UTILICO
Emerging Markets Limited

2018
REPORT AND ACCOUNTS

MANAGED BY ICM

CONTENTS

UTILICO EMERGING MARKETS LIMITED

INVESTMENT OBJECTIVE

Utilico Emerging Markets Limited's investment objective is to provide long-term total return through a flexible investment policy that permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.

In February 2018, UEM announced proposals to re-domicile to the United Kingdom and on 3 April 2018, following completion of a scheme of arrangement (the "Scheme") pursuant to section 99 of the Bermuda Companies Act, the Company became a wholly owned subsidiary of Utilico Emerging Markets Trust plc ("UEM Trust"), a newly incorporated closed ended investment trust established in the United Kingdom.

Utilico Emerging Markets Limited ("UEM" or "the Company") is a closed-end investment company. The business of the Company consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, with the aim of spreading investment risk and generating a return for shareholders. The joint portfolio managers of the Company are ICM Investment Management Limited ("ICMIM") and ICM Limited ("ICM"), together referred to as the "Investment Managers".

As a result of the Scheme, ordinary shareholders exchanged all their ordinary shares in UEM for ordinary shares in UEM Trust on a one for one basis. The UEM Trust ordinary shares issued pursuant to the Scheme are admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange main market for listed securities. The UEM Trust ordinary shares can be held in an ISA and qualify to be considered as a mainstream investment product suitable for ordinary retail investors.

GEOGRAPHICAL INVESTMENT EXPOSURE

FINANCIAL CALENDAR

Year end		31 March
Half year		30 September
Quarterly dividends, payable in		September, December, March and June
Q4 interim dividend(1)	– Ex-dividend – Paid	22 March 2018 13 April 2018

(1) In light of the re-domicile of the Company to the United Kingdom and the expected timeframe for UEM Trust to complete the proposed capital reduction to create a distributable reserve, the Board decided to bring the payment of the fourth quarterly dividend forward.

FORWARD–LOOKING STATEMENTS

This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

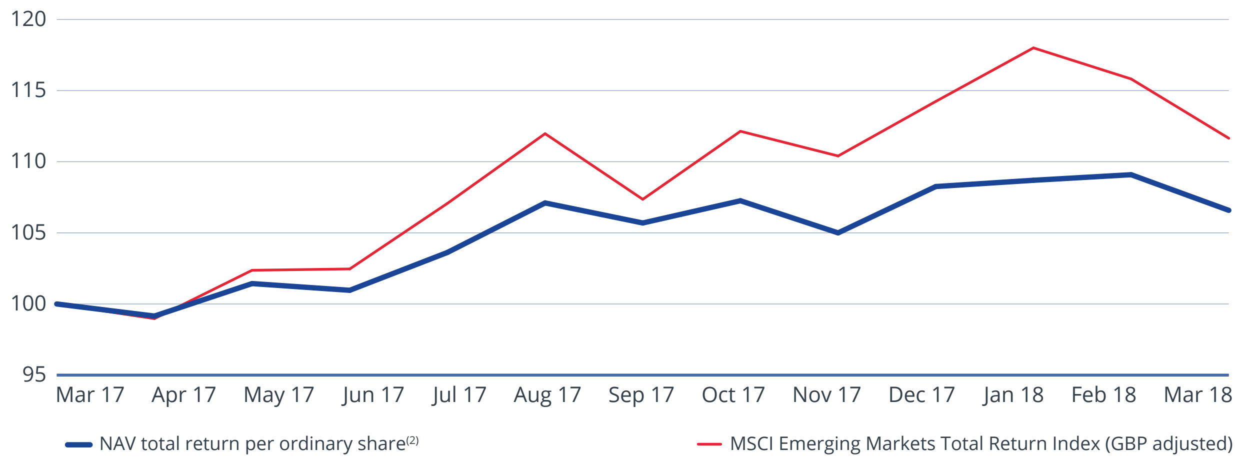
Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

CURRENT YEAR PERFORMANCE

- **Net asset value ("NAV") total return per ordinary share of 6.6%**
- **NAV of 247.22p per ordinary share, up 2.5%**
- **Revenue earnings (diluted) per ordinary share of 9.04p, up 17.4%**
- **Dividends per ordinary share increased to 7.00p, up 5.3%**

TOTAL RETURN COMPARATIVE PERFORMANCE[1]

March 2017 to March 2018



(1) Rebased to 100 at 31 March 2017
(2) Adjusted for the exercise of subscription shares

Source: ICM and Bloomberg

Other attributes

- Invested £187.1m and realised £198.6m
- Unlisted investments remain under 5.0% at 4.2% of the portfolio
- Brazil exposure increased to 23.1% and remains the largest country investment
- Ongoing charges reduced to 1.0%, of average net assets (no performance fee)
- Subscription shares raised net proceeds of £51.6m
- Bank debt repaid in full

PERFORMANCE SINCE INCEPTION (20 JULY 2005)

- **NAV annual compound total return per ordinary share since inception of 11.7%**
- **Dividends per ordinary share have increased from 1.50p to 7.00p**

HISTORIC NAV AND SHARE PRICE PERFORMANCE (pence)[1]

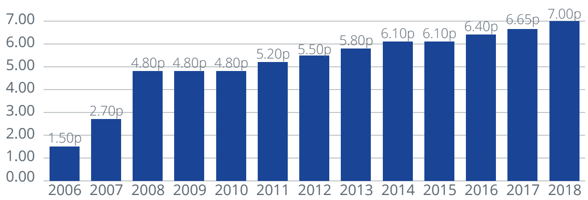
from July 2005 to March 2018

(1) Rebased to 100 at 20 July 2005
(2) Adjusted for the exercise of warrants and subscription shares

Source: ICM and Bloomberg

DIVIDENDS PER ORDINARY SHARE (pence)

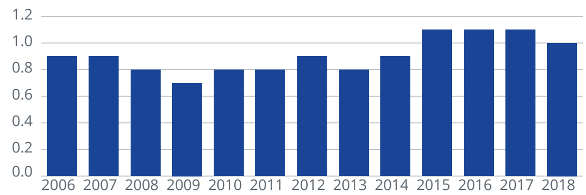
from March 2006 to March 2018



Source: ICM

ONGOING CHARGES* (%)

from March 2006 to March 2018

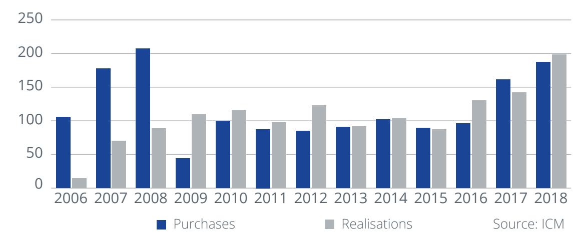


*Excluding performance fee

Source: ICM

INVESTMENT PURCHASES AND REALISATIONS (£m)

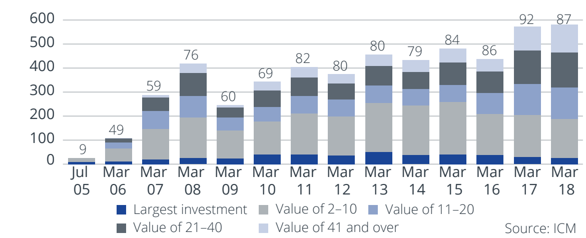
from March 2006 to March 2018



Source: ICM

PORTFOLIO PROGRESSION (£m) AND NUMBER OF HOLDINGS

from July 2005 to March 2018



Source: ICM

GROUP PERFORMANCE SUMMARY

	31 MARCH 2018	31 MARCH 2017	CHANGE % 2018/17
Total return(1) (annual) (%)	6.6	26.2	n/a
Annual compound total return(2) (since inception) (%)	11.7	12.1	n/a
NAV per ordinary share (pence)	247.22	241.29(3)	2.5
Ordinary share price (pence)	212.00	214.50	(1.2)
Discount (%)	(14.2)	(11.1)	n/a
Earnings per ordinary share (diluted) (pence)			
– Capital	4.53	43.90	(89.7)
– Revenue	9.04	7.70	17.4
Total	13.57	51.60	(73.7)
Dividends per ordinary share (pence)			
– 1st Quarter	1.700	1.625	4.6
– 2nd Quarter	1.700	1.625	4.6
– 3rd Quarter	1.800	1.700	5.9
– 4th Quarter	1.800	1.700	5.9
Total	7.000	6.650	5.3
Equity holders' funds (£m)	579.8	532.2	8.9
Gross assets(4) (£m)	579.8	579.0	0.1
Ordinary shares bought back (£m)	21.9	10.0	119.0
Cash (£m)	8.1	15.3	(47.1)
Bank debt (£m)	–	(46.8)	(100.0)
Net cash/(debt) (£m)	8.1	(31.5)	(125.7)
Net cash/(debt) gearing on gross assets (%)	(1.4)	5.4	n/a
Management and administration fees and other expenses (£m)			
– excluding performance fee	5.7	5.2	9.6
– including performance fee	5.7	14.3	(60.1)
Ongoing charges figure(5) (%)			
– excluding performance fee	1.0	1.1	n/a
– including performance fee	1.0	2.9	n/a

(1) Total return is calculated based on NAV per ordinary share plus dividends reinvested from the payment date and adjusted for the exercise of subscription shares
(2) Annual compound total return is calculated based on NAV per ordinary share plus dividends reinvested from the payment date and adjusted for the exercise of warrants and subscription shares
(3) Diluted NAV per ordinary share
(4) Gross assets less liabilities excluding loans
(5) Expressed as percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments

CHAIRMAN'S STATEMENT

I am pleased to report that UEM has continued to deliver a positive performance in the second half of the financial year, achieving an NAV total return per ordinary share (adjusted for the exercise of subscription shares) of 6.6% for the full year to 31 March 2018.

The past year has presented a challenging investment climate for UK domestic emerging markets investors. Although most emerging markets were strong over the past twelve months, this was partly offset by a relative weakening of emerging market currencies against Sterling which accelerated in the second half of the year. At the same time, volatility, which had been at unprecedentedly low levels for most of 2017, picked up significantly at the start of 2018. This was triggered by geopolitical concerns and trade skirmishes initiated by the USA (Trump administration), which heightened market risk. In this context the relatively stable positive performance at UEM is a good achievement.

While the current year's performance of 6.6% is behind the MSCI Emerging Markets Total Return Index (GBP adjusted) ("MSCI") of 11.6%, over a three-year period, UEM's return of 36.8% is marginally ahead of the MSCI return of 36.3%. The short-term relative performance mainly reflects the sectoral bias of UEM's portfolio, which is predominantly invested in defensive infrastructure and utility companies, whereas the MSCI is dominated by more cyclical sectors such as information technology, financials and consumer related companies. Indeed, as at 31 March 2018, the four largest constituents of the index were technology companies: Tencent Holdings, Samsung Electronics, Alibaba Group and TSMC, accounting for 17.1% of the MSCI Index. Over five and ten years, UEM's total return has been 48.5% and 125.0% respectively, comfortably ahead of the MSCI, at 38.1% and 90.6%. UEM continues to receive strong industry recognition, including being selected again as one of Money Observer's rated funds for 2018.

UEM has continued to deliver a positive performance, achieving an NAV total return per ordinary share of 6.6% for the full year to 31 March 2018. Over five and ten years, UEM's total return has been 48.5% and 125.0% respectively, comfortably ahead of the MSCI, at 38.1% and 90.6%.

Emerging market economies have been encouragingly strong in the year to 31 December 2017. After a two-year recession, Brazil's GDP growth returned to positive territory at 1.0%. China's reported GDP growth accelerated to 6.9% driven by external trade and household consumption. The Romanian economy grew at 6.8%, the fastest in the EU, as a result of higher private consumption. India's GDP growth of 6.4% reflected a strong pick-up in fixed investment, which offset the impact of demonetisation. Argentina's GDP growth of 2.9% belies the positive impact of the structural reforms being implemented by the Macri government in an effort to normalise the economy. Across most geographies in which UEM invests, the strong economic growth has translated into major market indices moving higher.

While GDP growth has been robust, inflation has remained relatively subdued. This environment is highly supportive for corporate earnings and valuations, and was evident in the financials of UEM's investee companies. The profile of UEM's

CHAIRMAN'S STATEMENT
(continued)

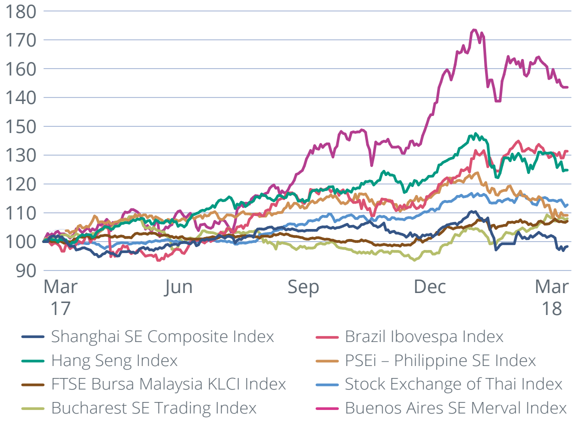
investments remains largely the same, i.e. businesses that are predominantly profitable, dividend-paying, cash generative and offering attractive long-term total returns. These investee companies continued to deliver steady growth in income and revenue earnings per share for UEM, increasing by 17.4% to 9.04p. This is particularly pleasing given that this is after the combined impact of the increased number of shares in issue (following the exercise of subscription shares) and also the currency headwinds from Sterling's appreciation. The Board has declared four quarterly dividends totalling 7.00p, an uplift of 5.3% in the year, with dividends remaining fully covered by income. Ongoing charges were 1.0%, slightly lower than each of the previous three years and there was no performance fee.

In September 2015 UEM announced (and the shareholders approved) a one-for-five bonus issue of subscription shares. In February 2018 the final tranche of the subscription shares were exercised, with a net total of 24.1m ordinary shares issued. Combined with the 4.1m subscription shares exercised in August 2017, a net total of 28.2m subscription shares were exercised, raising net proceeds of £51.6m for UEM.

Despite the steady performance of the portfolio for the period and an attractive dividend yield of 3.3%, UEM's share price discount to NAV remains persistently high at 14.2%. The Board keeps this under constant review. As a newly incorporated company, UEM Trust is currently unable to buy back shares. UEM Trust expects to complete the requirements to create distributable reserves to enable the buy back of shares during the next quarter. Traditionally the managers have bought back shares if the discount widens over 10.0%. Since inception, the Company has bought back 42.8m ordinary shares totalling £71.5m. This includes 9.8m ordinary shares and 4.9m subscription shares at a total cost of £23.8m in the year to 31 March 2018, with an average price of 222.80p for the ordinary shares and 38.62p for the subscription shares.

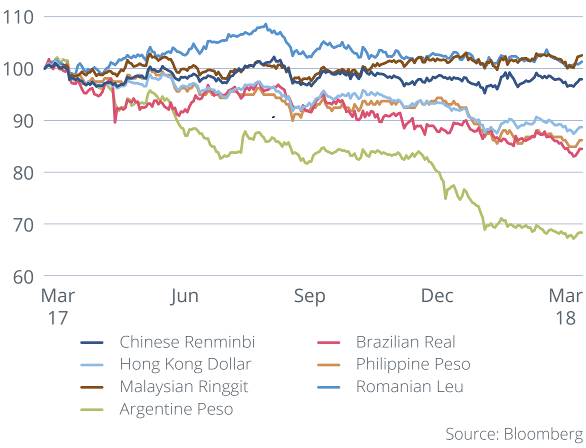
In November 2017 the Board announced that it was considering options for a possible change in the Company's domicile. Following a review, the Board concluded that it was in the Company's best interests to re-domicile to the United Kingdom from Bermuda via a scheme of arrangement. This was approved by shareholders at a subsequent Scheme meeting. On 3 April 2018, 234,508,636 ordinary shares of Utilico

INDICES MOVEMENTS
from March 2017 to March 2018



Source: Bloomberg

CURRENCY MOVEMENTS vs STERLING
from March 2017 to March 2018



Source: Bloomberg

Emerging Markets Trust plc were admitted to listing on the premium listing segment of the Official List of the London Stock Exchange.

UEM Trust is hopeful, as a UK based investment trust with the premium listing (seen as the 'gold standard' for investment companies), that this move has the potential to improve investor perception and accordingly narrow the discount.

OUTLOOK

In recent years, markets and economies have continued to benefit from unconventional monetary policies such as quantitative easing and negative real interest rates. However, this pro-cyclical stance is fuelling a rise in inflation, a situation exacerbated by the timing of the Trump administration's tax plan which sees material cuts to US corporate and individual tax rates. At the same time, Trump's announcement of trade tariffs has triggered concerns over protectionism and a potential trade war and the recent G7 Summit has seen a further deterioration in US trade relations. In response, the Fed has started to raise interest rates in the US, with global consequences for the US dollar and cross-border investment flows. And while the improving relationship between North and South Korea seems to have diminished local geopolitical risks, the West continues to be engaged in a worsening diplomatic confrontation with Russia as well as on the ground in Syria.

This backdrop creates market uncertainty, but should be weighed against the significant economic reforms that are being implemented in countries such as Brazil, China, India and Argentina. Labour, Energy and Tax reforms should help unlock productivity growth, bolstering both public finances and company profitability. Corruption is increasingly being confronted – most notably following the "Carwash" scandal in Brazil which has seen one President impeached and the previous President jailed. Corporate governance is improving, ultimately benefitting emerging markets investors such as UEM. However, the market uncertainty has seen significant currency pressures for several emerging markets and particularly Argentina, resulting in Argentina putting in place a favourable facility with the IMF.

It is worth re-emphasising that UEM's performance continues to be driven by bottom-up stock selection. The portfolio is predominantly invested in relatively liquid, cash-generative companies with long-duration assets that the Investment Managers believe are structurally undervalued and offer excellent total returns. Since inception over 10 years ago, UEM's track record of performance is proven and UEM has every confidence that the Investment Managers will continue to find investments offering attractive, long-term returns for UEM in its new UK-domiciled home as Utilico Emerging Markets Trust plc.

John Rennocks
Chairman
14 June 2018

INVESTMENT MANAGERS' REPORT

The year to 31 March 2018 was positive for emerging markets with most indices ending the year higher, such as the Ibovespa Index by 31.4% and the Hang Seng Index by 24.8%. However, this was offset by weaker currencies, with the Brazilian Real and the Hong Kong Dollar, down by 14.8% and 11.7% respectively against Sterling.

UEM was active during the year, exiting a number of top twenty positions and increasing investments particularly in Latin America. Over the past two years the Company's Latin American exposure has increased from 20.2% to 41.3%. Latin America typically offers investments trading on more attractive valuation metrics. It is also worth noting that UEM's portfolio breadth increased with the concentration of investments in the top ten reducing again. Over the last two years the percentage of investments by value in the top ten has reduced from 47.2% to 32.3%.

In the full year to 31 March 2018, UEM raised net proceeds of £51.6m from subscription shares being exercised. This was mainly used to repay the bank debt of £46.2m. UEM ended the year ungeared partially reflecting rising concerns about the wider markets in which UEM invests.

UEM's portfolio is well positioned with its shift to a broader portfolio spread and no UEM balance sheet gearing. The management team continue to travel extensively in order to seek out compelling investments offering excellent returns. As such, it is notable that UEM's portfolio consists of a diverse range of companies which are often under-represented in the MSCI. Our focus remains on delivering positive long-term absolute returns.

PORTFOLIO

UEM's gross assets (less liabilities excluding loans) increased marginally from £579.0m to £579.8m in the year to 31 March 2018, reflecting gains offset by dividends paid and bank debt repaid.

There have been six new entries into the top twenty holdings of the portfolio over the year. **Bolsas Y Mercados Argentinos ("BYMA")**, the Argentine stock exchange, is the fifth largest holding in the portfolio. **Companhia de Gas de Sao Paolo ("Comgas")**, a Brazilian gas distribution company, is the seventh largest position as at 31 March 2018. **Energisa S.A. ("Energisa")**, a Brazilian electricity distribution company, is the eighth largest position. **Enel Americas**, a Brazilian electricity company with assets across Latin America is in eighteenth position in the portfolio. **Pampa Energia S.A. ("Pampa")**, an Argentine integrated energy company is in nineteenth position in the portfolio and **Enel Chile**, a Chilean electricity company is in twentieth position.

