November 2020.

For information on the Company's distributable reserves, please refer to note 9 on page 25.

The notes on pages 21 to 27 form part of these financial statements.

Balance sheet

as at 30 June 2021

	Notes	30 June 2021 (unaudited) US$'000	30 June 2020 (unaudited) (Restated)[1] US$'000	31 December 2020 (audited) US$'000
Fixed assets				
Investments held at fair value through profit or loss		273,440	189,659	251,425
Current assets				
Debtors		2,340	733	445
Current tax asset		–	120	–
Cash and cash equivalents		297	125	509
Total current assets		**2,637**	**978**	**954**
Creditors – amounts falling due within one year				
Bank overdraft		(27,599)	(14,097)	(17,194)
Other creditors		(2,963)	(1,191)	(999)
Total current liabilities		**(30,562)**	**(15,288)**	**(18,193)**
Net current liabilities		**(27,925)**	**(14,310)**	**(17,239)**
Net assets		**245,515**	**175,349**	**234,186**
Creditors – amounts falling due after more than one year				
Non current tax liability	6	(11)	(238)	(11)
Non-equity redeemable shares	6	(24)	(24)	(24)
		(35)	**(262)**	**(35)**
Net assets		**245,480**	**175,087**	**234,151**
Capital and reserves				
Called up share capital	8	4,144	4,144	4,144
Share premium account		11,719	11,719	11,719
Capital redemption reserve		4,843	4,843	4,843
Non-distributable reserve		4,356	4,356	4,356
Capital reserves		219,623	147,371	206,047
Revenue reserves		795	2,654	3,042
Total shareholders' funds	**7**	**245,480**	**175,087**	**234,151**
Net asset value per ordinary share (US$ cents)	**7**	**625.27**	**445.97**	**596.42**

[1] Please refer to note 1 "Restatement of 2020 comparatives" on page 21 for further details.

The notes on pages 21 to 27 form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2021

	Six months ended 30 June 2021 (unaudited) US$'000	Six months ended 30 June 2020 (unaudited) US$'000	Year ended 31 December 2020 (audited) US$'000
Operating activities			
Net profit/(loss) on ordinary activities before taxation	17,286	(106,655)	(45,389)
Add back finance costs	95	79	165
(Gains)/losses on investments held at fair value through profit or loss	(14,049)	107,548	48,590
Gains on foreign exchange	(283)	(28)	(228)
Sales of investments held at fair value through profit or loss	71,615	156,366	244,537
Purchases of investments held at fair value through profit or loss	(80,184)	(147,594)	(238,513)
(Increase)/decrease in other debtors	(421)	913	1,192
Increase/(decrease) in other creditors	1,093	(543)	(795)
UK corporation tax refunds of prior years	–	–	2,194
Taxation on investment income	(296)	(308)	(475)
Net cash (used in)/generated from operating activities	**(5,144)**	**9,778**	**11,278**
Financing activities			
Interest paid	(95)	(79)	(165)
Dividends paid	(5,661)	(5,394)	(9,721)
Net cash used in financing activities	**(5,756)**	**(5,473)**	**(9,886)**
(Decrease)/increase in cash and cash equivalents	**(10,900)**	**4,305**	**1,392**
Cash and cash equivalents at the beginning of the period/year	(16,685)	(18,305)	(18,305)
Effect of foreign exchange rate changes	283	28	228
Cash and cash equivalents at the end of the period/year	**(27,302)**	**(13,972)**	**(16,685)**
Comprised of:			
Cash at bank	297	125	509
Bank overdraft	(27,599)	(14,097)	(17,194)
	(27,302)	**(13,972)**	**(16,685)**

The notes on pages 21 to 27 form part of these financial statements.

Notes to the financial statements

for the six months ended 30 June 2021

1. Principal activity and basis of preparation

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 financial statements of the Company are prepared on a going concern basis in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' (FRS 104) applicable in the United Kingdom and Republic of Ireland and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trusts Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in October 2019, and updated in April 2021, and the provisions of the Companies Act 2006.

The accounting policies and estimation techniques applied for the condensed set of financial statements are as set out in the Company's Annual Report and Financial Statements for the year ended 31 December 2020.

Restatement of 2020 comparatives

The Company has restated the presentation of the Current tax asset on the face of the Balance sheet separately from Other receivables for the period ended 30 June 2020. The Current tax asset of US$120,000 was previously included within Other receivables in the Balance sheet. There was no Current tax asset at 31 December 2020.