Dropping out of the top twenty and exiting the portfolio in its entirety were Eastern Water Resources Development and Management PCL ("Eastwater") which was the fourth largest position in the portfolio last year; China Gas Holdings Limited ("China Gas") which was the fifth largest position and MyEG Services Berhad ("MyEG") which was the sixteenth position, and have all been outstanding performers. The following investments were scaled back and are no longer top twenty holdings; SJVN Limited which was fourteenth; Power Grid Corporation of India Limited was nineteenth; and Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. which was twentieth.

Brazil remains UEM's largest country exposure, increasing from 19.6% to 23.1% of the portfolio.

Ocean Wilsons Holdings Limited ("Ocean Wilsons") had a lacklustre share price performance for 2017, up only by 5.9% despite a sound performance by its operating subsidiary Wilson Sons. Wilson Sons, the Brazilian port and shipping service provider, saw combined revenues at its two container terminals Tecon Rio Grande and Tecon Salvador increase by 26.3% benefiting from a 3.7% increase in volumes along with a more favourable sales mix arising from an increase in import and cabotage flows. The towage business saw revenues for the period stay relatively flat with harbour manoeuvres increasing marginally by 2.4%, which given the downturn evident in the Brazilian offshore sector is a respectable result. Nevertheless, the shipyard continues to suffer on the back of weakness in the offshore oil and gas markets whilst the logistics sector benefited from increased demand for bonded warehousing space. The wholly owned investment portfolio, Ocean Wilsons Investment Limited ("OWIL") saw an improvement during 2017 as funds under management increased by 14.2% with a net return of 16.5%. However, performance still lagged global and emerging market performance for the year. Consolidated revenue for the period rose by 8.6%, EBITDA grew 10.7% and normalised net income was up 24.0%. The improvement in OWIL and the operating cash flow from Wilson Sons led to an 11.1% increase in the dividend to USD 0.70 per share. During the period, UEM decreased its holding in Ocean Wilson by 10.3%. As at 31 March 2018, Ocean Wilsons' discount to NAV was 29.8%. UEM are discussing with management how the narrowing of this discount is being addressed.

Alupar Investimento S.A.'s ("Alupar") share price declined by 12.7% in the year to 31 March 2018. After a particularly active year winning BRL 4.1bn of new transmission line projects in calendar 2016, this past year has been comparatively quiet with Alupar winning only one auction with an investment of BRL 894m. This reflects Alupar's strong capital discipline as it declined to chase lower return projects in a very competitive bidding environment. The combination of lower inflation in Brazil – to which Alupar's regulated revenues are directly linked – and some of its concessions approaching 15 years of operation, at which point regulated revenues are halved, resulted in group revenues in its financial year ended 31 December 2017 declining by 1.0%. EBITDA also posted a decrease of 7.3%, but lower interest costs on inflation-linked debt and the impact of tax benefits resulted in normalised earnings growing 36.6%. Dividends per share fell 32.7% as Alupar is keen to preserve cash to fund the material investments being made in new concessions which will see Alupar increase its network kilometres by 50% by 2021. In the year to 31 March 2018 UEM increased its position in Alupar by 9.7%.

Comgas is a new entry to the top twenty, although it could be considered a re-entry given it previously appeared in the top ten back in 2009. Having divested the position entirely over five years ago, UEM re-initiated a shareholding at the start of 2016 and has been steadily accruing shares since. Comgas is the dominant gas distribution company in Sao Paulo, with 1.2m connections and a pipeline network of over 14,000km. It is regulated by the Sao Paulo State Sanitation and Energy Regulatory Agency (ARSESP) under five-year regulatory cycles. In 2014 the planned tariff revision for 2014-19 was postponed and subsequently Comgas has been receiving adjustments for inflation and input gas costs, whilst pursuing the formal tariff review process through the Courts.

In its financial year to 31 December 2017 Comgas reported piped gas volumes up 4.2% year-on-year, with stronger growth evident in residential and commercial demand partly offset by more subdued industrial demand. Industrial demand accounts for almost 80% of volumes delivered by Comgas. This volume growth

INVESTMENT MANAGERS' REPORT
(continued)

was fully offset by a 6.8% decline in effective tariffs as Comgas had accrued a net surplus in its regulatory account in previous periods and this over-recovery is now being drawn back down. As a result, group revenues fell 2.1% and reported EBITDA by 22.7%. If one were to adjust for the over-recovery implicit in the tariff, normalised EBITDA grew 18.6% and normalised earnings 38.3%. Dividends per share paid in the period fell 18.6% though this in part reflects an extraordinary dividend paid in Q1 2016. In the twelve months under review Comgas' share price increased by 26.3% and UEM increased its position by 103.0%.

Energisa is also a new entrant into the top twenty, with UEM initiating a position in the company following a public offer of new units in July 2016. Energisa is the sixth-largest electricity distribution company in Brazil with 6.7m customer connections. It has 13 separate concessions spread across nine states in Brazil and is widely viewed as one of the highest-quality operators with a strong track record of financial discipline and surpassing regulatory targets. Its concessions are wholly regulated, and its two largest assets are set to undergo the tariff review process in 2018 which should see a material uplift in its Regulated Asset Base (RAB) and returns.

In its financial year to 31 December 2017, Energisa reported electricity volume growth of 4.0% year-on-year, driven by a combination of new customer connections and increased consumption per household. At the same time, effective tariffs increased by 11.3% as approximately half of its concessions by RAB completed their fourth cycle regulatory reviews, in many cases resulting in double-digit tariff increases. The combination of volume growth and tariff increases meant that group revenues grew 17.9% and EBITDA increased 12.8% and normalised earnings more than doubled, up by 171%. Dividends per unit were materially higher, increasing by over 260%. In the twelve months to 31 March 2018 UEM increased its position in Energisa by 48.4%. Meanwhile the share price has performed well, up by 54.5% during the period under review.

Rumo is Brazil's largest independent rail-based logistics operator. The share price has performed strongly, increasing by 54.0% in the year to 31 March 2018 as the company continues to successfully execute its BRL 8.5bn capex plan and deliver on EBITDA expectations. During the year to 31 December 2017 revenues were up by 18.6% driven by volume growth of 23.4% which when coupled with operating leverage saw EBITDA growth of 36.0%. EBITDA margin subsequently improved to 46.4% from 40.5% in 2016, clearly indicating the improvement in operational efficiency arising from the investments being made in the rail network. Management is still confident that it can reach BRL4.5bn EBITDA in 2020 from the current BRL 2.8bn reported in 2017 and have a number of investment projects underway to ensure that this target can be met. For the year ending 31 December 2017, net income was still negative, given higher depreciation and financial costs due to the implementation of its capex plan. In addition, UEM has an investment in Cosan Logistica which owns 28.5% of Rumo. As at 31 March 2018, Cosan Logistica trades at a 21.5% discount to Rumo.

Enel Americas, a new entrant into the top twenty, is one of the largest privately-owned integrated electricity companies in Latin America with generation, transmission and distribution assets in Argentina, Brazil, Colombia and Peru. UEM has been invested in Enel Americas since 2013 in their pre-demerger guise as Enersis. Italian multinational Enel SpA previously had a complicated cross-shareholding in Enersis, Endesa Chile and Chilectra and in 2016 it completed a wholesale restructuring of the corporate entity resulting in two main Santiago-listed vehicles: Enel Americas and Enel Chile. It has 11.2GW of installed generation capacity, over half of which is hydropower-based and its distribution concessions serve over 17m connections. By geography approximately 44% of revenues are generated in Brazil, 24% in Colombia, 19% in Argentina and 13% in Peru. By business line, 78.1% of revenue is from distribution and 21.9% is from generation. With a range of currency exposures Enel Americas reports in USD. In its financial year ended 31 December 2017, Enel Americas reported electricity generation volume growth of 10.8% with effective tariffs up 1.4%, and distribution volume growth of 18.5% with effective tariffs up 21.2%. Distribution results were boosted by the acquisition of CELG in Brazil, with underlying volumes slightly declining year-on-year. Overall, group financials were strong, with revenues up 37.1%, EBITDA up 19.0%, and normalised EPS up 39.3%. Dividends per share declined 23.1% as pay-out was reduced to accommodate M&A activity. In the year to 31 March 2018 Enel Americas' share price increased by 2.8% and UEM increased its shareholding in the company by 52.5%.

China (including Hong Kong) is UEM's second largest country exposure at 17.2% of the portfolio, slightly decreasing during the year from 18.5% at 31 March 2017.

Yuexiu Transport Infrastructure Limited ("Yuexiu") had a marginal increase of 0.7% in its share price for the year to 31 March 2018 despite a solid financial performance for the year ending 31 December 2017. Yuexiu's 2017 results were slightly distorted due to one of its road concessions, Xian Expressway, expiring on 30 September 2016 and being transferred to the local government. Excluding this road, toll revenues increased by 17.0% and traffic by 15.6%. Including Xian Expressway, total revenues increased by 9.2% and traffic increased by 1.1%. Adjusted EBITDA growth outpaced revenue growth at 14.9% as stringent cost control was evident, while JV income continues to expand from the five associate toll roads held. Normalised net income, excluding the gain from a port disposal asset in 2016, increased by 17.1% and excluding profit generated from Xian Expressway, net income would have increased by 32.4%. Disappointingly for the year, management failed to increase the dividend pay-out, despite the strong cash flow generated by the business. This is due to the company continuing to look for acquisition opportunities. UEM increased its shareholding in Yuexiu by 32.3% in the period under review.

Shanghai International Airport Co Ltd ("Shanghai Airport") saw a 78.4% increase in its share price over the year to 31 March 2018, driven in part by good results. For the financial year to 31 December 2017, Shanghai Airport saw revenues increase by 16.0%. This was partly driven by a 6.1% increase in passenger numbers, but more encouragingly also due to solid non-aeronautical revenues which over the period increased by 26.1%. This was aided by the expansion of commercial space at Terminal One which completed renovations in Q316. Adjusted EBITDA for the year increased by 26.2% as Shanghai Airport began to benefit from operational leverage as well as management enforcing cost controls. Net income for the period was up by 31.2%. In May 2016, due to an on-time departure rate of below 70%, The Civil Aviation Administration of China enforced the restriction on ad-hoc flights, chartered flights and additional routes. Given that the Shanghai Airport continues to operate with flight restrictions, this was a good performance. In the year under review UEM decreased its holding in Shanghai Airport by 26.1%.

China Resources Gas Group Ltd's ("CR Gas") share price weakened by 0.9% in the year to 31 March 2018. From an operational perspective, CR Gas continues to deliver a very strong performance from its 238 concession areas. In its financial year to 31 December 2017 it grew its customer base by 16.3% to 30.8m connections, with gas volumes delivered increasing 20.9% year-on-year. This volume growth was dominated by strong commercial and industrial demand at 27.9%, while residential demand was also

INVESTMENT MANAGERS' REPORT
(continued)

robust posting 10.5% growth. Effective tariffs were only slightly higher than last year and as a result, group revenues increased by 21.0%. Unfortunately, in the critical winter months of the final quarter of 2017, China experienced a gas supply shortage which meant that it had to rely on more expensive LNG supplies. The higher fuel costs were not fully passed through in tariffs, and consequently adjusted EBITDA growth was more modest at 9.0% with normalised net income up 11.1%. CR Gas has been steadily increasing its dividend pay-out ratio and dividends per share grew 22.2%. In the year ended 31 March 2018 UEM increased its position in CR Gas by 7.8%.

APT Satellite Holdings Limited's ("APT") share price decreased by 13.0% in the period under review, echoing the poor share price performances seen in the satellite sector globally due to concerns about excess capacity and the potential impact of technological changes. APT reported a decline in revenues of 1.8% in 2017, but reduced costs to limit its EBITDA decline to 0.3%. APT posted a 2.2% increase in net profit. APT more than doubled its final dividend with respect to the financial year to 31 December 2017. Including the interim dividend, distributions for the year were up by 58.8%. APT successfully launched an upgraded replacement satellite in May 2018, with the launch of a second replacement satellite expected in the next few months. APT should then enter a period of lower capital expenditure. APT remained ungeared (on a net debt basis) at 31 December 2017. APT is also helping to develop a high through-put satellite system to provide maritime and aviation connectivity, to support China's One Belt and One Road Initiative. It has reduced risk on this project by partnering with Chinese partners and limiting its stake to 30% of the joint venture. In the twelve months to 31 March 2018 UEM increased its holding in APT by 3.9%.

Romania remained the third largest country exposure, increasing from 9.9% to 10.8% of the portfolio.

Transgaz S.A.'s ("Transgaz") share price increased by 7.4% in the year to 31 March 2018. During the year under review the Romanian government (Transgaz's major shareholder) gave the green light for the commencement of works on the new 480km pipeline connecting Bulgaria and Hungary. This is a significant investment scheduled for commissioning by end-2019 which should materially increase Transgaz's regulated asset base and boost longer-term returns for the company. In its financial year to 31 December 2017 a severe winter season meant that domestic gas volumes transmitted grew by 6.6%, while losses remained low at just 0.73%. Tariffs continue to see an increased fixed component versus volumetric component, reducing seasonality, though effective tariffs for Transgaz fell by 7.7% as the regulator sought to claw back excess profits made in the previous regulatory year. As such, domestic transport revenues declined 1.6%, more than offsetting gas transit revenues which were up 1.4%. Overall, group revenues fell by 3.7%, but good cost control meant EBITDA and normalised earnings were broadly sustained, down 0.9% and up 1.3% respectively. Dividends per share were slightly lower, down 2.1% year-on-year. In the year to 31 March 2018 UEM increased its position in Transgaz by 2.6%.

Conpet S.A.'s ("Conpet") share price increased by 10.2% in the year to 31 March 2018. Ongoing field depletion has meant that Romania's main oil producer OMV Petrom continues to see declining production. Meanwhile, in the 31 March 2017 quarter, one of the major refineries underwent a six-week shutdown. As a result, in its financial year to 31 December 2017 Conpet reported a 3.7% decline in domestic oil transport volumes and a 3.6% fall in import volumes, bringing total volume growth to -3.6%. While domestic tariffs stayed broadly flat, import tariffs grew 10.0%, and overall effective tariffs increased 2.1%. Thus, group revenues softened very slightly by 0.4%, However, good cost discipline enabled EBITDA to grow 9.0% and normalised earnings by 14.5%. Conpet continues to pay out excess net cash reserves, with dividends up 7.7% and pay-out at over 200% of earnings. At 31 December 2017 Conpet reported net cash balances equivalent to c.30% of the market capitalisation of the company. In the year to 31 March 2018 UEM increased its position by 1.9%.

Transelectrica S.A.'s ("Transelectrica") share price performed poorly in the period under review, falling by 28.6% as the impact of regulatory tariff cuts and higher wholesale energy costs hit financials. In Transelectrica's financial year ended 31 December 2017 domestic electricity demand improved modestly, achieving growth of 2.3%, and operationally, delivering a solid performance, with grid losses at just 2.2%. However, domestic production fell 1.4% and net exports dropped 16.7% in a market that saw material increases in the day-ahead and balancing market prices. At the same time, financials continue to be impacted by cuts in tariffs in an effort to claw back prior period profits which exceeded that allowed in its regulatory returns calculation. As such, effective tariffs fell by an average of 10.5%, and revenues fell 8.0% excluding balancing market services (which are profit-neutral to the company). The higher energy costs exacerbated operational gearing, with EBITDA falling 44.9% and normalised earnings dropping by 90.7%. More encouragingly, dividends per share were increased by 47.5% as the company sought to pay out excess accrued cash reserves. In the year to 31 March 2018 UEM increased its position in Transelectrica by 10.5%.

UEM's exposure in **Argentina** increased from 4.8% to 10.2% of the portfolio and is now the fourth largest country exposure.

Bolsa y Mercados Argentinos ("BYMA") is a new company in UEM's top twenty holdings and is the portfolio's largest investment in Argentina. BYMA is Argentina's local stock exchange and delivered the strongest performance out of all UEM holdings. UEM initiated a position in December 2016, when UEM acquired one share of Merval (Mercado de Valores de Buenos Aires) out of the 183 shares available at that time, all of which were unlisted. In May 2017, BYMA was listed on the local stock exchange after the merger of Merval and Bolsa de Comercio de Buenos Aires (BCBA). This merger allowed for the formation of one common and an integrated capital market, including the unification of the Argentina National Depository (Caja de Valores). In the last two years, trading volumes on the exchange have more than tripled, driven by the strong interest from domestic and foreign investors in the local equity market and companies raising new funds on the market. This trend is expected to continue boosted by the potential upgrade of Argentina to EM status by MSCI and the approval of the Capital Markets bill in Congress, which will look to introduce incentives in equities, facilitate the IPO process, increase market transparency and facilitate the creation of mutual funds. During the IPO, UEM was entitled to shares in BYMA and Banco de Valores. In its financial year to 31 December 2017 BYMA reported revenues up 36.8% and EBITDA up 35.2%. Normalised net income increased 20.1% and no dividends have yet been announced, although dividends are expected to be reinstated for year end 2018. BYMA's share price increased by 163.7% over the period under review.

Transportadora de Gas del Sur S.A.'s ("TGS") share price continued to perform well, with the US-listed ADRs, in which UEM is invested, increasing by 42.7% in the year under review. Structural reforms implemented by President Macri's government in Argentina continue to benefit companies operating in the energy sector, and this was very evident in TGS' improving financial health. In its financial year ended 31 December 2017, gas volumes transmitted by TGS' 9,000km network fell 1.1% but this was completely

INVESTMENT MANAGERS' REPORT
(continued)

offset by effective tariffs increasing by 120.9% following the implementation of rate increases in April and December. Meanwhile, liquids production grew 5.4% year-on-year with pricing firming up 36.8% reflecting the rise in global commodity prices, particularly hydrocarbon-based products such as butane and ethane, and the depreciation of the Argentine Peso against the US Dollar. With gas transport and liquids production revenues up 118.5% and 44.2%, group revenues increased 65.4% and EBITDA grew 100.3%, while normalised net income grew 111.1%. No dividends were announced, although with a balance sheet that was effectively unleveraged at end-2017, payouts are expected for 2018. In the year to 31 March 2018 UEM's shareholding in TGS was unchanged.

Pampa Energia is a new entrant to the top twenty and a relative newcomer to the portfolio. UEM has been invested since January 2017. Pampa Energia is the largest integrated electricity company in Argentina, with generation, transmission and distribution assets, as well as the fourth largest oil and gas producer in the country. In the generation sector it has 3.8GW of generation capacity, of which 75.0% is thermal-fired (mainly natural gas) and 25.0% is from hydro power plants. In electricity distribution it has a 51.4% stake in Edenor, which has the exclusive concession rights to serve 2.9m customers in the northern area of Buenos Aires. It also has a 26.3% stake in the national electricity grid operator Transener, and a 25.5% stake in gas pipeline operator TGS. In the oil and gas sector it is present in the upstream, midstream, downstream and petrochemical sectors, and in calendar 2017 produced over 70,000boepd from 16 blocks in Neuquen, San Jorge and Noroeste. Pampa Energia estimates it has an interest in approximately 12% of the total shale acreage in the country.

In the financial year to 31 December 2017 Pampa Energia's energy generation volumes sold increased by 29.9% due to the combination of 200MW new capacity and higher utilisation of existing plants. Effective tariffs increased 59.8% due to the new pricing scheme for legacy capacity and as a result of the Argentine Peso depreciation against US Dollar. In distribution, electricity volumes fell 3.4% as the impact from tariff increases dampened demand, with effective tariffs increasing 92.6%. In the upstream business, oil and gas output fell 9.8% due to asset disposals, but this was similarly more than offset by pricing reforms and US Dollar appreciation against the Peso, with effective prices up 47.3% in Peso terms. Combining the reporting lines, group revenues grew 60.9% year-on-year and EBITDA increased by 173.9%, while normalised earnings moved into positive territory from a negative position in 2016. No dividends were announced. In the year to 31 March 2018 UEM increased its stake in Pampa Energia's US-listed ADRs by 22.5% and the ADR share price increased by 9.9%.

UEM's exposure in the **Philippines** decreased from 6.7% to 5.6% of the portfolio and is now the seventh largest country exposure.

International Container Terminal Services, Inc's ("ICT") share price for the year to 31 March 2018 increased by 11.2%. During the financial year to 31 December 2017, ICT had yet another solid year of performance with revenue growth of 11.6%. This was driven by total volumes increasing by 5.3% and an improvement in volume mix with yield per container box up by 4.7% to USD 136.00. EBITDA growth for the period was marginally lower than revenue growth at 10.1% due to new container terminals coming on line during 2017 such as Victoria International Container Terminal in Melbourne, Australia and Matadi Gateway Terminal in Matadi, Democratic Republic of Congo. As these new terminals see a ramp up in volume, operational leverage should start to take effect and EBITDA margins should once again improve. Net income was up for 2017 by only 1.2% due to higher financing costs as well as elevated depreciation and amortisation expenses from the new terminals. Management has indicated that future investments will be brownfield and dividends should improve beyond 2018 as capex should sharply decline, improving cashflow. UEM's shareholding decreased by 6.3% during the year to 31 March 2018.

Chile's country exposure increased slightly from 3.8% to 4.0% of the portfolio.

Engie Energia Chile's ("ECL") share price increased by 8.3% in the year to 31 March 2018. The past year marked a major milestone for Chile as ECL completed the TEN transmission line project. This 600km line finally connects the northern and central electricity grids, enabling ECL's power plants in the north to supply new contracts in the south. Meanwhile the company's USD 1.1bn 375MW coal-fired project ("IEM") remains on track for commissioning in 2018. In its financial year to 31 December 2017, ECL reported electricity sales volumes down 7.0% as some contracts from the unregulated sector (predominantly mining companies) rolled off. By comparison demand from regulated customers remained stable at +0.4%. However, higher commodity prices and inflation adjustments saw effective tariffs increase by 16.7%, and as a result, group revenues grew 16.6%. With tariff hikes yet to fully reflect higher fuel costs, EBITDA declined 3.8% and normalised net earnings fell 4.0%. Dividends per share fell 81.7% as last year included an extraordinary dividend following its disposal of a 50% stake in the TEN project. There was no change in UEM's shareholding in ECL in the period under review.

Enel Chile is the largest integrated electricity company in Chile with 34% market share in generation and over 40% market share in distribution. It has 8.6GW of installed generation capacity of which 63.0% is based on renewable and hydro resources. This proportion is expected to grow to over 70% by 2020 following the integration of Enel Green Power which merged with Enel Chile in April 2018. In distribution Enel Chile has a concession area covering 2,000km^2 of the Santiago metropolitan area with a total of 1.9m customer connections. Revenues are broadly even from the two business lines. In its financial year to 31 December 2017 Enel Chile's generation volumes sold fell by 1.4% while electricity distributed grew 3.2%. In constant USD terms and adjusting for a full 12-month period in 2016, group revenues fell 0.5% and EBITDA declined by 3.4%, while normalised earnings fell 9.1%. Dividends increased by 54.5% as Enel Chile lifted pay-out materially and committed to continued increases to a 70% pay-out level by 2020. In the year to 31 March 2018, Enel Chile's share price increased by 6.8% and UEM increased its shareholding in the company by 38.7%. As previously mentioned, UEM has been invested in Enel Chile and Enel Americas since 2013 in their pre-demerger guise as Enersis. In 2016 it completed a wholesale restructuring of the corporate entity resulting in two main Santiago-listed vehicles: Enel Americas and Enel Chile.

Malaysia's exposure decreased from 5.3% to 3.2% of the portfolio.

Malaysia Airports Holdings Berhad's ("Malaysia Airports") share price increased by 27.9% in the year to 31 March 2018. During its financial year to 31 December 2017, performance at its Malaysian airports improved with revenues up 11.0% driven by an 8.1% increase in passenger numbers. The 100% owned Turkish airport operations of Sabiha Gokcen Airport ("ISG") saw revenues increase by 13.2% driven by 5.6% passenger growth which were still subdued due to the political unrest witnessed during 2016 still affecting the first half of 2017. Consolidated revenues increased 11.5% and group EBITDA was up 13.0%. EBITDA margins at

INVESTMENT MANAGERS' REPORT
(continued)

the Malaysian airport operations remain low, albeit slowly improving as operational leverage is failing to ramp up as fast as anticipated. ISG's EBITDA margin at 70.1% remains amongst the best in the industry. Net income increased 236.5%, although this was helped by a reduction in amortisation due to the concession extension and an improvement in the effective tax rate. Malaysia Airports continues to have several key issues overhanging the stock, particularly in relation to the terms of the operating concession extension. These are yet to be agreed as the regulator, MAVCOM, is looking to implement a new regulatory asset based model and terms remain unclear. With regards to Malaysia Airports' holding in ISG, the operator continues to look for an appropriate buyer of a minority stake. Post year end, Malaysia Airports sold its 11% stake in Hyderabad's Rajiv Gandhi International Airport. UEM decreased its shareholding in Malaysia Airports by 34.2% during the year to 31 March 2018.

PORTFOLIO GENERAL

Investments in the portfolio increased from £161.2m to £187.1m in the year ended 31 March 2018, which is above long-term trends. This was driven by high-level realisations of £198.6m (prior year: £142.2m). This reflects a number of investments achieving full valuations, resulting in a decision to exit several significant investments in full.

UEM exited last year's top twenty investments, Eastwater, China Gas and MyEG, realising £61.3m. In addition, UEM reduced three investments in the top twenty holdings and exited a number of investments in the wider portfolio. An outcome from this has been an increase in the depth of the portfolio with the top twenty holdings reducing for the fourth year in a row to 54.9% and a more even distribution of holdings throughout the portfolio. This is reflected in the portfolio progression and number of holdings bar chart on page 5 of this report. Changes in the portfolio's geographic allocation reflects new investments plus the relative market performance as outlined above.

BANK DEBT

Bank debt reduced from £46.8m to nil in the year ended 31 March 2018. UEM used most of the £60.3m raised from the subscription share exercise to repay the bank debt in full. Pleasingly Scotiabank have entered into a new three year unsecured £50.0m multicurrency revolving bank facility for Utilico Emerging Markets Trust plc.

MARKET HEDGING

UEM started the year with net derivatives of £3.0m and ended the year with a nil-hedged position on the S&P Index. The expiry of the hedged positions resulted in a £3.4m loss in S&P and £1.1m gain in forward fx's in the Group Income Statement.

REVENUE RETURN

Revenue income increased to £24.8m, from £20.6m, up 20.4%. This reflects a combination of dividend increases, including special dividends, by investee companies due to growth in profitability and the full year effects of the increased portfolio weighting in high dividend paying regions such as Latin America.

Management fees and other expenses increased from £2.9m to £3.2m as a result of higher fees arising from higher average gross assets year on year. Finance costs were largely unchanged at £0.2m. Taxation was £1.4m versus £0.9m from last year, mainly reflecting the higher dividend withholding taxes.

The uplift in the profit for the year at £19.9m, from £16.5m was significant, an increase of 20.6%. Earnings per share growth was marginally lower as a result of the subscription share issuance at 9.27p from 7.80p, up 18.8%.

CAPITAL RETURN

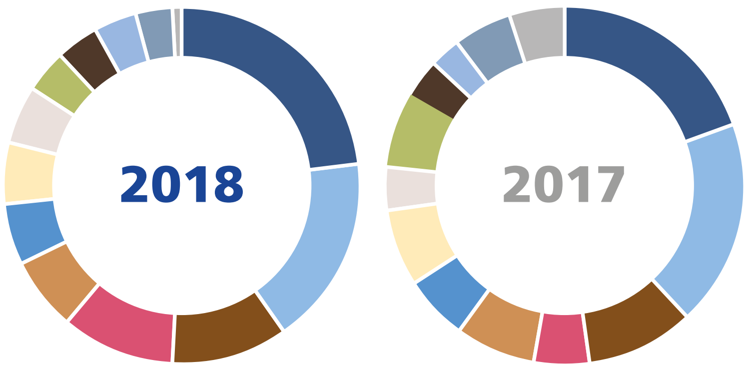
The portfolio gained £19.1m on the capital account during the year to 31 March 2018, reflecting strong equity performance and reduced in part by a stronger Sterling. Offsetting this were net losses on derivatives and gains in foreign exchange. The total income gains on the capital return was £15.6m (2017: a gain of £109.3m).

Management and administration fees were lower at £2.1m (2017: £11.4m), mainly as a result of no performance fee arising in the year to 31 March 2018. Finance costs were unchanged at £0.5m. Taxation decreased to £2.6m from £3.2m, reflecting, in the main, reducing capital gains taxes on profits made in the portfolio. The net effect of the above was a gain on the capital return of £10.0m (2017: a gain of £94.2m).

Charles Jillings
ICM Investment Management Limited and ICM Limited
14 June 2018

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

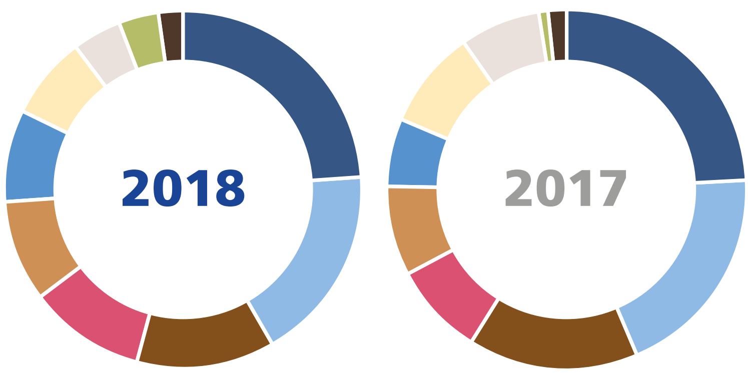
GEOGRAPHICAL SPLIT OF INVESTMENTS



COUNTRY	% OF TOTAL 2018	2017
Brazil	23.1	19.6
China (including Hong Kong)	17.2	18.5
Romania	10.8	9.9
Argentina	10.2	4.8
Middle East / Africa	6.5	7.2
India	5.7	6.1
Philippines	5.6	6.7
Other Europe	5.1	4.0
Other Latin America	4.0	6.6
Chile	4.0	3.8
Other Asia	3.8	2.7
Malaysia	3.2	5.3
Thailand	0.8	4.8

Source: ICM

SECTOR SPLIT OF INVESTMENTS



SECTOR	% OF TOTAL 2018	2017
Electricity	24.1	24.3
Gas	17.7	19.4
Ports	12.5	15.3
Airports	10.5	8.5
Other	9.2	7.9
Road and rail	8.5	6.1
Satellites and telecoms	7.5	8.8
Water and waste	4.2	7.3
Renewables	3.8	0.9
Infrastructure Investment Funds	2.0	1.5

Source: ICM

TWENTY LARGEST HOLDINGS

2018	*2017*	**Company** *(Country)* Description	Fair Value £'000s	% of total investments
1	*(1)*	**International Container Terminal Services, Inc.** *(Philippines)* Global container port operator	25,813	4.5
2	*(2)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and worldwide investment fund	23,704	4.1
3	*(3)*	**Alupar Investimento S.A.** *(Brazil)* Electricity transmission and generation	19,510	3.4
4	*(7)*	**Transgaz S.A.** *(Romania)* Gas transmission	19,266	3.3
5	–	**Bolsas Y Mercados Argentinos S.A.** *(Argentina)* Stock exchange	18,479	3.2
6	*(11)*	**Yuexiu Transport Infrastructure Limited** *(China)* Toll roads operator	18,309	3.1
7	–	**Companhia de Gas de Sao Paulo** *(Brazil)* Gas distribution	16,356	2.8
8	–	**Energisa S.A.** *(Brazil)* Electricity distribution	15,611	2.7
9	*(13)*	**Conpet S.A.** *(Romania)* Crude oil distributor	15,176	2.6
10	*(8)*	**Malaysia Airports Holdings Berhad** *(Malaysia)* Airport operator	14,977	2.6
11	*(6)*	**Transelectrica S.A.** *(Romania)* Electricity transmission	14,910	2.6
12	*(15)*	**Shanghai International Airport Co Ltd** *(China)* Airport operator	14,749	2.5
13	*(18)*	**Transportadora de Gas del Sur S.A.** *(Argentina)* Gas distribution	14,746	2.5
14	*(12)*	**China Resources Gas Group Ltd** *(China)* Gas distribution	14,482	2.5
15	*(9)*	**Rumo S.A.** *(Brazil)* Rail based logistics operator	13,445	2.3
16	*(10)*	**APT Satellite Holdings Limited** *(Hong Kong)* Satellite operator	13,160	2.3
17	*(17)*	**Engie Energia Chile S.A.** *(Chile)* Electricity generation and transmission	12,779	2.2
18	–	**Enel Americas S.A.** *(Brazil)* Electricity generation and transmission	11,951	2.1
19	–	**Pampa Energia S.A.** *(Argentina)* Electricity generation and transmission	10,331	1.8
20	–	**Enel Chile S.A.** *(Chile)* Electricity generation and transmission	10,326	1.8
		Other investments	261,804	45.1
			579,884	100.0

The value of the twenty largest holdings represents 54.9% (2017: 58.2%) of the Group's total investments. The country shown is the location of the major part of the investee company's business. The value of convertible securities represents 0.1% (2017: 0.1%) of the Group's portfolio and the value of fixed income securities represents 1.3% (2017: 3.0%) of the Group's portfolio. The total number of companies included in the portfolio is 87 (2017: 92).

REVIEW OF THE TWENTY LARGEST HOLDINGS

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (PHILIPPINES)

www.ictsi.com
Market Cap £2,760m

ICT acquires, develops, manages and operates small to-medium-sized container terminals across the globe. As at 31 December 2017 ICT's portfolio consisted of 29 terminal facilities spanning 18 countries with 53% of volumes generated in Asia, 31% in Americas and 16% in EMEA. During 2017, ICT had a solid performance with revenues up 11.6% as volumes were up by 5.3% and yield per container handled increased by 4.7%. EBITDA was up 10.1% and net income was up by 1.2% over the period. Management continue to indicate that they are interested in brownfield accretive projects and expect that dividend payout can improve beyond 2018 once capex begins to decline. ICT's share price was up by 11.2% during the year to 31 March 2018.

OCEAN WILSONS HOLDINGS LIMITED (BRAZIL)

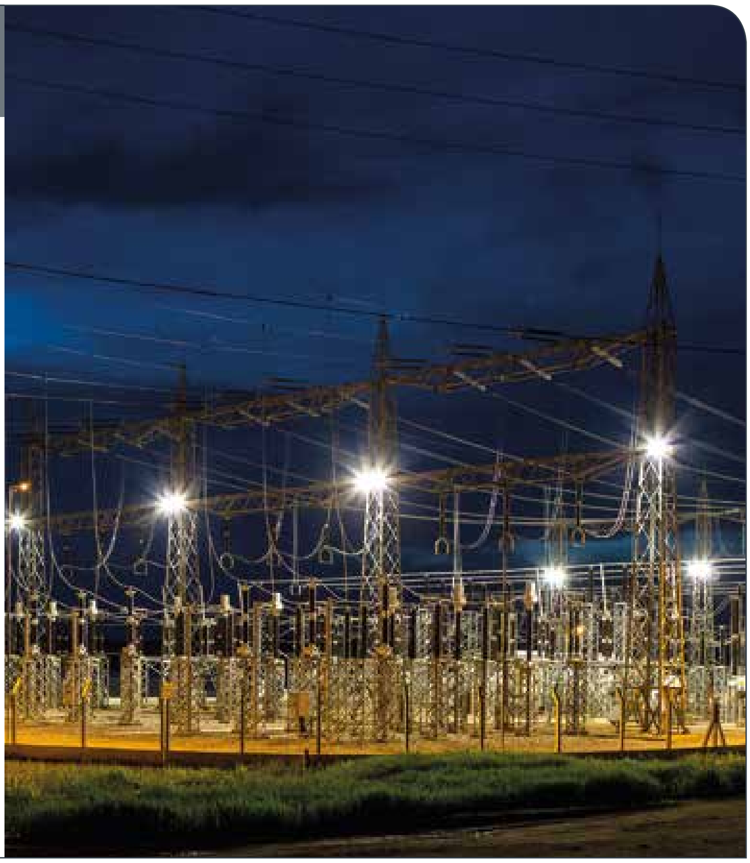
www.oceanwilsons.br
Market Cap £384m

Ocean Wilsons is listed on both the London Stock Exchange and the Bermuda Stock Exchange and has two principal subsidiaries: Wilson Sons, in which it owns a 58.3% controlling stake; and Ocean Wilsons Investment Limited. Wilson Sons is one of Brazil's largest maritime service providers, engaged in activities including harbour and ocean towage, container terminal operation, offshore support, logistics, small vessel construction and ship agency operation. During the year to 31 December 2017, Ocean Wilsons saw revenues increase by 8.6%, with EBITDA up 10.7% and normalised net income growth of 24.0%. The two main business divisions of Wilson Sons continued to perform in a difficult macro environment with the container terminal business benefiting from an improved volume mix helping to drive container revenues up 26.3%, whilst towage maintained flat revenue growth for the year. The investment portfolio saw an increase in its funds under management by 14.2% with a net return of 16.5%. In the year to 31 March 2018, Ocean Wilsons' share price increased by 5.9%.

ALUPAR INVESTIMENTO S.A. (BRAZIL)

www.alupar.com.br
Market Cap £1,131m

Alupar is a holding company for energy assets focused in the electricity transmission and generation sectors in Brazil, Peru and Colombia. It has concession rights to 29 transmission assets totaling 7,736km of electricity lines in Brazil, of which 4,750km are operational. It also has seven operational generation assets with total installed capacity of 550MW and three hydro projects under development with total capacity of 137MW. Alupar's transmission assets enjoy long-life 30-year concessions with fully protected returns due to annual IPCA or IGP-M inflation adjustments to regulated revenue. In its financial year ended 31 December 2017, Alupar reported a 1.0% decline in revenues, a 7.3% decrease in EBITDA and normalised EPS growth of 16.7%. Dividends per share fell 32.7% as the company preserved cash to fund several major new transmission line projects which are due to come online by 2021. In the year to 31 March 2018, Alupar's share price fell by 12.7%.



TRANSGAZ S.A. (ROMANIA)

www.transgaz.ro
Market Cap £908m

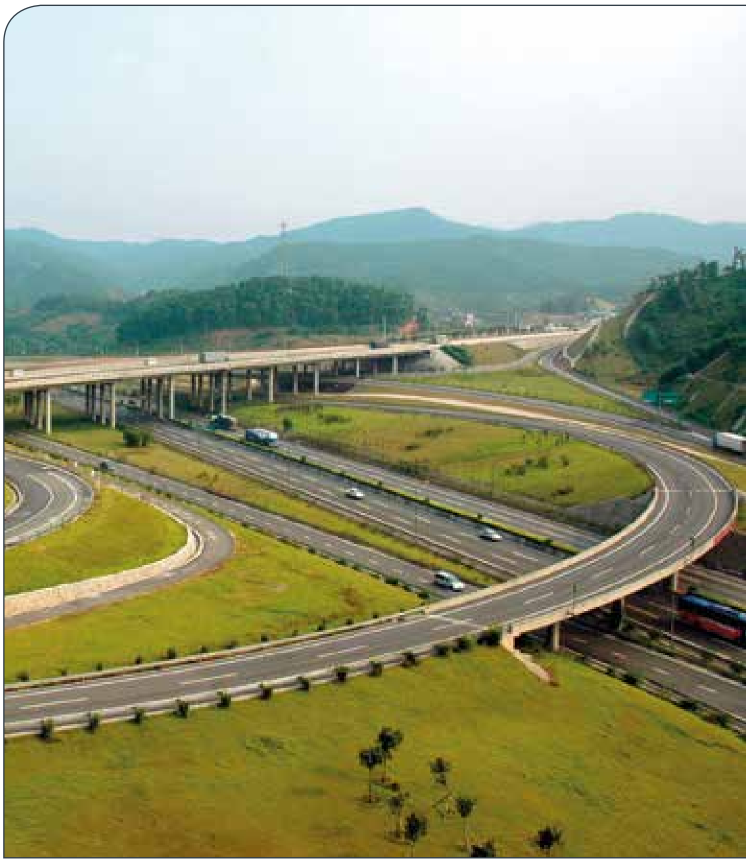
Transgaz is the National Gas Transmission company in Romania which controls the domestic gas transmission system and is 58.5% owned by the Romanian government. Its domestic transmission activities are fully regulated by the National Regulatory Authority for Energy, and the company is in its third regulatory cycle. International transit activities include dispatch, maintenance and operation of dedicated pipelines transmitting Russian natural gas from Ukraine to Bulgaria. In its financial year to 31 December 2017, domestic gas volumes transmitted grew 6.6%, offset by effective tariff cuts of 7.7% which meant domestic transport revenues fell 1.6%. Transit revenues grew 1.4%, but overall group revenues fell 3.7% and EBITDA declined by 0.9%. Normalised earnings grew 1.3%, while dividends per share were slightly lower, down by 2.1%. Transgaz continues to pay out a high percentage of earnings and maintains a net cash balance sheet. In the year to 31 March 2018 Transgaz's share price was up 7.4%.