2. Income

	Six months ended 30 June 2021 (unaudited) US$'000	Six months ended 30 June 2020 (unaudited) US$'000	Year ended 31 December 2020 (audited) US$'000
Investment income:			
Overseas dividends	4,059	1,360	4,350
Overseas REIT distributions	164	132	276
Overseas special dividends	133	434	655
Fixed interest income	11	42	42
	4,367	**1,968**	**5,323**
Other income:			
Deposit interest	–	–	1
Interest on UK corporation tax refund	–	–	128
Total income	**4,367**	**1,968**	**5,452**

Dividends and interest received in cash during the period amounted to US$3,575,000 and US$12,000 (six months ended 30 June 2020: US$2,751,000 and US$67,000; year ended 31 December 2020: US$6,688,000 and US$206,000) respectively.

There were no special dividends recognised in capital in the period (six months ended 30 June 2020: US$nil; year ended 31 December 2020: US$nil).

Notes to the financial statements
continued

3. Investment management fee

	Six months ended 30 June 2021 (unaudited)			Six months ended 30 June 2020 (unaudited)			Year ended 31 December 2020 (audited)		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Investment management fee	229	689	918	159	477	636	363	1,089	1,452
Total	**229**	**689**	**918**	**159**	**477**	**636**	**363**	**1,089**	**1,452**

Under the terms of the investment management agreement, BFM is entitled to a fee of 0.80% per annum based on the Company's Net Asset Value (NAV). The fee is levied quarterly.

The investment management fee is allocated 25% to the revenue column and 75% to the capital column of the income statement. There is no additional fee for company secretarial and administration services.

4. Other operating expenses

	Six months ended 30 June 2021 (unaudited) US$'000	Six months ended 30 June 2020 (unaudited) US$'000	Year ended 31 December 2020 (audited) US$'000
Allocated to revenue:			
Custody fee	31	27	45
Depositary fees[1]	12	12	19
Auditors' remuneration[2]	31	17	42
Registrar's fees	20	18	37
Directors' emoluments	126	110	245
Marketing fees	65	49	122
Postage and printing fees	50	16	37
AIC fees	4	16	30
Broker fees	31	21	46
Employer NI contributions	17	10	23
FCA fee	7	5	13
Director search fees	-	13	30
Write back of prior year expenses[3]	(36)	-	-
Other administration costs	46	48	115
	404	**362**	**804**
Allocated to capital:			
Custody transaction charges[3,4]	(4)	26	58
	400	**388**	**862**

[1] All expenses other than depositary fees are paid in Sterling and are therefore subject to exchange rate fluctuations.
[2] No non-audit services are provided by the Company's auditors.
[3] Relates to prior year accrual for AIC fees, Directors search fees and Custody transaction charges written back during the period.
[4] For the six month period ended 30 June 2021, income of US$(4,000) (six months ended 30 June 2020: expense of US$26,000; year ended 31 December 2020: expense of US$58,000) were charged to the capital column of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

The direct transaction costs incurred on the acquisition of investments amounted to US$72,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: US$231,000; year ended 31 December 2020: US$366,000). Costs relating to the disposal of investments amounted to US$105,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: US$218,000; year ended 31 December 2020: US$375,000). All transaction costs have been included within the capital reserve.

5. Dividends

The Company's cum-income US Dollar NAV at 31 March 2021 was 557.20 cents per share, and the Directors declared a first quarterly interim dividend of 6.97 cents per share. The dividend was paid on 10 May 2021 to holders of ordinary shares on the register at the close of business on 16 April 2021.

In accordance with FRS 102 Section 32 'Events After the End of the Reporting Period', the final dividend payable on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

Dividends on equity shares paid during the period were:

	Six months ended 30 June 2021 (unaudited) US$'000	Six months ended 30 June 2020 (unaudited) US$'000	Year ended 31 December 2020 (audited) US$'000
Quarter to 31 December 2019 – dividend of 9.15 cents	–	3,592	3,592
Quarter to 31 March 2020 – dividend of 4.59 cents	–	1,802	1,802
Quarter to 30 June 2020 – dividend of 5.57 cents	–	–	2,187
Quarter to 30 September 2020 – dividend of 5.45 cents	–	–	2,140
Quarter to 31 December 2020 – dividend of 7.45 cents	2,925	–	–
Quarter to 31 March 2021 – dividend of 6.97 cents	2,736	–	–
	5,661	**5,394**	**9,721**