REVIEW OF THE TWENTY LARGEST HOLDINGS
(continued)

BOLSAS Y MERCADOS ARGENTINOS S.A. (ARGENTINA)

www.byma.com.ar
Market Cap £1,066m

BYMA is the stock exchange in Argentina, which was listed in May 2017 after the merger of Merval and Bolsa de Comercio de Buenos Aires. It is an integrated exchange offering listing, pre-trade, execution, post-trade and custody services. About 70% of its revenue comes from its depository business (Caja de Valores) that has large stocks of public debt and Central Bank bills under custody. In 2017, BYMA had a strong performance driven by an increase of 49.2% in assets under custody and a 72.8% higher average daily trading volume. Total revenue grew by 36.8%, while adjusted EBITDA was up 41.9% due to improvement in operational leverage. Management aims to achieve an EBIT margin of 50.0% similar to its peers by 2020, which will be an improvement from last year's EBIT margin of 33.4%, 30.8% from 2016 and 19.1% from 2015. The potential upgrade of Argentina to EM status by the MSCI will be a significant step for the continued development of the local capital market, which has suffered under the Kirchner administration in the past. BYMA's share price was up by 163.7% during the year ended 31 March 2018.



YUEXIU TRANSPORT INFRASTRUCTURE LIMITED (CHINA)

www.yuexiutransportinfrastructure.com
Market Cap £919m

Yuexiu is principally engaged in the investment, operation and management of expressways and bridges in the Guangdong Province and other high growth provinces in China. The company currently has 12 operating expressways and bridge projects within its portfolio, with a total attributable toll length of 358km. For the year ended 31 December 2017, Yuexiu saw total revenues increase by 9.2%, with adjusted EBITDA up 14.9%. Adjusted net income increased by 17.1%. Yuexiu's share price increased marginally by 0.7% in the year to 31 March 2018.

COMPANHIA DE GAS DE SAO PAULO (BRAZIL)

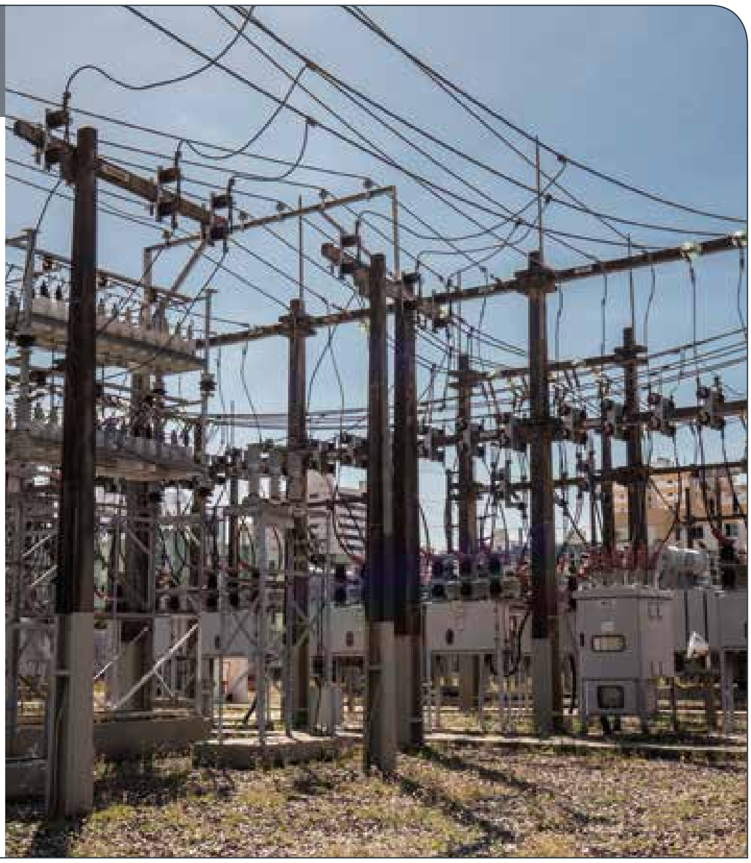
www.comgas.com.br
Market Cap £1,788m

Comgas is Brazil's largest gas distributor which operates the c.14,000km gas pipeline network in Sao Paulo state. It has 1.2m metered connections and in 2018 distributed 4.3bcm of natural gas, the majority of which was to industrial customers. Comgas' concession is regulated by ARSESP, but its fourth tariff cycle (2014-19) has yet to be implemented due to a long-standing dispute over recognition of the regulated asset base. Nonetheless, Comgas is receiving annual inflation adjustments and gas cost pass-through, sustaining profits and cash flows. In its financial year to 31 December 2017 gas volumes distributed grew 4.2% while effective tariffs fell 6.8% to claw back excess profits in the prior period. As such, group revenues weakened by 2.1%, EBITDA fell 22.7%, and normalised EPS declined 30.5%. Dividends per share were 18.6% lower, though payout remained very high at c.200% of earnings. In the year to 31 March 2018 Comgas' share price increased by 26.3%.

ENERGISA S.A. (BRAZIL)

www.energisa.com.br
Market Cap £2,720m

Energisa is one of the largest electricity distribution companies in Brazil, operating thirteen concession areas in nine states across the country. It serves 6.7m customers and in 2017 sold almost 30TWh of energy. The concessions are regulated by ANEEL, with most of them completing their third regulatory cycle and entering their fourth cycle. Energisa has invested heavily in its concession areas which in the tariff review process has resulted in higher regulated asset base and thereby tariffs. In addition, it is investing in two new transmission projects. In its financial year to 31 December 2017, electricity volumes distributed grew 4.0% while effective tariffs were up 11.3% due to inflation adjustments and rate reviews at two of its concessions. As such, group revenues grew 17.9% and EBITDA was up 12.8%, while normalised earnings more than doubled. Dividends per share were increased by 260%. In the year to 31 March 2018 Energisa's share price increased by 54.5%.



REVIEW OF THE TWENTY LARGEST HOLDINGS
(continued)

CONPET S.A.
(ROMANIA)

www.conpet.ro
Market Cap £182m

Conpet is the operator of the national crude oil and condensate transport network in Romania, with a 30-year concession agreement which expires in 2032. Tariffs are regulated by the National Agency for Mineral Resources on a cost-plus basis. It manages a network of 3,800km of pipeline as well as railway systems for both domestic and imported crude oil transport, and is 58.7% owned by the Romanian State. In its financial year to 31 December 2017 Conpet reported oil transport volume declines of 3.6%, reflecting trends in both domestic and imported oil. Effective tariffs grew 2.1% as a result of which group revenues were broadly flat on last year falling just 0.4%. Cost discipline enabled EBITDA to grow 9.0% and normalised earnings 14.5%. Conpet continues to pay out excess net cash reserves, with dividends up 7.7% and payout at over 200% of earnings. In the year to 31 March 2018 Conpet's share price increased by 10.2%.

MALAYSIA AIRPORTS HOLDINGS BERHAD
(MALAYSIA)

www.malaysiaairports.com.my
Market Cap £2,710m

Malaysia Airports operates 39 (out of 40) airports in Malaysia, including the flagship Kuala Lumpar International Airport. It also owns 100% of ISG, the second main airport in Istanbul, Turkey. Total passenger growth was up 7.5% in the year to 31 December 2017, with Malaysian operations seeing growth of 8.1% over the period. ISG's 2017 passenger growth improved to 5.6% on the back of the political headwinds experienced in 2016 with the outlook for 2018 looking more positive. Over the year to 31 December 2017, total revenues increased by 11.5% whilst EBITDA increased by 13.0%. Normalised net income was up by 236.5%. In the year to 31 March 2018, Malaysia Airports' share price increased by 27.9%.

TRANSELECTRICA S.A. (ROMANIA)

www.transelectrica.ro
Market Cap £325m

Transelectrica manages and operates the Romanian electricity transmission system and provides the electricity exchanges between central and eastern European countries including Hungary, Serbia and Bulgaria. It is a regulated entity currently in its third regulatory period which runs from 1 July 2014 to 30 June 2019 and the Romanian government holds a 59.7% stake in the company. In the year to 31 December 2017 energy transmitted increased 2.3%, but effective tariffs fell 10.5% following regulatory cuts to transmission and system service tariffs. As a result, group revenues fell 8.0% excluding balancing market services (which are profit-neutral to Transelectrica). Grid losses improved to 2.2%, but higher energy costs resulted in EBITDA falling 44.9% and normalised earnings by 90.7%. Nonetheless dividends per share were increased by 47.5% as Transelectrica sought to pay out excess accrued cash reserves. In the year to 31 March 2018, Transelectrica's share price fell by 28.6%.

SHANGHAI INTERNATIONAL AIRPORT CO LTD (CHINA)

www.shairport.com
Market Cap £10,665m

Shanghai Airport operates Pudong International Airport in Shanghai, one of China's two major international gateways (alongside Beijing Capital International Airport). In 2017, the airport handled 6.1% more passengers than in 2016 at 70.0m passengers, of which 50% were domestic and 50% were international. The airport currently has two terminals and four runways. The terminals are currently operating at a utilisation rate of 91% resulting in the airport undergoing a RMB20bn capital expansion plan to increase capacity to 100m passengers by 2020 by building a satellite terminal. For the year to 31 December 2017, revenues increased by 16.0%, adjusted EBITDA was up by 26.2% and net income was up by 31.2%. In the year to 31 March 2018, Shanghai Airport's share price increased by 78.4%.

REVIEW OF THE TWENTY LARGEST HOLDINGS
(continued)

TRANSPORTADORA DE GAS DEL SUR S.A. (ARGENTINA)

www.tgs.com.ar
Market Cap £2,306m

TGS is the largest natural gas transmission company in Argentina, transporting almost two-thirds of the country's gas through a pipeline network totaling over 9,000km in length. TGS owns the network and has a license to operate it until 2027 (with a ten-year extension beyond this) under a returns-based regulatory regime. TGS also owns a hydrocarbon liquids processing plant producing propane, butane and ethane which is sold on commercial terms. In its financial year ended 31 December 2017 gas volumes transmitted fell 1.1%, but this was offset by effective tariffs increasing by 120.9%. At the same time, liquids production grew 5.4% with pricing firming up 36.8% reflecting wider commodity prices. As such, group revenues increased 65.4% and EBITDA grew 100.3%, while normalised net income grew 111.1%. No dividends were announced, though payouts are expected to resume for 2018. In the year to 31 March 2018, TGS' ADR price increased by 42.7%.

CHINA RESOURCES GAS GROUP LTD (CHINA)

www.crgas.com.hk
Market Cap £5,509m

CR Gas owns and operates natural gas infrastructure focused on downstream city gas distribution and natural gas filling stations in China. It is a subsidiary of SOE China Resources and has one of the largest client bases in the country with 30.8m connections at end-December 2017, up 16.3% on the prior year. Within its 238 operational projects only 49% of households were connected. Two-thirds of its natural gas volumes sold are to commercial and industrial customers. In the year to 31 December 2017, CR Gas reported total piped gas volumes up 20.9% and 4.3m new connections. Effective tariffs saw only modest inflation, up 1.7%, though this lagged higher input gas costs. As a result, group revenues increased 21.0% but adjusted EBITDA growth was just 9.0%, and normalised earnings grew 11.1%. Dividends per share were increased by 22.2%. In the year to 31 March 2018, CR Gas' share price weakened 0.9%.

RUMO S.A. (BRAZIL)

en.rumolog.com
Market Cap £4,428m

Rumo is Brazil's largest independent rail based logistics operator offering a complete range of logistics services. Rumo owns and operates a railway network that consists of four concessions that extend over 12,000km with 1,000 locomotives and 25,000 rail cars. The rail network serves an area that accounts for approximately 80% of Brazil's GDP, where four of the most active ports in the country are located and through which most of the Brazilian grain product is exported. The company is currently undergoing an extensive investment plan of BRL8.5bn (2016 – 2020) with a clear focus to reduce operating costs and increase the capacity and efficiency as well as service level of the operations. In the year to 31 December 2017, Rumo's revenue increased by 18.6%, EBITDA was up 36.0%, with normalised net income negative given high interest costs and depreciation associated with the intensive capital expansion program. Rumo's share price over the year to 31 March 2018 increased by 54.0%.

APT SATELLITE HOLDINGS LIMITED (HONG KONG)

www.apstar.com
Market Cap £305m

APT is an owner and operator of telecommunications satellites used to broadcast television, radio and provide data connectivity services across Asia and Australasia. APT owns and operates four satellites, two of which are scheduled to be replaced with upgraded models during 2018. Revenues decreased by 1.8% over the year to 31 December 2017, EBITDA declined by 0.3% but net profit increased by 2.2%. Despite the capital expenditure programme on the new satellites, APT remained net cash positive at the end of December 2017. APT increased dividends for 2017 by 58.8%. In the year to 31 March 2018, APT's share price decreased by 13.0%.

REVIEW OF THE TWENTY LARGEST HOLDINGS
(continued)

ENGIE ENERGIA CHILE S.A.
(CHILE)

www.e-cl.cl
Market Cap £1,646m

ECL is the largest electricity generation company operating in the northern grid in Chile, primarily serving mining companies on long-term energy contracts. It is controlled by Engie (formerly GDF Suez), with a 52.8% stake. ECL has installed generation capacity of 2.0GW, and owns and operates over 2,000km of transmission lines, a gas pipeline to Argentina, and a port. In its financial year to 31 December 2017 ECL reported electricity sales volumes down 7.0% due to some older mining contracts rolling off. This was offset by USD-based tariffs increasing by an average of 16.7% reflecting adjustments to pricing formulas to reflect higher commodity prices. As such, group revenues grew 8.9% although EBITDA declined 3.8% on the higher energy costs, and normalised earnings fell 4.0%. Dividends per share declined 81.7%, as last year's payout was boosted by an asset disposal. In the year to 31 March 2018, ECL's share price increased by 8.3%.

ENEL AMERICAS S.A.
(BRAZIL)

www.enelamericas.com
Market cap £9,550m

Enel Americas is one of the largest privately-owned integrated electricity companies in Latin America with generation, transmission and distribution assets in Argentina, Brazil, Colombia and Peru. It has 11.2GW of installed generation capacity, over half of which is hydropower-based, with most of the remainder oil/gas based. Its distribution concessions cover an area of over 560,000km^2, serving over 17m customer connections. In its financial year to 31 December 2017, Enel Americas reported electricity generation volume growth of 10.8% with effective tariffs up 1.4% in USD terms, and distribution volume growth of 18.5% with effective tariffs up 21.2%, boosted by the CELG acquisition. As such, USD-reported financials were strong, with group revenues up 37.1%, EBITDA up 19.0%, and normalised earnings per share were up 39.3%. Dividends per share declined 23.1% as payout was reduced to accommodate M&A activity. In the year to 31 March 2018, Enel Americas' share price increased by 2.8%.

PAMPA ENERGIA S.A. (ARGENTINA)

www.pampaenergia.com
Market cap £3,123m

Pampa Energia is the largest integrated electricity company in Argentina, with generation, transmission and distribution assets as well as being the fourth largest oil and gas producer in the country. It has 3.8GW of generation capacity, of which 75.0% is thermal-fired and 25.0% is hydro-based. It controls Edenor, the largest distribution company serving Buenos Aires with 2.9m customers. It produced over 70,000boepd in 2017, and in addition has stakes in TGS (gas transmission) and Transener (electricity transmission). In the year to 31 December 2017 Pampa Energia's energy generation increased by 29.9% with tariffs firming 59.8%, electricity distributed fell 3.4% offset by effective tariffs increasing 92.6%, while oil and gas output fell 9.8% due to asset disposals. Group revenues grew 60.9%, EBITDA increased by 173.9%, and normalised earnings moved into positive territory from a negative position in 2016. No dividends were announced. In the year to 31 March 2018 Pampa Energia's ADR price increased by 9.9%.

ENEL CHILE S.A. (CHILE)

www.enelchile.cl
Market cap £4,530m

Enel Chile was formed from a corporate restructuring process initiated in 2015 of Enersis S.A. by parent company Enel SpA, which will be completed in 2018 following the integration of Enel Green Power Chile. Enel Chile is the largest integrated electricity company in Chile with 34% market share in generation and over 40% market share in distribution. It is 62% controlled by Enel SpA, and has 8.6GW of installed generation capacity of which 63.0% is based on renewable resources. In distribution it has a concession area covering 2,000km^2 covering the Santiago metropolitan area with a total of 1.9m customer connections. In the year to 31 December 2017 Enel Chile's generation volumes fell by 1.4% while electricity distributed grew 3.2%. Proforma revenues fell 0.5% and EBITDA declined by 3.4%, while normalised earnings fell 9.1%. Dividends were increased by 54.5% as the company lifted payout materially. In the year to 31 March 2018 Enel Chile's share price increased by 6.8%.

STRATEGIC REPORT AND BUSINESS REVIEW

UEM is an investment company with gross assets of £579.8m as at 31 March 2018. Its principal activity is portfolio investment.

In February 2018, UEM announced proposals to re-domicile to the United Kingdom and on 3 April 2018, following completion of a scheme of arrangement pursuant to section 99 of the Bermuda Companies Act, the Company became a wholly owned subsidiary of UEM Trust, a newly incorporated closed ended investment trust established in the United Kingdom. This Strategic Report and Business Review relates to UEM during the year ended 31 March 2018. The Board did not make any changes to the investment management arrangements as a result of the re-domicile and, other than JP Morgan Chase Bank NA, London Branch who now acts as administrator, the principal service providers to UEM Trust remain the same. Accordingly, references below to the ongoing arrangements should be taken as referring to UEM Trust following completion of the Scheme on 3 April 2018.

INVESTMENT OBJECTIVE

The Company's objective is to provide long-term total return through a flexible investment policy that permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.

STRATEGY AND BUSINESS MODEL

The Company invests in accordance with the objective given above. It has no employees and outsources its activities to third party service providers. The strategy the Board of non-executive directors follows to achieve the investment objective is to appoint external investment managers to deliver investment performance, with the Board setting investment policy and risk guidelines, together with investment limits. The Board oversees and monitors the activities of the service providers, including the Investment Managers, who are the principal service providers.

ICMIM, an English incorporated company authorised and regulated by the Financial Conduct Authority ("FCA") as an alternative investment fund manager ("AIFM") pursuant to the AIFM Rules, is the Company's AIFM and joint portfolio manager alongside ICM. ICMIM also provided the company secretarial function up to 30 June 2017 and ICM was appointed Company Secretary with effect from 1 July 2017.

ICMIM and ICM managed the portfolio throughout the year. Successful implementation of the investment strategy is achieved by identifying undervalued stocks in the relevant sectors, which generally are asset-backed, have positive operational cash flows and pay annual dividends and selling them at the right point in the investee company's business cycle. This model, combined with the prudent use of gearing, should crystallise financial returns, generating a total return through both capital and income.

The investment team responsible for the management of the portfolio is headed by Charles Jillings.

The Board, together with the Investment Managers, consider how the business strategy and model have to be adapted to comply with new legislation and regulations.

F&C Management Limited, trading as BMO GAM (the "Administrator"), undertook general administration services, including dealing during the year. Other administrative functions are contracted to external service providers.

INVESTMENT POLICY AND RISK

The Company's investment policy is flexible and its investments include (but are not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service or monopolistic characteristics and any new infrastructure or utilities which may arise mainly in emerging markets.

The Company may also invest in businesses which supply services to, or otherwise support, the infrastructure, utility and related sectors.

The Company focuses on the under-developed and developing markets of Asia, Latin America, Emerging Europe and Africa but has the flexibility to invest in markets worldwide. The Company generally seeks to invest in emerging market countries where the Directors believe that there are attributes such as political stability, economic development, an acceptable legal framework and an encouraging attitude to foreign investment.

The Board and Investment Managers review the risk profile of the Company every six months. Agreed risk parameters are established and compliance is reviewed at quarterly board meetings.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities.

The Company may also use derivative instruments such as American Depository Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options, warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. These investments will be long term in nature.

UEM seeks to identify and invest in undervalued investments predominantly in the infrastructure and utility sectors, mainly in emerging markets. The Investment Managers aim to identify securities where underlying value and growth prospects are not reflected in the market price. This is often as a result of strong growth drivers, but can include changes in regulation, technology, market motivation, potential for financial engineering, competition or shareholder indifference.

The Company seeks to minimise risk by investing mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position. Most investee companies are asset backed, have good cash flows and offer good dividend yields. UEM generally seeks to invest in companies with strong management who have the potential to grow their business and who have an appreciation of, and ability to manage, risk.

UEM believes it is generally appropriate to support investee companies with their capital requirements while at the same time maintaining an active and constructive shareholder approach through encouraging a review of capital structures and business efficiencies. The Investment Managers maintain regular contact with the investee companies and UEM is often among the largest international shareholders.

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and investing through instruments appropriate to the particular situation. UEM is prepared to hold investments in unlisted securities when the attractiveness of the investment justifies the risks and lower liquidity associated with unlisted investments. ICMIM, as the Company's AIFM, controls stock-specific and sector and geographic risk by continuously monitoring the exposures in the portfolio. In depth continual analysis of the fundamentals of investee companies allows ICMIM to assess the financial risks associated with any particular stock. The portfolio is typically made up of 60 to 90 stocks.

INVESTMENT LIMITS

The Board has prescribed the following limits on the investment policy, all of which are at the time of investment unless otherwise stated:

- Investments in unquoted and untraded investments in aggregate must not exceed 10.0% of gross assets at the

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

time of investment. This restriction does not apply to the Company's holding of shares linked to a segregated account of Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company;

- No single investment may exceed 20.0% of gross assets at the time of investment;
- Investments other than in infrastructure, utility and related companies (including GERP) must not exceed 20% of gross assets at the time of investment;
- Investments in a single country must not exceed 50.0% of gross assets at the time of investment;
- Not more than 10.0% in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those investment funds have stated investment policies to invest no more than 15.0% of their total assets in other investment companies which are listed on the Official List);
- Regardless of the investment policy of other closed-ended investment funds listed on the Official List and which are invested in by the Company, the Company shall not invest in such funds more than 15.0% in aggregate of the value of the total assets of the Company at the time the investment is made; and
- Equity markets derivative transactions are carried out by GERP on behalf of the Company to enable it to make investments more efficiently and for the purposes of efficient portfolio management. GERP spreads its investment risks by having the ability to establish an overall net short position in index options, contracts for difference, swaps and equity options. GERP may not hold more than 50.0% of the value of UEM's segregated portfolio in index options and GERP may not hold more than 100.0% of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

None of the above restrictions will require the realisation of any assets of the Company where any restriction is breached as a result of an event outside of the control of the Investment Managers which occurs after the investment is made, but no further relevant assets may be acquired or loans made by the Company until the relevant restriction can again be complied with.

VALUATION METHODOLOGY

Investments are measured at the Board's estimate of fair value at the reporting date, in accordance with IFRS 13 – Fair Value measurement.

Fair value is the amount for which an asset (or liability) could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Publicly traded securities

Investments listed in an active market are valued at their closing bid price on the reporting date. When a bid price is not available, the price of the most recent reported transaction would normally be used.

Market bid prices are used even in situations where the Company holds a large position and a sale could reasonably be expected to affect the quoted price. Active market quotations are included in level one and inactive in level two. Where there is an inactive market, the bid price is used unless there is reason to believe it is incorrect.

Unquoted securities

Unlisted loans are valued at the principal amount loaned or if impaired, at the impaired value. The determination of fair value for unquoted securities where there is little, if any, market activity is achieved by the application of a valuation technique that is appropriate for the circumstances, in accordance with the International Private Equity and Venture

Capital Valuation Guidelines. This will make the maximum use of market based information and is consistent with methodology generally used by market participants.

Valuation is normally determined using one of the following valuation methodologies:

Recent investments

For an initial or most recent relevant transaction, the approach used is cost for a limited period following the transaction, where the transaction represents fair value.

Established investments

There are three approaches to valuing established investments: multiples, discounted cash flows or earnings and net assets. Depending on the investment and the relevance of the approach, any or all of these valuation methods could be used.

Appropriate market multiples will vary by instrument, but would typically be by reference to one or more of, but not limited to: net earnings ratio, EV/EBITDA ratio, dividend yield, discount to NAV, or yield to maturity.

Discounted earnings multiples will use maintainable earnings discounted at appropriate rates to reflect the value of the business. Generally, the latest historical accounts are used unless reliable forecast results for the current year are available. Earnings are adjusted where appropriate for exceptional or non-recurring items.

BORROWING AND GEARING POLICY

The Board carefully considers the Company's policy in respect of the level of equity exposure. The Board takes responsibility for the Company's gearing strategy and sets guidelines to control it, which it may change from time to time. The Company may use bank borrowings for short-term liquidity purposes. In addition, the Board may gear the Company by borrowing on a longer term basis for investment purposes.

The Board has set a current limit on gearing (being total borrowings measured against gross assets) not exceeding 25% at the time of drawdown. Borrowings may be drawn down in Sterling, US Dollars or any currency for which there are corresponding assets within the portfolio (at the time of drawdown the value drawn must not exceed the value of the relevant assets in the portfolio).

The Company had a £50.0m secured multicurrency revolving facility with Scotiabank Europe PLC ("Scotiabank") which was repaid in full prior to the re-domicile of the Company to the United Kingdom. On 4 April 2018, UEM Trust announced that it had entered into a three year unsecured £50.0m multicurrency revolving facility agreement with Scotiabank maturing on 3 April 2021. Further details on the Company's loan facility are set out in note 15 to the accounts.

DERIVATIVES

The Investment Managers may follow a policy of actively hedging the market and balance sheet risks faced by the Company.

A review of the investment portfolio and borrowings is included in the Investment Managers' report and also in the notes to the accounts.

KEY PERFORMANCE INDICATORS

Delivery of shareholder value is achieved through the increase in capital value of the Company's shares and by its income return.

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

The Board reviews performance by reference to a number of Key Performance Indicators ("KPIs") that include the following:

- NAV total return relative to the MSCI Emerging Markets Index Total Return (GBP adjusted)
- Share price
- Discount to NAV
- Revenue earnings
- Ongoing charges figure

While some elements of performance against KPIs are beyond management control, they provide measures of the Group's absolute and relative performance and are therefore monitored by the Board on a regular basis.

The Company reported a NAV total return per ordinary share for the year (adjusted for the exercise of subscription shares) of 6.6%. Whilst below the MSCI Emerging Markets Index Total Return (which covers all industry sectors) of 11.6% over the year, UEM's performance since inception of 305.8% compares favourably to the MSCI Emerging Markets Index Total Return (Sterling adjusted) of 229.1% .

31 MARCH	2018	2017
NAV total return (%)*	6.6	26.2
MSCI Emerging Markets Index Total Return (Sterling adjusted) (%)	11.6	34.5
Share price (pence)	212.00	214.50
Discount to NAV (%)	(14.2)	(11.1)
Percentage of issued shares bought back during the year (based on opening share capital) (%)	4.65	2.29
Revenue earnings per ordinary share (diluted) (pence)	9.04	7.70
Ongoing charges figure – excluding performance fee (%)	1.0	1.1

*Total return is calculated based on NAV per ordinary share plus dividends reinvested from payment date and adjusted for the exercise of subscription shares

A graph showing the NAV total return performance compared to the MSCI Emerging Markets Index (GBP adjusted), can be found on page 4. The Investment Managers' Report, which comprises the first part of this Strategic Report, provides a commentary on how this performance was achieved.

The ten year record on page 102 shows historic data for the Company's metrics.

Discount to NAV: The Board monitors the premium/discount at which the Company's ordinary shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 6.9% to 16.0% and an average discount of 11.6%. The Board and Investment Managers closely monitor both movements in the Company's share price and significant dealings in the shares.

The Board believes that the best way of addressing the discount over the long term is to continue to generate good performance and to create natural demand for the Company's shares in the secondary market through increasing awareness of the Company, its philosophy and management style. The Board has maintained the expenditure on marketing the Company. The Board continues to seek authority from shareholders to buyback and issue shares which can assist in the management of the discount and/or any premium at which the shares trade to their NAV. A total of 9,833,105 ordinary shares were bought back and cancelled during the year, representing 4.7% of the Company's opening issued share capital.

Earnings and dividends per share: The Board's objective is to maintain or increase the total annual dividend. The Board and the Investment Managers attach great importance to maintaining dividends per share since dividends form a key component of the total return to shareholders. The Board has the flexibility to pay dividends from capital reserves.

In determining dividend payments the Board takes account of factors such as income forecasts, retained revenue reserves and the Company's dividend payment record. The Board declared two quarterly dividends of 1.70p and two quarterly dividends of 1.80p in respect of the year ended 31 March 2018. The fourth quarterly dividend was paid on 13 April 2018 to shareholders on the register on 22 March 2018. The total dividend for the year was 7.00p per share (2017: 6.65p per share).

Ongoing charges: These are calculated in accordance with the industry measure of costs as a percentage of NAV. The expenses of the Company are reviewed at every Board meeting, with the aim of managing costs incurred and their impact on performance. The ongoing charges figure, with no performance fee payable for the year ended 31 March 2018, was 1.0% (2017: 1.1%). This ratio is sensitive to the size of the Company, as well as the level of costs.

FINANCIAL POSITION

As at 31 March 2018, the Company's net assets were valued at £579.8m (2017: £532.2m). These comprised a portfolio of mainly listed equity investments and net current assets.

As at the year end, the Company had a £50.0m secured multicurrency revolving facility with Scotiabank. As at 31 March 2018, a total of £nil (2017: £46.8m) was drawn under this facility. In light of the re-domicile proposals this facility was repaid in full and UEM Trust entered into a new three-year unsecured £50.0m multicurrency revolving facility agreement with Scotiabank, maturing on 3 April 2021.

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sales of investments and the income from investments, against which must be set the costs of borrowing, management and other expenses.

PRINCIPAL RISKS AND RISK MITIGATION

During the year ended 31 March 2018, ICMIM was the Company's AIFM and had sole responsibility for risk management subject to the overall policies, supervision, review and control of the Board.

The Board considers carefully the Company's principal risks and seeks to mitigate these risks through continual and regular review, policy setting, compliance with and enforcement of contractual obligations and active communication with both the Investment Managers and the Company's Administrator.

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on page 55. The Company's internal controls are described in more detail on page 50. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance"), the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

Most of the Company's principal risks are market-related and similar to those of other investment companies which invest primarily in listed investments. The principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks, are described below. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 28 to the accounts.

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

Investment risk: the risk that the investment strategy does not achieve long-term positive total returns for the Company's shareholders

The Board monitors the performance of the Company and has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Managers. These guidelines include sector and market exposure limits.

The investment process employed by the Investment Managers combines assessment of economic and market conditions in the relevant countries with stock selection. Fundamental analysis forms the basis of the Company's stock selection process, with an emphasis on sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases and market conditions. The political risks associated with investing in these countries are also assessed. The Investment Managers try to reduce risk by ensuring that the Company's portfolio is always appropriately diversified. Overall, the investment process is aiming to achieve absolute returns through an active fund management approach.

The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign currencies. The impact of adverse movements in exchange rates can significantly affect the returns in Sterling of both capital and income. Such factors are out of the control of the Board and the Investment Managers and may give rise to distortions in the reported returns to shareholders. It is difficult and expensive to hedge emerging markets' currencies.

In addition, the ordinary shares of the Company may trade at a discount to their NAV. The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which they trade. The Board generally buys back shares for cancellation if they are trading at a discount in excess of 10% and the Investment Managers agree that it is a good investment decision.

The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one having been held in November 2017.

A more detailed review of economic and market conditions is included in the Investment Managers' Report section of this Strategic Report.

There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested. Past performance of the Company is not necessarily indicative of future performance.

No material change in overall risk in the year.

Gearing: the risk that the use of gearing may adversely impact on the Company's performance

Gearing levels may change from time to time in accordance with the Board and Investment Managers' assessment of risk and reward. Whilst the use of borrowings should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 31 March 2018, net debt gearing on gross assets was (1.4)%.

No material change in overall risk in the year.

Banking: a breach of the Company's loan covenants might lead to funding being summarily withdrawn

ICMIM monitors compliance with the banking covenants when each drawdown is made and at the end of each month. The Board reviews compliance with the banking covenants at each Board meeting.

No material change in overall risk in the year.

Key staff: loss by the Investment Managers of key staff could affect investment returns
The quality of the investment management team is a crucial factor in delivering good performance. There are training and development programs in place for employees and the remuneration packages have been developed in order to retain key staff. Any material changes to the management team are considered by the Board at its next meeting; the Board discusses succession planning with the Investment Managers at regular intervals.
No material change in overall risk in the year.

Reliance on the Investment Managers and other service providers: inadequate controls by the Investment Managers or Administrator or third party service providers could lead to misappropriation of assets
Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers are listed on page 101. The Audit Committee monitors the performance of the service providers. All listed investments are held in custody for the Company by JPMorgan Chase Bank NA, Jersey; the unlisted investments are held in custody by Bermuda Commercial Bank Limited (together, the "Custodians"). J.P.Morgan Europe Limited ("JPMEL"), the Company's depositary services provider, also monitors the movement of cash and assets across the Company's accounts. The Audit Committee reviews the Administrator's annual internal control report which details the controls around the reconciliation of the Administrator's records to those of the Custodians. The Administrator reviews the control reports published by JPMorgan Chase and draws any issues to the attention of the Board. The Board reviews operational issues at each Board meeting and the Audit Committee receives reports on the operation of internal controls and the risk of cybercrime, as explained in more detail within Internal Controls on page 50. The risk of cybercrime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other service providers on the preventative steps that they are taking to reduce this risk.
Although there has been no change in overall risk in the year, the possibility of cybercrime continues to be a concern. The Company's assets are considered to be relatively secure, so the risks are the inability to transact investment decisions for a period of time and reputational risk.

OUTLOOK AND FUTURE TRENDS

As referred to in the Report of the Directors, following the transfer of the Company's investments and all other net assets of the Company to UEM Trust, it is proposed that the Company is wound up by way of a members' voluntary liquidation. However, the main trends and factors likely to affect the future development, performance and position of the Company's business within UEM Trust can be found in the Investment Managers' Report section of this Strategic Report. Further details as to the risks affecting UEM Trust are set out above under "Principal Risks and Risk Mitigation".

VIABILITY STATEMENT

In accordance with the provisions of the UK Corporate Governance Code, published by the Financial Reporting Council in April 2016 (the "Code"), the Directors have assessed the prospects of the Company.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed above, the impact of a significant fall in the emerging market equity markets on the value of the Company's investment portfolio as well as the proposals to transfer all of the assets and liabilities to its parent, UEM Trust, and to wind up the Company.

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

The Directors believe that the Company will be able to continue in operation and meet its liabilities as they fall due until such date that proposals are commenced to wind up the Company by way of a members' voluntary liquidation. This is expected to occur within the next twelve months once all of the assets and liabilities have been transferred to UEM Trust as disclosed in note 26 to the financial statements.

This Strategic Report and Business Review was approved by the Board of Directors on 14 June 2018.

By order of the Board
ICM Limited
Company Secretary

14 June 2018

INVESTMENT MANAGERS AND TEAM

ICMIM, a company authorised and regulated by the FCA as an alternative investment fund manager ("AIFM") pursuant to the AIFM Rules, was the Company's AIFM during the year ended 31 March 2018 with sole responsibility for risk management, subject to the overall policies, supervision, review and control of the Board and is joint portfolio manager of the Company, alongside ICM.

The Investment Managers are focused on finding investments at valuations that do not reflect their true long term value. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. The Investment Managers are long term investors and see markets as a place to exchange assets.

ICM manages over £14.0bn in funds, directly and indirectly, in a range of mandates. ICM has over 50 staff based in offices in Bermuda, Cape Town, Dublin, London, Singapore, Sydney and Wellington.

The investment teams are led by Charles Jillings and Duncan Saville.

Charles Jillings, a director of ICM and chief executive of ICMIM, is responsible for the day-to-day running of the Company and the investment portfolio. He qualified as a chartered accountant and has extensive experience in corporate finance and asset management. He is an experienced director having previously been a non-executive director in the water, waste and financial services sectors. His current portfolio of directorships include Somers Limited, Waverton Investment Management Limited, Merrion Capital Group, Allectus Capital Limited and Global Equity Risk Protection Limited.

Duncan Saville, a director of ICM, is a chartered accountant with experience in corporate finance and asset management. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having been or is a non-executive director of a number of utility, financial services, resources and technology companies. He is currently a non-executive director of Somers Limited, Homeloans Limited and West Hamilton Holdings Limited.

Core teams assisting them at a senior level on UEM are led by:

Jacqueline Broers, who has been involved in the running of UEM since September 2010. Prior to joining the investment team, Mrs Broers worked in the corporate finance team at Lehman Brothers and Nomura. Mrs Broers is focused on the transport sector worldwide with particular emphasis on emerging markets. Mrs Broers is a qualified chartered accountant.

Jonathan Groocock, who has been involved in the running of UEM since February 2011. Mr Groocock is focused on the utilities sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team Mr Groocock had nine years of experience in sell side equity research, covering telecoms stocks at Investec. Mr Groocock qualified as a CFA charterholder in 2005.

Mark Lebbell, who has been involved in the running of UEM since its inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is focused on the communications sector worldwide with particular emphasis on emerging markets. Mr Lebbell is an associate member of the Institute of Engineering and Technology.

Company Secretary - ICM Limited

Alastair Moreton, a chartered accountant, joined the team in 2017 to provide company secretarial services to the Company and UIL Limited. He has over thirty years' experience in corporate finance with Samuel Montagu, HSBC, Arbuthnot Securities and, prior to joining ICM, Stockdale Securities, where he was responsible for the company's closed end fund corporate clients.

DIRECTORS

John Rennocks (Chairman)*, appointed in November 2015 and elected Chairman in September 2016, has broad experience in conventional and renewable electricity generation and in biotechnology, support services and manufacturing, having previously served as deputy chairman and senior independent director of Inmarsat plc and as finance director of a number of public limited companies (including Smith and Nephew plc, PowerGen plc, British Steel plc and Corus Group plc) and as a non-executive chairman or director of several companies, including Foreign & Colonial Investment Trust plc and JP Morgan Overseas Investment Trust plc. He is currently chairman of Bluefield Solar Income Fund Limited and AFC Energy PLC. He is a Fellow of the Institute of Chartered Accountants of England and Wales.

Susan Hansen, appointed in September 2013, is a chartered accountant and MBA graduate and has worked in financial services since 1980. She has previous experience in chartered accountancy and investment banking and is a director of Homeloans Limited, a non-bank lending company listed on the Australian Stock Exchange, as well as the principal of a financial training organisation in New Zealand and a director of Cognitive Education Limited, a registered charity in New Zealand. She is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Garry Madeiros OBE*, appointed in June 2007, was formerly president and chief executive officer of BELCO Holdings Limited (now named Ascendant Group Limited) and Bermuda Electric Light Company Limited. He is currently a director of BF&M Limited and BF&M Life Insurance Company. He is a chartered accountant, Chairman of the Company's Audit Committee and he has served on a number of corporate, education, community and Bermudian Government boards. He is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Garth Milne (Deputy Chairman)*, re-appointed in November 2014, has been involved in the investment company sector for over 40 years. He is chairman of the Company's Remuneration Committee. He is a director of Invesco Perpetual UK Smaller Companies Investment Trust plc.