6. Creditors – amounts falling due after more than one year

	As at 30 June 2021 (unaudited) US$'000	As at 30 June 2020 (unaudited) US$'000	As at 31 December 2020 (audited) US$'000
Non current tax liability	11	238	11
Non-equity redeemable shares	24	24	24
	35	**262**	**35**

At 30 June 2021 the Company had net surplus management expenses of US$992,000 (30 June 2020: US$nil; 31 December 2020: US$396,000) and a non-trade loan relationship deficit of US$1,095,000 (30 June 2020: US$728,000; 31 December 2020: US$1,095,000). A deferred tax asset was not recognised in the period ended 30 June 2021 or in the year ended 31 December 2020 as it was unlikely that there would be sufficient future taxable profits to utilise these expenses.

Non equity redeemable shares

The redeemable shares of £1 each carry the right to receive a fixed dividend at the rate of 0.1% per annum on the nominal amount thereof. They are capable of being redeemed by the Company at any time and confer no rights to receive notice of, attend or vote at general meetings except where the rights of holders are to be varied or abrogated. On a winding up, the capital paid up on such shares ranks *pari passu* with, and in proportion to, any amounts of capital paid to the holders of ordinary shares, but does not confer any further right to participate in the surplus assets of the Company.

Notes to the financial statements
continued

7. Earnings and net asset value per ordinary share

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

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)
Net revenue profit attributable to ordinary shareholders (US$'000)	3,414	1,119	5,834
Net capital profit/(loss) attributable to ordinary shareholders (US$'000)	13,576	(108,082)	(49,406)
Total profit/(loss) attributable to ordinary shareholders (US$'000)	**16,990**	**(106,963)**	**(43,572)**
Total shareholders' funds (US$'000)	**245,480**	**175,087**	**234,151**
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated, was:	39,259,620	39,259,620	39,259,620
The actual number of ordinary shares in issue at the end of the each period on which the net asset value per ordinary share was calculated, was:	39,259,620	39,259,620	39,259,620
The number of ordinary shares in issue, including treasury shares at the period/year end was:	41,441,282	41,441,282	41,441,282
Earnings per share			
Calculated on weighted average number of ordinary shares:			
Revenue earnings per share (US$ cents)	8.70	2.85	14.86
Capital earnings/(loss) per share (US$ cents)	34.58	(275.30)	(125.84)
Total earnings/(loss) per share (US$ cents)	**43.28**	**(272.45)**	**(110.98)**

	As at 30 June 2021 (unaudited)	As at 30 June 2020 (unaudited)	As at 31 December 2020 (audited)
Net asset value per ordinary share (US$ cents)	625.27	445.97	596.42
Ordinary share price (mid-market) (US$ cents)[1]	565.01	418.87	552.93

[1] Based on an exchange rate of $1.3814 to £1 (30 June 2020: $1.2356; 31 December 2020: $1.3669).

There were no dilutive securities at 30 June 2021 (30 June 2020: nil; 31 December 2020: nil).

8. Called up share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value US$'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 10 cents each:				
At 31 December 2020 and 30 June 2021	**39,259,620**	**2,181,662**	**41,441,282**	**4,144**

During the period to 30 June 2021, no ordinary shares were purchased and transferred to treasury (six months ended 30 June 2020: nil; year ended 31 December 2020: nil).

No treasury shares were cancelled during the period (six months ended 30 June 2020: nil; year ended 31 December 2020: nil) or for the period from 30 June 2021 to the date of this report.

The ordinary shares give shareholders voting rights, the entitlement to all of the capital growth in the Company's assets, and to all income from the Company that is resolved to be distributed.

9. Reserves

The share premium and capital redemption reserve are not distributable profits under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserve may be used as distributable profits for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, net capital returns may be distributed by way of dividend. The US$219,623,000 of capital reserve is made up of a gain on capital reserve arising on investments sold of US$167,065,000 and a gain on capital reserve arising on revaluation of investments held of US$52,558,000. The capital reserve arising on the revaluation of investments of US$52,558,000 is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable.

10. Valuation of financial instruments

Market risk arising from price risk

COVID-19 continues to have an impact on the global economy, supply chains and capital markets, and could continue to adversely affect the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established health care systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash and cash equivalents and overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 84 of the Annual Report and Financial Statements for the year ended 31 December 2020.

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 Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

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

Level 3 – Valuation techniques using significant unobservable inputs

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

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

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

Notes to the financial statements

continued

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.

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

Financial assets at fair value through profit or loss at 30 June 2021 (unaudited)	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity investments	273,406	–	–	273,406
Fixed interest investments	–	34	–	34
Total	**273,406**	**34**	**–**	**273,440**

Financial assets at fair value through profit or loss at 30 June 2020 (unaudited)	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity investments	189,586	–	–	189,586
Fixed interest investments	–	73	–	73
Total	**189,586**	**73**	**–**	**189,659**

Financial assets at fair value through profit or loss at 31 December 2020 (audited)	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity investments	251,344	–	–	251,344
Fixed interest investments	–	81	–	81
Total	**251,344**	**81**	**–**	**251,425**

The Company held no Level 3 securities as at 30 June 2021 (30 June 2020: nil; 31 December 2020: nil).

For exchange listed equity investments the quoted price is the bid price.

11. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on pages 46 and 47 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 31 December 2020.

The investment management fee is levied quarterly, based on 0.80% per annum of the net asset value. The investment management fee due for the six months ended 30 June 2021 amounted to US$918,000 (six months ended 30 June 2020: US$636,000; year ended 31 December 2020: US$1,452,000). At the period end, an amount of US$1,399,000 was outstanding in respect of these fees (30 June 2020: US$643,000; 31 December 2020: US$480,000).

In addition to the above services BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the period ended 30 June 2021 amounted to US$65,000 excluding VAT (six months ended 30 June 2020: US$49,000; year ended 31 December 2020: US$122,000). Marketing fees of US$191,000 were outstanding at 30 June 2021 (30 June 2020: US$166,000; 31 December 2020: US$127,000).

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

12. Related party disclosure

The Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £47,800, the Chairman of the Audit Committee receives an annual fee of £36,700, the Senior Independent Director receives an annual fee of £34,600 and each of the other Directors receives an annual fee of £32,600.

At the period end and as at the date of this report members of the Board held ordinary shares in the Company as set out below:

	As at 16 September 2021 Ordinary shares	As at 30 June 2021 Ordinary shares
Carolan Dobson (Chairman)	4,792	4,792
Craig Cleland	10,000	10,000
Mahrukh Doctor	686	686
Nigel Webber	5,000	5,000
Laurie Meister	–	–

13. Contingent liabilities

There were no contingent liabilities at 30 June 2021 (30 June 2020: nil; 31 December 2020: nil).

14. Publication of non statutory accounts

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2021 and 30 June 2020 has not been audited or reviewed by the Company's auditors.

The information for the year ended 31 December 2020 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor in those financial statements contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

15. Annual results

The Board expects to announce the annual results for the year ending 31 December 2021 in March 2022. Copies of the results announcement can be obtained from the Secretary on 020 7743 3000. The Annual Report and Financial Statements should be available by mid-March 2022, with the Annual General Meeting being held in May 2022.

Directors, management and other service providers

Directors
Carolan Dobson (Chairman)
Craig Cleland (Chairman of the Audit Committee)
Mahrukh Doctor (Senior Independent Director)
Nigel Webber
Laurie Meister

Registered Office
(Registered in England, No. 2479975)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager
BlackRock Fund Managers Limited[1]
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited[1,2]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Independent Auditors
Ernst & Young LLP
1 More London Riverside
London SE1 2AF

Depositary, Custodian and Banker
The Bank of New York Mellon
(International) Limited[1]
One Canada Square
London E14 5AL

Stockbrokers
Cenkos Securities plc[1]
6-8 Tokenhouse Yard
London EC2R 7AS

Solicitors
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Internet
Details about the Company are available
on www.blackrock.com/uk/brla

Registrar
Computershare Investor Services PLC[1]
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0830 707 1476

[1] Authorised and regulated by the Financial Conduct Authority.

[2] BIM (UK) Limited has delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio, to the US based equity income investments' team who are employed by BlackRock Investment Management LLC (BIM LLC), a limited liability company incorporated in Delaware which is regulated by the US Securities and Exchange Commission. The registered address of BIM LLC is 100 Bellevue Parkway, Wilmington, Delaware 19809, USA.

Shareholder information

Contact information

General enquiries about the Company should be directed to:

The Company Secretary
BlackRock Latin American Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Website

blackrock.com/uk/brla

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 be required to gain access to your account, including your shareholder reference number available from your most recent dividend voucher or other communication received from the registrar. Computershare's website address is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1112.

Changes of name or address must be notified in writing either through Computershare's website or sent to:

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

Dividend tax allowance

The annual tax-free dividend allowance is currently £2,000 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.

Results

Full year announced in March/April.
Half year announced in September.