Anthony Muh*, appointed in October 2010, is an investment professional with more than 30 years' experience in the investment management industry. He is a Partner and executive director of H.R.L. Morrison & Co, chairman of JIDA Capital Partners Limited, a China focused sustainable infrastructure investment management company and a director of a number of its subsidiary companies in China. He previously headed up the Asia Pacific operations of Alliance Trust PLC and for over 10 years was the Asia Pacific chief investment officer at Citigroup and Salomon Brothers Asset Management. He is past Chairman and a Fellow of the Hong Kong Securities Institute and a member of the Asia Advisory Board at Euromoney Institutional Investor Plc. Anthony is the current Vice Chairman and council member of the Asia Corporate Governance Association, a regional body working closely with regulators and stakeholders to improve governance standards across the region.

None of the Directors have shared directorships with other Directors.

*Independent director and member of the Audit Committee (except for the Chairman) and Management Engagement Committee
All the Directors are members of the Remuneration Committee

REPORT OF THE DIRECTORS

The Directors submit the Annual Report and Accounts of the Company and Group for the year ended 31 March 2018. The Corporate Governance Statement commencing on page 54, the Report of the Audit Committee on page 61, and the Remuneration Policy and Remuneration Report on page 57, all form part of this Report of the Directors. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R (information to be included in annual report and accounts).

STATEMENT REGARDING ANNUAL REPORT AND ACCOUNTS

The Directors consider that, following advice from the Audit Committee, the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

STATUS OF THE COMPANY

The Company is a Bermuda exempted closed-end investment company with company registration number 36941. During the year ended 31 March 2018, the Company's ordinary shares were admitted to listing on the premium segment of the Official List of the Financial Conduct Authority and were traded on the Main Market of the London Stock Exchange.

In February 2018, UEM announced proposals to re-domicile to the United Kingdom and on 3 April 2018, following completion of a scheme of arrangement pursuant to section 99 of the Bermuda Companies Act, the Company became a wholly owned subsidiary of UEM Trust, a newly incorporated closed ended investment trust established in the United Kingdom. As part of the re-domicile arrangements it intended that all of the Company's investments and other net assets are transferred to UEM Trust, following which it is expected that the Company will be wound up by way of a members' voluntary liquidation. Accordingly, as set out in note 27 to the accounts, the accounts have not been prepared on a going concern basis.

During the year ended 31 March 2018 UEM was a member of the Association of Investment Companies ("AIC") in the UK and UEM Trust is a member of the AIC following completion of the re-domicile of the Company to the United Kingdom.

This Report of the Directors relates to UEM during the year ended 31 March 2018. There were no changes to the Board, corporate governance or investment management arrangements as a result of the re-domicile and, other than JP Morgan Chase Bank NA, London Branch who now acts as administrator, the principal service providers to UEM Trust remain the same. Accordingly references below to the ongoing arrangements should be taken as referring to UEM Trust following completion of the Scheme on 3 April 2018.

The Company holds shares in a segregated account in GERP, an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The segregated account in GERP is classified as a subsidiary of the Company and its financial results are included within the accounts of the Group.

Details of the subsidiary companies are given in note 10 to the accounts.

RESULTS AND DIVIDENDS

Details of the Company's performance in the year to 31 March 2018 are set out on page 4. The results for the year are set out in the attached accounts, which have not been prepared on a going concern basis as disclosed in note 27 to the accounts; details of the dividends declared in respect of this financial year are included in note 8 to the accounts.

The dividends in respect of the year, which total 7.00p, have been declared and paid as four interim dividends in order to maintain quarterly payments (in September, December, March and April) as the Board and its Investment

REPORT OF THE DIRECTORS
(continued)

Managers believe, from discussions with shareholders, that the timely and regular payment of dividends is valued by the Company's shareholders.

THE EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

During the year ended 31 March 2018, the Company was a non-EU Alternative Investment Fund for the purposes of the AIFMD. The Company appointed ICMIM, an English incorporated company which is regulated by the FCA, as its AIFM, with sole responsibility for risk management and ICM and ICMIM jointly to provide portfolio management services.

The AIFMD requires certain information to be made available to investors in Alternative Investment Funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document ("IDD"), which sets out information on UEM Trust's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information, is available on UEM Trust's website at www.uemtrust.co.uk.

The Company also appointed JPMEL as its depositary service provider. JPMEL's responsibilities include general oversight over the issue and cancellation of the Company's shares, the calculation of the NAV, cash monitoring and asset verification and record keeping. JPMEL receives an ad-valorem fee of 2.2bps for its services, subject to a minimum fee of £25,000 per annum, payable monthly in arrears.

Following completion of the Scheme, a revised IDD in relation to UEM Trust was made available on UEM Trust's website.

FUND MANAGEMENT ARRANGEMENTS

The aggregate fees payable by the Company to ICMIM and ICM under the Investment Management Agreement ("IMA") are 0.65% per annum of net assets, payable quarterly in arrears, with such fees apportioned between ICMIM and ICM as agreed by them. ICMIM and ICM may also become entitled to a performance-related fee. Note 3 to the accounts provides detailed information in relation to the management and performance fees.

The IMA may be terminated on not less than six months' notice in writing.

Under the IMA, ICM has been appointed as Company Secretary (the Company Secretary was ICMIM up to 30 June 2017).

The Board continually reviews the policies and performance of the Investment Managers. The Board's philosophy and the Investment Managers' approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. The portfolio's composition and performance are likely, therefore, to be very different, for example, from those of the MSCI Emerging Markets Index. Over the short term, there may be periods of sharp underperformance or outperformance compared with the index. Over the long term, the Board expects the combination of the Company's and Investment Managers' approach to result in a significant degree of outperformance compared with the index. The Board continues to believe that the appointment of ICMIM and ICM on the terms agreed is in the interests of shareholders as a whole.

REGULATORY AND COMPETITIVE ENVIRONMENT

During the year ended 31 March 2018, the Company was obliged to comply with Bermuda law, the Listing Rules of the FCA and International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice ("SORP") for Investment Trust Companies and Venture Capital Trusts issued by the AIC in November 2014 and updated in January 2017 with consequential amendments.

In addition to annual and half-yearly accounts published under these rules, the Company announced NAVs each business day via the London Stock Exchange's Regulatory News Service and provided more detailed statistical information on a monthly basis on its website and to the AIC in order to allow investors and brokers to review its performance. The Company also reported to shareholders on performance against the investment objective, Directors' dealings in the shares of the Company, corporate governance, investment activities and share buybacks.

The accounting policies of the Company are detailed in note 1 to the accounts.

The Company is exempt from taxation, except insofar as it is withheld from income received and charged against capital gains in some jurisdictions. Under Bermuda law, the Company may not distribute income or capital reserves by way of a dividend unless, after distribution of the dividend, the Company is able to pay its liabilities as they become due or the realisable value of the Company's assets would be greater than the aggregate of its liabilities and its issued share capital and share premium account. It is registered with the IRS in the USA under the Foreign Account Tax Compliance Act and as a Bermudan company, provides information to the Bermuda tax authorities under the Common Reporting Standard (see below).

THE COMMON REPORTING STANDARD

Tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") was introduced on 1 January 2016. The legislation requires the Company, as an investment company, to provide personal information on shareholders to the Company's local tax authority in Bermuda. The Bermuda tax authority may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

DIRECTORS

The Company has a Board of five non-executive directors who oversee and monitor the activities of the Investment Managers and other service providers and ensure that the Company's investment policy is adhered to. Details of the Board's responsibilities and the information it relies upon are set out below. The Board is supported by an Audit Committee, a Management Engagement Committee and a Remuneration Committee, which deal with specific aspects of the Company's affairs as summarised on pages 61, 48 and 57 respectively.

The Directors have a range of business, financial and asset management skills, as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 42.

Under the Company's Bye-laws, the number of Directors on the Board shall be not less than two and shall not be subject to a maximum number.

There is no chief executive position within the Company, as day-to-day management of the Company's affairs has been delegated to the Investment Managers.

Chairman

Mr John Rennocks was elected as Chairman of the Board of Directors on 20 September 2016.

Mr Rennocks, a non-executive Director, is also currently chairman of Bluefield Solar Income Fund Limited and AFC Energy PLC. Mr Rennocks is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Board considers Mr Rennocks to be independent as he has no other connection with the Investment Managers.

REPORT OF THE DIRECTORS
(continued)

Deputy Chairman

The nature of an investment company and the relationship between the Board and the Investment Managers are such that it is considered unnecessary to identify a senior independent director. Mr Garth Milne, the Deputy Chairman and the other Directors are available to shareholders if they have concerns which have not been resolved through the normal channels of contact with the Chairman or the Investment Managers, or for which such channels are inappropriate.

BOARD RESPONSIBILITIES

The Board is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Although the Company has appointed ICMIM as its AIFM with responsibility for risk management, in performing its services, ICMIM is subject to the overall policies, supervision, review and control of the Board.

Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Investment Managers and other advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. The Directors are also responsible for the proper conduct of the Company's affairs and for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. In addition, the Directors are responsible for ensuring that the Company's policies and operations are in the best interests of all of its shareholders and that the interests of creditors and suppliers to the Company are properly considered.

The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company.

A formal schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The main responsibilities include setting the Company's objectives, policies and standards, considering any major acquisitions or disposals of portfolio companies (more than 15% of the portfolio), ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy, managing the capital structure, setting long-term objectives and strategy, assessing and managing risk (including supervising and reviewing the performance of ICMIM as the Company's AIFM with responsibility for risk management), reviewing investment performance, monitoring the net borrowing position, approving recommendations made by the Audit Committee, undertaking Board nomination responsibilities and assessing the Investment Managers on an ongoing basis. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding their shares, through the portfolio details given in the annual and half-yearly financial reports, factsheets and NAV disclosures.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense, having first consulted with the Chairman.

SUPPLY OF INFORMATION

To enable the Directors of the Board to fulfil their roles, the Investment Managers ensure that all Directors have timely access to all relevant management, financial and regulatory information.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Board and the Investment Managers have also put arrangements in place to address ongoing training requirements of Directors, which include briefings from the Investment Managers' staff or external advisors and which ensure that Directors can keep up to date with new legislation and changing risks. The Board meets with various specialists of the auditor as required to discuss specific topics.

The Board meets on a regular basis at least four times each year. Additional meetings are arranged as necessary. Regular contact is maintained between the Investment Managers, the Chairman and the other Directors between formal meetings. Board meetings are usually held in countries where the Company holds its investments and the Board will often meet with investee companies and local experts.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Investment Managers on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory changes and industry and other issues. The Board also receives reports from all the Board's standing Committees (Audit, Management Engagement and Remuneration).

BOARD DIVERSITY, APPOINTMENT, RE-ELECTION AND TENURE

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It has regard to board diversity and recognises the value of progressive refreshing of and succession planning for, company boards, which matters are discussed by the Board as a whole at least annually. The Board also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. On the issue of diversity, any new appointment is considered on the basis of the skills and experience that the individual would bring to the Board, regardless of gender.

The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has put in place a policy whereby Directors who have served for nine years or more will be subject to annual re-election.

The Board reviews succession planning at least annually. Appointments of new Directors will be made on a formalised basis with the Chairman agreeing, in conjunction with his colleagues, a job specification and other relevant selection criteria and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken, with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Managers, the company secretary and other appropriate persons. All appointments are subject to subsequent confirmation by shareholders in general meeting.

The Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter.

REPORT OF THE DIRECTORS
(continued)

AUDIT COMMITTEE

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 61 to 64.

MANAGEMENT ENGAGEMENT COMMITTEE

The Board has appointed a Management Engagement Committee, chaired by Mr Rennocks, which operates within written terms of reference clearly setting out its authority and duties.

The Management Engagement Committee is comprised of the independent Directors of the Company and meets at least once a year.

The Investment Managers' performance is considered by the Board at every meeting, with a formal evaluation by the Management Engagement Committee annually. The Board received detailed reports and views from the Investment Managers on investment policy, asset allocation, gearing and risk at each Board meeting in the year ended 31 March 2018, with *ad hoc* market/company updates if there were significant movements in the intervening period.

The Management Engagement Committee also considers the effectiveness of the administration services provided by the Investment Managers and Administrator, including the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements and the performance of other third party service providers. In this regard the Committee assessed the services provided by the Investment Managers, the Administrator and the other service providers to be good.

REMUNERATION COMMITTEE

The composition and activities of the Remuneration Committee are summarised in the Directors' Remuneration Report on pages 57 to 60.

BOARD, COMMITTEE AND DIRECTORS' PERFORMANCE APPRAISAL

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit Committee, the Management Engagement Committee and the Remuneration Committee and individual Directors. The performance of the Board, Audit Committee, Management Engagement Committee and Remuneration Committee and Directors has been assessed during the year in terms of:

- attendance at meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees through the range and diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Investment Managers' recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct performance evaluation through discussions between the Directors, the Chairman and the chairmen of the Committees. This process is conducted by the Chairman reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Deputy Chairman reviews the performance of the Chairman with the other Directors, taking into account the views of the Investment Managers. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The result of this year's performance evaluation process was that the Board, the

Committees of the Board and the Directors individually were assessed to have performed satisfactorily. No follow-up actions were required.

It is not felt appropriate currently to employ the services of, or to incur the additional expense of, an external third party to conduct the evaluation process as an appropriate process is in place; this will, however, be kept under review.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board meets at least quarterly, with additional Board and Committee meetings being held on an *ad hoc* basis to consider particular issues as they arise.

The quorum for any Board meeting is two Directors, however attendance by all Directors at each meeting is strongly encouraged. A committee of the Board is constituted to deal with any matters between scheduled Board meetings. The following table sets out the number of formal Board meetings (excluding Board committee meetings) and other Committee meetings held during the year under review and the number of meetings attended by each Director.

	BOARD	AUDIT COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE	REMUNERATION COMMITTEE
Number of scheduled meetings per annum	5	3	1	1
John Rennocks	5	n/a	1	1
Susan Hansen	5	n/a	n/a	1
Garry Madeiros	5	3	1	1
Garth Milne	5	2/2	n/a	1
Anthony Muh	5	3	1	1

Apart from the meetings detailed above, there were a number of meetings held by committees of the Board to approve the final versions of the interim and annual financial statements, the declaration of quarterly dividends and other *ad hoc* items.

DIRECTORS' REMUNERATION AND SHAREHOLDINGS

The Directors' Remuneration Report, which can be found on page 57, contains information on the remuneration policy and annual remuneration of the Directors of the Company and their share interests in the Company. Shareholders will be asked to approve the Directors' annual report on remuneration on page 58, including the remuneration policy.

DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 59.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. There are no agreements between the Company and its Directors concerning compensation for loss of office.

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Directors have declared any potential conflicts of interest to the Company,

REPORT OF THE DIRECTORS
(continued)

which are reviewed regularly by the Board. The Directors have undertaken to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains Directors' and officers' liability insurance which provides appropriate cover for any legal action brought against its Directors.

SAFE CUSTODY OF ASSETS

During the year ended 31 March 2018, the Company's listed investments were held in safe custody by JPMorgan Chase Bank NA, Jersey, as custodian. Operational matters with the Custodian are carried out on the Company's behalf by ICMIM and the Administrator in accordance with the IMA and the Administration Agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and the location of the securities held.

The Company's unlisted investments were held in safe custody by Bermuda Commercial Bank Limited.

INTERNAL FINANCIAL AND NON-FINANCIAL CONTROLS

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal financial and non-financial controls ("internal controls") to safeguard shareholders' investments and the Company's assets.

The Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Managers, Administrator and Custodians maintain their own systems of internal controls and the Board and the Audit Committee receive regular reports from the Investment Managers and Administrator.

The Board meets regularly, at least four times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 31 March 2018 or subsequently up to the date of this annual financial report.

The Board has reviewed and accepted the Investment Managers' anti-bribery and corruption and "whistleblowing" policies. It has also noted the "whistleblowing" policy of the Administrator.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit committee, which receives regular reports from the Administrator's internal audit department. The Company's Audit Committee has received and reviewed the Statement for the period ended 31 October 2017, together with a report from the Administrator's group audit committee on the effectiveness of the internal controls maintained on behalf of the Company.

COMPANY SECRETARY

The Board has direct access to the advice and services of the company secretary, who is an employee of ICM. The company secretary, with advice from the Company's lawyers and financial advisers, is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The company secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. The company secretary is responsible for advising the Board, through the Chairman, on all governance matters.

ADMINISTRATION

The provision of accounting, dealing and administration services has been delegated to the Administrator. The Administrator provides dealing, financial and general administrative services to the Company for a fee, payable monthly in arrears, of £227,000 per annum (2017: £220,000). The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. In light of the proposed re-domicile of the Company, the Company served notice on the Administrator to terminate this agreement in February 2018.

Annually, the Management Engagement Committee also considers the ongoing administrative requirements of the Company and assesses the services provided.

SHARE CAPITAL

As at 31 March and 14 June 2018 the issued share capital of the Company and the total voting rights were 234,508,636 ordinary shares of 10p each. Following completion of the Scheme of arrangement pursuant to section 99 of the Bermuda Companies Act on 3 April 2018, the Company became a subsidiary of UEM Trust which owns all 234,508,636 ordinary shares. All ordinary shares rank equally for dividends and distributions and carry one vote each. On 31 August 2017 4,069,725 subscription shares, respectively, converted their shares into ordinary shares and on 28 February 2018, the final subscription shares exercise date, 28,865,465 subscription shares were converted into ordinary shares, including those exercised by the final subscription trustee.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares and subscription shares. A total of 9,833,105 ordinary shares and 4,893,092 subscription shares were bought back and cancelled during the year under review.

SUBSTANTIAL SHARE INTERESTS

As at 14 June 2018, UEM Trust had received notification of the following holdings of voting rights:

	NUMBER OF ORDINARY SHARES HELD	% HELD
UIL Limited	38,543,500	16.4
Bank of Montreal clients, including	23,531,693	10.0
Foreign & Colonial Investment Trust plc	14,450,000	6.2
Lazard Asset Management LLC	18,737,825	8.0
Rathbone Investment Management Limited	10,728,364	4.6
Investec Wealth & Investment Limited	10,293,426	4.4

REPORT OF THE DIRECTORS
(continued)

CORPORATE GOVERNANCE, SOCIALLY RESPONSIBLE INVESTMENT AND VOTING POLICY

The Company has developed a policy on corporate governance, socially responsible investment and voting. The Company believes that the interests of its shareholders are served by investing in companies that adopt best practice in corporate governance and social responsibility. Where the Investment Managers become aware that best practice in corporate governance and social responsibility is not followed, the Company and the Investment Managers will encourage changes towards this goal.

As an investment company, environmental policy has limited application. The Investment Managers consider various factors when evaluating potential investments. While a company's policy towards the environment and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Investment Managers do not necessarily decide to, or not to, make an investment on environmental and social grounds alone.

The Company is not within scope of the Modern Slavery Act 2015 (UK) because it has no or insufficient turnover and is therefore not obliged to make a human trafficking statement.

The exercise of voting rights attached to shares held by the Company lies with the Investment Managers. Generally, the Investment Managers will vote in favour of all resolutions at general meetings, unless they see clear investment reasons for doing otherwise. The Board periodically receives a report on instances where the Investment Managers have voted against the recommendation of an investee company's management on any resolution. It also expects to be informed of any sensitive voting issues involving the Company's investments.

The Company is a member of the Asian Corporate Governance Association, which seeks the implementation of effective corporate governance in Asia.

GREENHOUSE GAS EMISSIONS

The Company has no employees or property and it does not combust any fuel or operate any facility. The Company does not purchase electricity, heat, steam or cooling liquid for its own use. Accordingly, the quantifiable amount of carbon dioxide equivalent produced by the Company annually is zero tonnes. All services are outsourced on a fee basis that is independent of any energy expended on its behalf and it is not practical for the Company to attempt to quantify emissions in respect of such proxy energy use.