Annual general meeting

May

Glossary

Alternative performance measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Half Yearly Financial Report.

American Depositary Receipt (ADR) and American Depositary Share (ADS)

ADRs and ADSs are certificates that represent shares in the relevant stock and are issued by a US bank they are denominated and pay dividends in US Dollars.

Annualised return with dividends reinvested

The annualised return with dividends reinvested of the Company and the benchmark is their average return earned each year over a given time period, in this case over 42 months.

The inputs that have been used to calculate the annualised return of the NAV and benchmark with dividends reinvested and outperformance of the NAV over 42 months are shown in the following table.

Annualised NAV return with dividends reinvested	**Page**	**30 June 2021**	
Closing NAV per share (cents)	24	625.27	
Add back dividends (cents)	18	95.47	
Effect of dividend reinvestment (cents)		8.18	
Adjusted closing NAV (cents)		728.92	(a)
NAV per share as at 31 December 2017 (cents)		710.17	(b)
Cumulative NAV return over 42 months (c = ((a – b)/b)) (%)		2.6	(c)
Number of months in period		42	(d)
Annualised NAV return with dividends reinvested (e = ((1 + c) ^ (12/d))–1)		**0.74%**	**(e)**

Annualised benchmark return with dividends reinvested	**30 June 2021**	
Closing benchmark	523.93	(f)
Opening benchmark as at 31 December 2017	508.61	(g)
Cumulative benchmark return over 42 months (h = ((f – g)/g)) (%)	3.0	(h)
Annualised benchmark return with dividends reinvested (j = ((1 + h) ^ (12/d))–1)	**0.85%**	**(j)**

Annualised NAV outperformance	**30 June 2021**	
Annualised NAV return	0.74%	(e)
Annualised benchmark return	0.85%	(j)
NAV underperformance (k = e – j)	**–0.11%**	**(k)**

Benchmark

The Company's benchmark index, used for performance comparative purposes is the MSCI EM Latin America Index (Net Return) with dividends reinvested.

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

As at 30 June 2021, the Company's NAV return with dividends reinvested was 7.4% and the net return of the benchmark index with net dividends reinvested was 8.9%, therefore the Company's underperformance of the benchmark index for the period was 1.5%.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

As at 30 June 2021, the share price was 561.01c (30 June 2020: 418.87c; 31 December 2020: 552.93c) and the NAV per share was 625.27c (30 June 2020: 445.97c; 31 December 2020: 596.42c), giving a discount of 9.6% (30 June 2020: 6.1%; 31 December 2020: 7.3%). (Please see note 7 of the financial statements on page 24 for the inputs to the calculation at 30 June 2021, 30 June 2020 and 31 December 2020).

* Alternative Performance Measures.

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 100 cents and the NAV 90 cents, the premium would be 11.1%.

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

Gearing and borrowings

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector, to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets of the Company less current liabilities (excluding bank overdrafts), less any cash or cash equivalents held minus total shareholders' funds, divided by total shareholders' funds. Cash and cash equivalents are defined by the AIC as net current assets or net current liabilities (as relevant). To the extent that the Company has net current liabilities, the net current liabilities total is added back to the total assets of the Company to calculate the numerator in this equation. The calculation and the various inputs are set out in the following table.

Net gearing calculation	**Page**	**30 June 2021 US$'000 (unaudited)**	**30 June 2020 US$'000 (unaudited)**	**31 December 2020 US$'000 (audited)**	
Net assets	24	245,480	175,087	234,151	(a)
Borrowings	19	27,599	14,097	17,194	(b)
Total assets (a + b)		273,079	189,184	251,345	(c)
Current assets[1]	19	2,637	978	954	(d)
Current liabilities (excluding borrowings)	19	(2,963)	(1,191)	(999)	(e)
Cash and cash equivalents (d + e)		(326)	(213)	(45)	(f)
Net gearing figure (g = (c – f)/a)		**111.4%**	**108.2%**	**107.4%**	**(g)**

[1] Includes cash at bank.

Leverage

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Total assets}}{\text{Net assets}}$$

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

Net asset value per share (Cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. Cum income NAV includes all current year income, less the value of any dividends paid in respect of the period together with the value of any dividends which have been declared and marked ex dividend but not yet paid.

It is calculated by dividing "total shareholders' funds" by the total number of ordinary shares in issue (excluding treasury shares). As at 30 June 2021 equity shareholders' funds were worth US$245,480,000; there were 39,259,620 ordinary shares in issue, the NAV was therefore 625.27 US$ cents per share (please see note 7 of the notes to the financial statements for the inputs to the calculation).

Equity shareholders' funds are calculated by deducting from the Company's total assets, its current and long-term liabilities and any provision for liabilities and charges.

Net asset value per share (capital only NAV)

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Company's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing "total shareholders' funds" (excluding current period revenue) by the total number of ordinary shares in issue (excluding treasury shares).

As at 30 June 2021, equity shareholders' funds less the current year revenue return (after interim dividends paid from current period revenue) amounted to US$243,462,000 and there were 39,259,620 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 620.13 US$ cents per share.

Equity shareholders' funds (excluding current period revenue of US$243,462,000) are calculated by deducting from the Company's net assets (US$245,480,000) its current period revenue (US$3,414,000) and adding back the interim dividends paid from current period revenue (US$1,396,000).

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

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price (please see note 7 of the financial statements for the inputs to the calculations).

NAV performance (US Dollar)	Page	Six months to 30 June 2021 (unaudited)	Six months to 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)	
Closing NAV per share (cents)	24	625.27	445.97	596.42	
Add back quarterly dividends (cents)	23	14.42	13.74	24.76	
Effect of dividend reinvestment (cents)		0.83	(2.83)	4.55	
Adjusted closing NAV (cents)		640.52	456.88	625.73	(a)
Opening NAV per share (cents)	24	596.42	732.15	732.15	(b)
NAV return with dividends reinvested (c = ((a – b)/b)) (%)		**7.4**	**(37.6)**	**(14.5)**	(c)

Share price performance (US Dollar)	Page	Six months to 30 June 2021 (unaudited)	Six months to 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)	
Closing share price (cents)[1]	24	565.01	418.87	552.93	
Add back quarterly dividends (cents)	23	14.42	13.74	24.76	
Effect of dividend reinvestment (cents)		0.85	(2.33)	5.82	
Adjusted closing share price (cents)		580.28	430.28	583.51	(a)
Opening share price (cents)[1]	24	552.93	643.17	643.17	(b)
Share price return with dividends reinvested (c = ((a – b)/b)) (%)		**4.9**	**(33.1)**	**(9.3)**	(c)

[1] Based on an exchange rate of $1.3814 to £1 at 30 June 2021 (30 June 2020: $1.2356; 31 December 2020: $1.3669).

* Alternative Performance Measures.

Share price return with dividends reinvested (Pound Sterling)	Page	Six months to 30 June 2021 (unaudited)	Six months to 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)	
Closing share price (pence)	24	409.00	339.00	404.50	
Add back quarterly dividends (pence)	23	10.46	10.73	19.24	
Effect of dividend reinvestment (pence)		0.55	(1.45)	3.04	
Adjusted closing share price (pence)		420.01	348.28	426.78	(a)
Opening share price (pence)	24	404.50	485.50	485.50	(b)
Share price return with dividends reinvested (c = ((a - b)/b)) (%)		**3.8**	**(28.3)**	**(12.1)**	(c)

Ongoing charges ratio*

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

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund.

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

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

Ongoing charges calculation	Page	31 December 2020 US$'000 (audited)	31 December 2019 US$'000 (audited)	
Management fee	22	1,452	2,194	
Other operating expenses	22	804	839	
Total management fee and other operating expenses		2,256	3,033	(a)
Average net assets in the year		197,093	269,204	(b)
Ongoing charges (c = a/b)		**1.14%**	**1.13%**	(c)

Quoted and unquoted securities

Quoted securities are securities that trade on an exchange for which there is a publicly quoted price.

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

Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares

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

Yield*

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it includes only the income physically produced by the portfolio and differs from the total return calculation, which includes capital growth.

	Page	30 June 2021	30 June 2020	31 December 2020	
Quarterly dividends paid/payable (cents)	18	27.69[1]	27.34	23.06	(a)
Ordinary share price (cents)	24	565.01	418.87	552.93	(b)
Yield (c = a/b) (%)		**4.9**	**6.5**	**4.2**	(c)

[1] Comprising quarterly dividends declared/paid during the 12 months to 30 June 2021.

* Alternative Performance Measures.

Share fraud warning

Be ScamSmart

FCA
FINANCIAL CONDUCT AUTHORITY

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

Report a scam

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

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at **www.fca.org.uk/scamsmart**

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

SGN001

MIX
Paper from
responsible sources
FSC® C001785

www.fsc.org

BlackRock®

www.blackrock.com/uk/brla