CONTINUATION OF THE COMPANY

The Company's Bye-laws provide for a continuation vote to be put to shareholders every fifth year. Shareholders approved the continuation of the Company at the AGM held in 2016; the next continuation vote for UEM Trust is due to be put to shareholders at the AGM in 2021 and every fifth AGM thereafter.

TENDER FACILITY

At the Directors' discretion, the Company can operate a tender facility subject to certain limitations. The tender facility is not expected to be made available in circumstances where the annual compound growth rate of the Company's gross assets exceeds 10% or where the Company's performance exceeds the benchmark index by 15% or more in the relevant period. The maximum number of ordinary shares which may be tendered pursuant to the tender facility in any financial year would be limited to 12.5% of the ordinary shares in issue at the commencement of the relevant financial year, with any excess tender requests being scaled back pro-rata.

The tender facility has not been operated to date.

RELATIONS WITH SHAREHOLDERS

The Company welcomes the views of shareholders and places great importance on communication with shareholders.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the calculation and publication, via a Regulatory Information Service, of the net asset value of the Company's ordinary shares and by monthly fact sheets produced by the Investment Managers.

There is a regular dialogue between the Investment Managers and institutional shareholders, including private client wealth managers, to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop an understanding of their issues and concerns. General presentations to institutional shareholders and analysts follow the publication of the annual results. All meetings between the Investment Managers and institutional and other shareholders are reported to the Board. The Chairman and other Directors are available to discuss any concerns with shareholders if required.

Shareholders can visit the UEM Trust's website: www.uemtrust.co.uk in order to access copies of half-yearly and annual financial reports, factsheets and regulatory announcements.

ANNUAL GENERAL MEETING

In light of the Company now being a subsidiary of UEM Trust, the Company will not be holding an AGM this year. Annual General Meetings of UEM Trust are expected to be held in September each year with the first Annual General Meeting expected to be held in the UK, during September 2019.

By order of the Board
ICM Limited, Secretary
14 June 2018

CORPORATE GOVERNANCE

THE COMPANY'S GOVERNANCE NETWORK

Responsibility for good governance lies with the Board. The Board is committed to maintaining high standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs.

The governance framework of the Company reflects the fact that as an investment company it has no full-time employees and outsources investment management and company secretarial services to the Investment Managers and administration to the Administrator and other external service providers.

THE BOARD

Five non-executive directors (NEDs)

Chairman: John Rennocks

Key Objectives:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

AUDIT COMMITTEE

All independent NEDs, with the exception of Mr Rennocks

Chairman: Garry Madeiros

Key Objective:

- to oversee the financial reporting and control environment.

MANAGEMENT ENGAGEMENT COMMITTEE

All independent NEDs

Chairman: John Rennocks

Key Objectives:

- to review the performance of the Investment Managers and the Administrator; and
- to review the performance of other service providers.

NOMINATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objectives:

- to regularly review the Board's structure and composition; and
- to consider any new appointments.

REMUNERATION COMMITTEE

All NEDs

Chairman: Garth Milne

Key Objective:

- to set the remuneration policy of the Company.

INTRODUCTION

During the year ended 31 March 2018, as a Bermuda incorporated company with a premium listing on the Official List, the Company was required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

In February 2018, UEM announced proposals to re-domicile to the United Kingdom and on 3 April 2018, following completion of a scheme of arrangement pursuant to section 99 of the Bermuda Companies Act, the Company became a wholly owned subsidiary of UEM Trust, a newly incorporated closed ended investment trust established in the United Kingdom. This Corporate Governance Statement relates to UEM during the year ended 31 March 2018. There were no changes to the Board as a result of the re-domicile and, other than JP Morgan Chase Bank NA, London Branch who now acts as administrator, the principal service providers to UEM Trust remain the same. Accordingly references below to the ongoing arrangements should be taken as referring to UEM Trust following completion of the Scheme on 3 April 2018.

COMPLIANCE WITH THE AIC CODE

During the year ended 31 March 2018, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- nomination of a senior independent director

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

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to its Investment Managers and Administrator, whose controls are monitored by the Board and which include audit and risk assessment. It is therefore felt that there is no need for the Company to have its own internal audit function. However, this is reviewed annually by the Audit Committee. Action will be taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of the internal control system.

In view of the requirement of the Bye-laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the AIC Code. In addition, the Board has considered provision B.7.1 in the UK Corporate Governance Code issued by the Financial Reporting Council published in September 2014 recommending that all directors of FTSE 350 companies should be subject to annual re-election. The Board believes that the current election system, with each Director being re-elected to the Board at least every three years or re-elected annually if they have served more than nine years or are "non-independent", is sufficient, as there could be risks in respect of continuity and stability on the Board with annual re-elections.

CORPORATE GOVERNANCE
(continued)

Details of the Group's twenty largest investments are published monthly and in this report; a full list of investments is not published.

Information on how the Company has applied the principles of the AIC Code and the UK Corporate Governance Code is provided in the Report of the Directors' as follows:

- The composition and operation of the Board and its Committees is summarised on pages 45, 48 and 57 and pages 61 to 64 in respect of the Audit Committee.
- The Company's approach to risk management and internal control is summarised on pages 37 to 38 and 50.
- The contractual arrangements with, and assessment of, the Investment Managers are summarised on page 44.
- The Company's capital structure and voting rights are summarised on page 51. The substantial shareholders in the Company are listed on page 51.

Details of how the Company communicates with its shareholders are included in the Report of the Directors, under "Relations with Shareholders" on page 53.

By order of the Board
ICM Limited
Company Secretary
14 June 2018

DIRECTORS' REMUNERATION REPORT
for the year ended 31 March 2018

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company. Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 March 2018 are shown below. There were no changes to the policy during the year.

In February 2018, UEM announced proposals to re-domicile to the United Kingdom and on 3 April 2018, following completion of a scheme of arrangement pursuant to section 99 of the Bermuda Companies Act, the Company became a wholly owned subsidiary of UEM Trust, a newly incorporated closed ended investment trust established in the United Kingdom. This Directors' Remuneration Report relates to UEM during the year ended 31 March 2018. There were no changes to the Board as a result of the re-domicile and, accordingly, references below to the ongoing arrangements should be taken as referring to UEM Trust following completion of the Scheme on 3 April 2018.

Under company law, the auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's report is contained on pages 66 to 69.

REMUNERATION COMMITTEE

The Company's Remuneration Committee is comprised of the whole Board and is chaired by Mr Milne. It operates within written terms of reference setting out its authority and duties.

The Remuneration Committee is responsible for reviewing and making recommendations to the Board in respect of the fees of Directors.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out below. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience.

DIRECTORS' REMUNERATION POLICY

The Board, on the recommendation of its Remuneration Committee, considers the level of the Directors fees at least annually. The Board determines the level of Directors' fees within the limit currently set by the Company's Bye-laws, which limit the aggregate fees payable to the Board of Directors to a total of £250,000 per annum.

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Directors and the chairman of the Audit Committee are taken into account. The policy aims to be fair and reasonable in relation to comparable investment companies.

The fees are fixed and the monetary amount is used to purchase ordinary shares in the Company on behalf of the Chairman and other Directors, quarterly in arrears. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at Board and general meetings and Committee meetings. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors are provided with a letter of appointment when they join the Board. There is no provision for compensation upon early termination of appointment. The letters of appointment are available on request at the Company's registered office during business hours.

DIRECTORS' REMUNERATION REPORT
(continued)

The Directors' Remuneration Policy was last approved by shareholders at the Company's AGM in September 2017 when over 99% of the votes cast were in favour of the resolution and less than 1% were against.

The Directors' Remuneration Report was approved by shareholders at the Company's AGM in September 2017. Over 99% of the votes cast were in favour of the resolution and less than 1% were against. The Board has not received any views from shareholders in respect of the levels of Directors' remuneration.

The Board reviews the fees payable to the Chairman and Directors annually. The fees payable to the Chairman and Directors were reviewed and increased with effect from 1 April 2017, such that the Directors received fees of £32,500 per annum, the chairman of the Audit Committee received £41,000 and the Chairman of the Board received £44,000. The review in respect 2018/2019 has resulted in the fees, to be paid by UEM Trust, being increased with effect from 1 April 2018 as detailed in the table below.

ANNUAL FEE	2019 £'000s	2018* £'000s	2017* £'000s
Chairman	45.0	44.0	43.0
Directors	33.3	32.5	31.8
Chairman of Audit Committee	42.0	41.0	40.0

*Actual

Based on the levels of fees effective from 1 April 2018, Directors remuneration to be paid by UEM Trust, for the year ending 31 March 2019 would be as follows:

YEAR ENDING	2019 £'000s
John Rennocks (Chairman)	45.0
Susan Hansen	33.3
Garry Madeiros (Chairman of Audit Committee)	42.0
Garth Milne	33.3
Anthony Muh	33.3
Total	186.9

DIRECTORS' ANNUAL REPORT ON REMUNERATION

During the year ended 31 March 2018, the Chairman received a fee equivalent to £44,000, the chairman of the Audit Committee received £41,000 per annum and the remaining Directors received £32,500 per annum.

The amounts paid to each Director are set out in the table below, which has been audited. These fees were for services to the Company solely in the capacity of non-executive Directors and have no performance related element.

REMUNERATION FOR QUALIFYING SERVICES TO THE COMPANY

DIRECTOR	SHARES PURCHASED[(1)]	2018 ENTITLEMENT £'000s[(2)]	SHARES PURCHASED[(1)]	2017 ENTITLEMENT £'000s[(2)]
John Rennocks (Chairman)[(3)]	19,662	44.0	18,482	37.8
Susan Hansen	14,505	32.5	15,564	31.8
Garry Madeiros[(4)]	18,320	41.0	19,604	40.0
Garth Milne	14,505	32.5	15,564	31.8
Anthony Muh	14,505	32.5	15,564	31.8
Alexander Zagoreos[(5)]	–	–	10,138	20.4
Totals	81,497	182.5	94,916	193.6

(1) All the shares were purchased in the market, as set out in note 1(j) on page 78
(2) The Directors' entitlement to fees is calculated in arrears
(3) Appointed as a Director on 16 November 2015 and became Chairman on 20 September 2016
(4) Mr Madeiros' fee includes entitlement of £8,200 (2016, £8,000) for being Chairman of the Audit Committee
(5) Resigned 20 September 2016

DIRECTORS' INTERESTS AND INDEMNIFICATION

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year.

The Company has insurance in place which indemnifies the Directors against certain liabilities arising in carrying out their duties.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

DIRECTORS' BENEFICIAL SHARE INTERESTS

AT 31 MARCH	2018 ORDINARY SHARES	2018 SUBSCRIPTION SHARES	2017 ORDINARY SHARES	2017 SUBSCRIPTION SHARES
John Rennocks	124,824	–	60,220	40,000
Susan Hansen	77,198	–	53,483	5,562
Garry Madeiros	206,365	–	158,265	25,185
Garth Milne	777,684	–	637,222	122,309
Anthony Muh	151,209	–	112,846	16,406

No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated above.

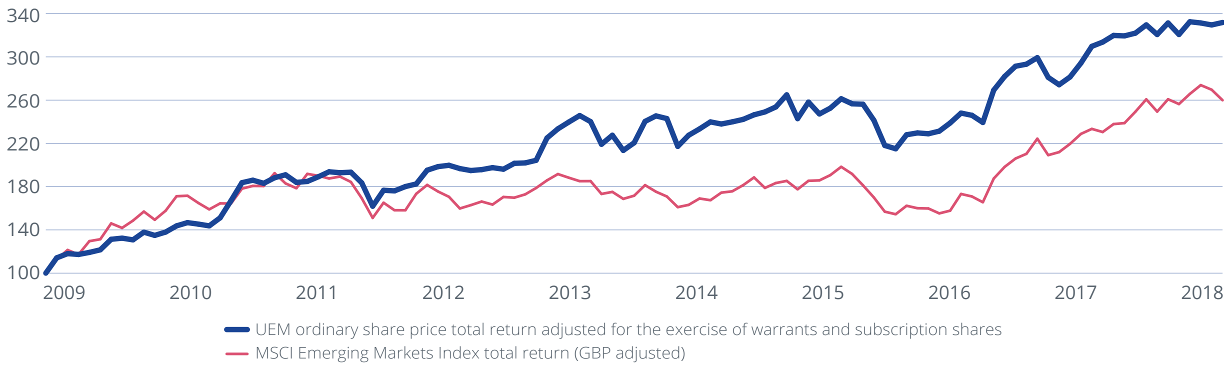
COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Managers pursuant to the IMA, as referred to in the Report of the Directors' on page 44. The graph on page 60 compares, for the nine years ended 31 March

DIRECTORS' REMUNERATION REPORT
(continued)

2018, the share price total return (assuming all dividends are reinvested and adjusted for the exercise of warrants and subscription shares) to ordinary shareholders compared to the MSCI Emerging Markets Index total return (GBP adjusted). An explanation of the performance of the Company for the year ended 31 March 2018 is given in the Chairman's Statement and Investment Managers' Report.

SHARE PRICE TOTAL RETURN
from March 2009 to March 2018 (rebased to 100 at 31 March 2009)



Source: ICM

The MSCI Emerging Markets Index (total return) is shown because the objective of the Company is to provide long-term total return through investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table compares the remuneration paid to the Directors with aggregate distributions to shareholders in the year to 31 March 2018 and the prior year. This disclosure is a statutory requirement; however, the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

	2018 £'000s	2017 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	183	194	(11)
Aggregate shareholder distributions paid	14,582	13,906	676

On behalf of the Board

John Rennocks
Chairman
14 June 2018

AUDIT COMMITTEE REPORT

As Chairman of the Audit Committee, I am pleased to present the Committee's report to shareholders for the year ended 31 March 2018.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Audit Committee meets at least three times a year. Two of the planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Investment Managers and Administrator on their internal controls. Representatives of the Investment Managers and the Administrator attend all meetings.

COMPOSITION

The Audit Committee is composed of the independent Directors of the Company, except John Rennocks, the Chairman of the Company. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit Committee included:

- regular review of the portfolio, particularly the unlisted investments;
- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report;
- considering the basis of accounting and as set out in note 27 to the accounts, the financial statements have been prepared on a non-going concern basis;
- considering the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders;
- evaluation of reports received from the auditor with respect to the annual financial statements and its review of the half-yearly report;
- management of the relationship with the external auditor, including its appointment and the evaluation of scope, effectiveness, independence and objectivity of its audit and non-audit services;
- evaluation of the effectiveness of the internal control and risk management systems including reports received on the operational controls of the Company's service providers and reports from the Company's depositary;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements; and
- review of AAF and SSAE 16 reports or their equivalent from the Administrator and the Custodians.

AUDITOR AND AUDIT TENURE

KPMG LLP ("KPMG") has been the auditor of the Company since 2012, following a competitive tender process. The audit partner is Jonathan Martin. The Audit Committee has considered the independence of the auditor and the objectivity

AUDIT COMMITTEE REPORT
(continued)

of the audit process and is satisfied that KPMG has fulfilled its obligations to shareholders as independent auditor to the Company.

It is the Company's policy not to seek substantial non-audit services from its auditor, unless they relate to a review of the interim report or reporting on financial information in circulars or prospectuses, as the Board considers the auditor is best placed to provide these services. If the provision of significant non-audit services were to be considered, the Committee would consider whether the particular skills of the audit firm made it a suitable supplier of those services and that there was no threat to the objectivity and independence of the audit. Non-audit fees paid to KPMG amounted to £6,000 for the year ended 31 March 2018 (2017: £4,000) and related to the review of the half-yearly accounts; more details are included in note 4 to the accounts.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit Committee and subsequently reported on the nature, scope and results of their audit at the meeting when the draft annual financial report was considered. Representatives of the Administrator's investment trust and business risk departments also attended the Audit Committee meetings at which the half yearly and annual financial reports were considered in order to inform the Committee on internal control, risk and regulatory matters that might have a bearing on the Company's business.

Members of the Audit Committee meet *in camera* with the external auditor at least annually.

The audit plan and timetable were presented by and agreed with KPMG in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. KPMG reported to the Audit Committee on these items, their independence and other matters. This report was considered by the Audit Committee and discussed with KPMG and the Investment Managers prior to approval of the annual financial report.

ACCOUNTING MATTERS AND SIGNIFICANT AREAS

The Audit Committee considered the appropriateness of the accounting policies at the meeting when it reviewed the annual financial statements and agreed with KPMG when discussing the audit plan the more significant accounting matters in relation to the Company's annual financial statements. For the year end the accounting matters that were subject to specific consideration by the Audit Committee and consultation with KPMG where necessary were as follows:

SIGNIFICANT AREA	HOW ADDRESSED
Carrying value of the listed investments	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. The Audit Committee regularly reviews the portfolio. The Audit Committee reviews the annual internal control report produced by the Administrator, which is reported on by independent external accountants and which details the systems, processes and controls around the daily pricing of the securities. KPMG independently tests the pricing of the listed investments.
Value of the unlisted investments	Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in note 1(d) to the accounts, and all such valuations are carefully reviewed by the Audit Committee with the Investment Managers. The Audit Committee receives detailed information on all the unlisted investments and it discusses and challenges the valuations with the Investment Managers. It considers market comparables and discusses any proposed revaluations with the Investment Managers. The Audit Committee checks with KPMG that it has reviewed and tested the proposed valuations for reasonability.

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Managers, the Administrator and KPMG. As a result, and following a thorough review process, the Audit Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year to 31 March 2018 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Audit Committee has assumed that the reader of the report would have a reasonable level of knowledge of the investment company industry.

EXTERNAL AUDIT, REVIEW OF ITS EFFECTIVENESS AND AUDITOR REAPPOINTMENT

The Audit Committee advises the Board on the appointment of the external auditor, its remuneration for audit and non-audit work and its cost effectiveness, independence and objectivity.

As part of the review of the effectiveness of the audit process, a formal evaluation process incorporating views from the members of the Audit Committee and relevant personnel at the Investment Managers and Administrator is followed and feedback is provided to KPMG. Areas covered by this review include:

- the calibre of the audit firm, including reputation and industry presence;
- the extent of quality controls including review processes, second director oversight and annual reports from its regulator;
- the performance of the audit team, including skills of individuals, specialist knowledge, partner involvement, team member continuity and quality and timeliness of audit planning and execution;
- audit communication including planning, relevant accounting and regulatory developments, approach to significant accounting risks, communication of audit results and recommendations on corporate reporting;
- ethical standards including independence and integrity of the audit team, lines of communication to the Committee and partner rotation; and
- reasonableness of the audit fees.

For the 2018 financial year, the Audit Committee is satisfied that the audit process was effective.

AUDIT INFORMATION

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the UK Companies Act 2006.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Company's risk assessment focus and the way in which significant risks are managed is a key area of focus for the Audit Committee. Work here was driven by the Audit Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Managers, the Administrator and other service providers. These are recorded in risk matrices produced by ICMIM, as the Company's AIFM with responsibility for risk management, which continue to serve as an effective tool to highlight and monitor the principal risks, details of which are provided in the Strategic Report and Business Review. It also received and considered, together with representatives of the Investment Managers, reports in relation to the operational controls of the Investment Managers, Administrator, Custodians and share registrar. These reviews identified no issues of significance.

AUDIT COMMITTEE REPORT
(continued)

INTERNAL AUDIT

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function. The Committee and the Board have concluded that there is no current need for such a function, based on the satisfactory operation of controls within the Company's service providers.

COMMITTEE EVALUATION

The Audit Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under "Board, Committee and Directors' performance appraisal" on page 48.

Garry Madeiros
Chairman of the Audit Committee
14 June 2018

DIRECTORS' STATEMENT OF RESPONSIBILITIES
in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable law and regulations. The Group financial statements are required to be prepared in accordance with IFRSs as adopted by the EU and applicable law and the Directors have elected to prepare the Company financial statements on the same basis. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 1 to the financial statements, the Director's do not believe that it is appropriate to prepare the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Bermuda Companies Act (1981). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement that complies with that law and those regulations. The Directors have additionally elected to prepare a Directors' Remuneration Report as if the Group were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the annual report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 14 June 2018 and signed on its behalf by:

John Rennocks
Chairman

ELECTRONIC PUBLICATION

The annual report and accounts are published on UEM Trust's website, www.uemtrust.co.uk, the maintenance and integrity of which is the responsibility of ICMIM. The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and accordingly, the auditor accepts no responsibility for any changes that have occurred in the financial statements since they were originally presented on the website. Visitors to the website need to be aware that the legislation governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Independent auditor's report

to the members of Utilico Emerging Markets Limited

1. Our opinion is unmodified

We have audited the financial statements of Utilico Emerging Markets Limited ("the Company") for the year ended 31 March 2018 which comprise the Group and Company Income Statements, Group and Company Statement of Changes in Equity, Balance Sheets and Statements of Cash Flow and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's and parent Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Overview		
Materiality: group financial statements as a whole	£5.9m (2017:£5.9m) 1% (2018: 1%) of total assets	
Risks of material misstatement		**vs 2017**
Recurring risks	Valuation of listed investments	◀▶
	Valuation of unlisted investments	◀▶

3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance for both the parent company and group, were as follows (unchanged from 2017):

	The risk	Our response
Valuation of listed investments (£555.8 million; 2017: £552.4million) *Refer to page 61 (Audit Committee Report), page 77 (accounting policy) and pages 83 to 85 (financial disclosures).*	**Low risk, high value:** The company's portfolio of quoted investments makes up 94.3% of the group's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Control design:** Documenting and assessing the design and implementation of the investment valuation processes and controls; — **Pricing:** Agreeing the pricing of 100% of the listed investments in the portfolio to third party pricing sources; and — **Custodian confirmations:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.
Valuation of unlisted investments (£24.1 million; 2017: £19.9 million) *Refer to page 61 (Audit Committee Report), page 77 (accounting policy) and pages 83 to 85 (financial disclosures).*	**Subjective valuation:** 4.1% of the group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments.	— Our procedures included: — **Control design:** Documenting and assessing the design and implementation of the investment valuation processes and controls; — **Control observation:** Attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; — **Historical comparisons:** Assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations; — **Methodology choice**: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected; — **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation.

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3. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Valuation of unlisted investments (cont.) (£24.1 million; 2017: £19.9 million) *Refer to page 61 (Audit Committee Report), page 77 (accounting policy) and pages 83 to 85 (financial disclosures).*	**Subjective valuation (cont.):** 4.1% of the group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments.	— Our procedures included (cont.): — **Our valuations experience**: Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report; — **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

4. Our application of materiality and an overview of the scope of our audit

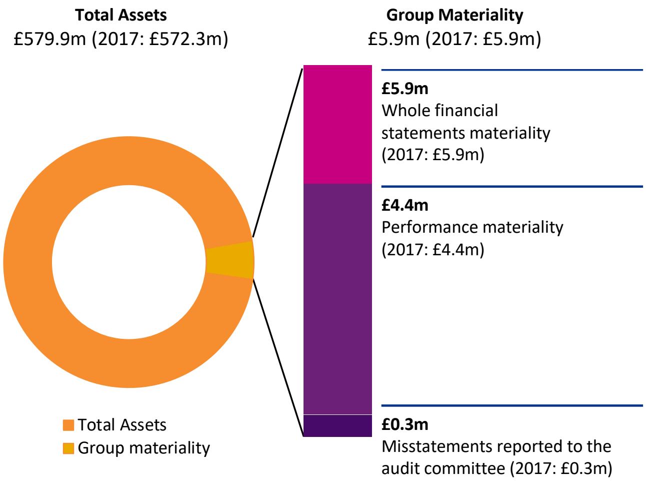
Materiality for the group's financial statements as a whole was set at £5.9 million (2017: £5.9 million), determined with reference to a benchmark of total assets, of which it represents 1% (2017: 1%).

In addition, we applied materiality of £1.5 million (2017: £0.9 million) to management and administration fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the group's members' assessment of the financial performance of the group.

Materiality for the parent company financial statements as a whole was set at £5.9 million (2017: 4.6 million).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.3 million (2017: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above at our offices in London, United Kingdom.



5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' remuneration report

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the company.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Strategic Report on page 37 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

— the directors' explanation within the Strategic Report on page 39 of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

6. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 65, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

7. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 90(20) of the Companies Act 1981 of Bermuda and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Martin

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

14 June 2018

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GROUP INCOME STATEMENT

Notes	for the year to 31 March	2018 Revenue return £'000s	2018 Capital return £'000s	2018 Total return £'000s	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s
9	Gains on investments	–	19,082	19,082	–	114,638	114,638
12	Losses on derivative instruments	–	(2,300)	(2,300)	–	(6,411)	(6,411)
	Foreign exchange (losses)/gains	(64)	(1,149)	(1,213)	449	1,058	1,507
2	Investment and other income	24,866	–	24,866	20,153	–	20,153
	Total income	24,802	15,633	40,435	20,602	109,285	129,887
3	Management and administration fees	(1,382)	(2,101)	(3,483)	(1,234)	(11,374)	(12,608)
4	Other expenses	(1,801)	(425)	(2,226)	(1,701)	(22)	(1,723)
	Profit before finance costs and taxation	21,619	13,107	34,726	17,667	97,889	115,556
5	Finance costs	(228)	(532)	(760)	(195)	(454)	(649)
	Profit before taxation	21,391	12,575	33,966	17,472	97,435	114,907
6	Taxation	(1,442)	(2,565)	(4,007)	(935)	(3,188)	(4,123)
	Profit for the year	19,949	10,010	29,959	16,537	94,247	110,784
7	**Earnings per ordinary share (basic) – pence**	9.27	4.66	13.93	7.80	44.46	52.26
7	**Earnings per ordinary share (diluted) – pence**	9.04	4.53	13.57	7.70	43.90	51.60

The total column of this statement represents the Group's Income Statement and the Group's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies ("AIC") in the UK.

The Group does not have any income or expense that is not included in the profit for the year and therefore the profit for the year is also the total comprehensive income for the year, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests.

COMPANY INCOME STATEMENT

Notes	for the year to 31 March	2018 Revenue return £'000s	2018 Capital return £'000s	2018 Total return £'000s	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s
9	Gains on investments	–	16,047	16,047	–	107,848	107,848
12	Gains on derivative instruments	–	1,053	1,053	–	239	239
	Foreign exchange gains/(losses)	2	(345)	(343)	320	737	1,057
2	Investment and other income	23,472	–	23,472	20,619	–	20,619
	Total income	23,474	16,755	40,229	20,939	108,824	129,763
3	Management and administration fees	(1,349)	(2,101)	(3,450)	(1,201)	(11,374)	(12,575)
4	Other expenses	(1,704)	(425)	(2,129)	(1,610)	(22)	(1,632)
	Profit before finance costs and taxation	20,421	14,229	34,650	18,128	97,428	115,556
5	Finance costs	(228)	(532)	(760)	(195)	(454)	(649)
	Profit before taxation	20,193	13,697	33,890	17,933	96,974	114,907
6	Taxation	(1,366)	(2,565)	(3,931)	(935)	(3,188)	(4,123)
	Profit for the year	18,827	11,132	29,959	16,998	93,786	110,784
7	**Earnings per ordinary share (basic) – pence**	8.75	5.18	13.93	8.02	44.24	52.26
7	**Earnings per ordinary share (diluted) – pence**	8.53	5.04	13.57	7.92	43.68	51.60

The total column of this statement represents the Company's Income Statement and the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the AIC in the UK.

The Company does not have any income or expense that is not included in the profit for the year and therefore the profit for the year is also the total comprehensive income for the year, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2018

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2017	**21,141**	**915**	**203,169**	**11,093**	**282,675**	**13,168**	**532,161**
	Profit for the year	**–**	**–**	**–**	**–**	**10,010**	**19,949**	**29,959**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(18,803)**	**(18,803)**
17	Shares issued on exercise of subscription share rights	**3,293**	**56,963**	**–**	**–**	**–**	**–**	**60,256**
17	Shares purchased by the Company	**(983)**	**(22,829)**	**–**	**–**	**–**	**–**	**(23,812)**
	Balance at 31 March 2018	**23,451**	**35,049**	**203,169**	**11,093**	**292,685**	**14,314**	**579,761**

for the year to 31 March 2017

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2016	21,146	771	204,587	11,093	188,428	10,537	436,562
	Profit for the year	–	–	–	–	94,247	16,537	110,784
8	Ordinary dividends paid	–	–	–	–	–	(13,906)	(13,906)
17	Shares issued on exercise of subscription share rights	478	8,265	–	–	–	–	8,743
17	Shares purchased by the Company	(483)	(8,121)	(1,418)	–	–	–	(10,022)
	Balance at 31 March 2017	21,141	915	203,169	11,093	282,675	13,168	532,161

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2018

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2017	**21,141**	**915**	**203,169**	**11,093**	**282,487**	**13,356**	**532,161**
	Profit for the year	**–**	**–**	**–**	**–**	**11,132**	**18,827**	**29,959**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(18,803)**	**(18,803)**
17	Shares issued on exercise of subscription share rights	**3,293**	**56,963**	**–**	**–**	**–**	**–**	**60,256**
17	Shares purchased by the Company	**(983)**	**(22,829)**	**–**	**–**	**–**	**–**	**(23,812)**
	Balance at 31 March 2018	**23,451**	**35,049**	**203,169**	**11,093**	**293,619**	**13,380**	**579,761**

for the year to 31 March 2017

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2016	21,146	771	204,587	11,093	188,701	10,264	436,562
	Profit for the year	–	–	–	–	93,786	16,998	110,784
8	Ordinary dividends paid	–	–	–	–	–	(13,906)	(13,906)
17	Shares issued on exercise of subscription share rights	478	8,265	–	–	–	–	8,743
17	Shares purchased by the Company	(483)	(8,121)	(1,418)	–	–	–	(10,022)
	Balance at 31 March 2017	21,141	915	203,169	11,093	282,487	13,356	532,161

BALANCE SHEETS

Notes	at 31 March	GROUP 2018 £'000s	GROUP 2017 £'000s	COMPANY 2018 £'000s	COMPANY 2017 £'000s
	Non-current assets				
9	Investments	**–**	572,264	**–**	579,471
	Current assets				
9	Investments	**579,884**	–	**581,155**	–
11	Other receivables	**1,601**	1,966	**1,532**	1,715
12	Derivative financial instruments	**–**	3,170	**–**	633
	Cash and cash equivalents	**8,071**	15,336	**6,841**	10,785
		589,556	20,472	**589,528**	13,133
	Current liabilities				
13	Other payables	**(5,932)**	(10,504)	**(5,904)**	(10,482)
12	Derivative financial instruments	**–**	(110)	**–**	–
14	Deferred tax	**(3,863)**	–	**(3,863)**	–
		(9,795)	(10,614)	**(9,767)**	(10,482)
	Net current assets	**579,761**	9,858	**579,761**	2,651
	Total assets less current liabilities	**579,761**	582,122	**579,761**	582,122
	Non-current liabilities				
15	Bank loans	**–**	(46,816)	**–**	(46,816)
14	Deferred tax	**–**	(3,145)	**–**	(3,145)
	Net assets	**579,761**	532,161	**579,761**	532,161
	Equity attributable to equity holders				
17	Share capital	**23,451**	21,141	**23,451**	21,141
18	Share premium account	**35,049**	915	**35,049**	915
19	Special reserve	**203,169**	203,169	**203,169**	203,169
20	Other non-distributable reserve	**11,093**	11,093	**11,093**	11,093
21	Capital reserves	**292,685**	282,675	**293,619**	282,487
21	Revenue reserve	**14,314**	13,168	**13,380**	13,356
	Total attributable to equity holders	**579,761**	532,161	**579,761**	532,161
22	**Net asset value per ordinary share**				
	Basic – pence	**247.22**	251.72	**247.22**	251.72
	Diluted – pence	**n/a**	241.29	**n/a**	241.29

n/a = not applicable

Approved by the Board on 14 June 2018 and signed on its behalf by

John Rennocks
Chairman

Garry Madeiros
Director

STATEMENTS OF CASH FLOWS

Notes	for the year to 31 March	GROUP 2018 £'000s	GROUP 2017 £'000s	COMPANY 2018 £'000s	COMPANY 2017 £'000s
23	Cash flows from operating activities	**5,766**	12,487	**4,404**	13,321
	Investing activities:				
	Purchases of investments	**(186,991)**	(159,338)	**(182,163)**	(165,550)
	Sales of investments	**199,328**	141,232	**197,350**	137,748
	Purchases of derivatives	**(926)**	(9,014)	**–**	(394)
	Settlement of derivatives	**1,686**	2,879	**1,686**	–
	Cash flows from investing activities	**13,097**	(24,241)	**16,873**	(28,196)
	Cash flows before financing activities	**18,863**	(11,754)	**21,277**	(14,875)
	Financing activities:				
	Ordinary dividends paid	**(14,582)**	(13,906)	**(14,582)**	(13,906)
24	Movements from loans	**(46,162)**	26,858	**(46,162)**	26,858
	Proceeds from issue of shares	**60,256**	8,743	**60,256**	8,743
	Cost of ordinary shares purchased	**(23,812)**	(10,022)	**(23,812)**	(10,022)
	Cash flows from financing activities	**(24,300)**	11,673	**(24,300)**	11,673
	Net movement in cash and cash equivalents	**(5,437)**	(81)	**(3,023)**	(3,202)
	Cash and cash equivalents at the beginning of the year	**15,336**	12,609	**10,785**	11,629
	Effect of movement in foreign exchange	**(1,904)**	2,808	**(997)**	2,358
	Cash and cash equivalents at the end of the year	**7,995**	15,336	**6,765**	10,785
	Comprised of:				
	Cash	**8,071**	15,336	**6,841**	10,785
	Bank overdraft	**(76)**	–	**(76)**	–
		7,995	15,336	**6,765**	10,785

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda and traded on the London Stock Exchange.

The consolidated accounts for the year ended 31 March 2018 comprise the results of the Company and its subsidiaries, Utilico Emerging Markets (Mauritius), UEM (HK) Limited and Global Equity Risk Protection Limited ("GERP"), together referred to as the "Group" (for the year ended 31 March 2017 the group Accounts comprised of the results of the Company and its subsidiaries, Utilico Emerging Markets (Mauritius) and GERP). Details of Utilico Emerging Markets (Mauritius), UEM (HK) Limited and GERP are included in note 10 to the accounts. GERP has a reporting year end of 30 June which is non-concurrent with that of UEM. GERP's financial results included within the consolidated accounts are those for the year to 31 March 2018.

In April 2018, the Company and its subsidiaries were subject to a Scheme to re-domicile in the UK, see note 26.

(a) Basis of accounting

The accounts have been prepared on a non-going concern basis (see note 27). As the accounts are prepared on a non-going concern basis all assets and liabilities have been classified as current assets and liabilities at 31 March 2018.

The Directors consider that the proposed winding up of the Company has no material impact on the valuation of the Company's investments or other assets and liabilities and therefore the assets are measured in the Balance Sheet at fair value and liabilities are measured at amounts expected to be paid.

Costs associated directly with the winding up of the Company are considered not to be material and no provision has been made in these accounts.

In accordance with IFRS, which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect and to the extent that they have been adopted by the European Union.

The accounts have been prepared on a historical cost basis, except for the measurement at fair value of investments and derivative financial instruments.

The Board has determined by having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, that Sterling is the functional and reporting currency.

Where presentational recommendations set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the AIC in November 2014 and updated in February 2018, do not conflict with the requirements of IFRS, the Directors have prepared the accounts on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated in the United Kingdom.

In accordance with the SORP, the Income Statement has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(h) and 1(i) below). Net revenue returns are allocated via the revenue return to the Revenue Reserve.

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments, derivative instruments and on cash and borrowings, operating costs and finance costs (insofar as they are not allocated to revenue as described in note 1(i) below). Net capital returns are allocated via the capital return to Capital Reserves.

Dividends on ordinary shares may be paid out of Revenue Reserve and Capital Reserves.

A number of new accounting standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated accounts. None of these, including IFRS 9 'Financial Instruments'. IFRS 9 'Financial Instruments' regarding the classification and measurement of financial assets, is expected to have a significant effect on the consolidated accounts of the Company. The Company does not plan to adopt IFRS 9 early and the extent of the impact has not been determined.

1. ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. UEM is an investment entity as classified in IFRS 10. Associated undertakings held as part of the investment portfolio (see note 9) are not accounted for in the Group accounts using the equity method of accounting, but are carried at fair value through profit or loss.

(c) Financial instruments

Financial Instruments include fixed asset investments, derivative assets and liabilities and long-term debt instruments. Accounting Standards recognise a hierarchy of fair value measurements for Financial Instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of Instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments and derivatives listed on any recognised stock exchange or quoted on any secondary market.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative financial instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar Instrument. Included in Level 3 are investments in private companies or securities, whether invested in directly or through pooled private equity vehicles.

(d) Valuation of investments and derivative instruments

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments, including holdings in associated undertakings, used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition. Derivatives comprising forward foreign exchange contracts, options and credit default swaps are accounted for as a financial asset/liability at fair value through profit or loss and are classified as held for trading. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy. Gains and losses on investments and on derivatives are analysed within the Income Statement as capital return. Investments and derivatives are valued in accordance with IFRS and International Private Equity and Venture Capital Valuation Guidelines. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board. In exercising their judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

(f) Debt instruments

The Company's debt instruments can include short-term and long-term bank borrowings and overdrafts, initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification.

(g) Foreign currency

Foreign currency assets and liabilities are expressed in Sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Income Statement and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

NOTES TO THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(h) Other income

Dividends receivable are shown gross of withholding tax and are analysed as revenue return within the Income Statement (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital return) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is allocated as revenue in the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend foregone is allocated as capital in the Income Statement. Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis.

(i) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement and analysed under revenue return except as stated below:

– the management fees payable to ICM and ICMIM, research fees and finance costs are allocated 70% to capital return and 30% to revenue return.
– expenses incidental to the acquisition or disposal of Investments are wholly allocated to capital return.
– expenses for restructuring the Company are wholly allocated to capital return.
– performance related management fees (calculated under the terms of the Investment Management Agreement) are wholly allocated to capital return.

(j) Directors' fees

Directors' fees are charged quarterly through the revenue column of the Income Statement. The fee entitlement of each Director is satisfied in ordinary shares of the Company, purchased in the market on behalf of, or issued to, each Director as soon as possible after each quarter end. The number of ordinary shares allocated is determined by dividing the entitlement by the lower of the market value and the Net Asset Value ("NAV") on the date of allocation.

(k) Finance costs

Finance costs are accounted for using the effective interest method, recognised through the Income Statement.

(l) Dividends payable

Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity.

(m) Capital reserves

Capital reserves are distributable reserves. The following items are accounted for through the Income Statement as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

– gains and losses on disposal of investments and derivative instruments
– exchange differences of a capital nature
– expenses allocated in accordance with note 1(i)

Capital reserve – arising on investments held

– increases and decreases in the valuation of investments and derivative instruments held at the year end.

(n) Use of estimates and judgements

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unquoted investments, details of which are set out in accounting policy 1(d).

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. INVESTMENT AND OTHER INCOME

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Investment income						
Dividends	**22,557**	**–**	**22,557**	19,026	–	19,026
Interest	**2,309**	**–**	**2,309**	1,127	–	1,127
Total income	**24,866**	**–**	**24,866**	20,153	–	20,153

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Investment income						
Overseas dividends	**21,163**	**–**	**21,163**	19,492	–	19,492
Overseas and UK interest	**2,309**	**–**	**2,309**	1,127	–	1,127
Total income	**23,472**	**–**	**23,472**	20,619	–	20,619

3. MANAGEMENT AND ADMINISTRATION FEES

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Payable to:						
ICM/ICMIM						
– management, secretarial and administration fees	**1,159**	**2,522**	**3,681**	1,014	2,212	3,226
– performance fee in respect of relevant year	**–**	**–**	**–**	–	9,162	9,162
– performance fee adjustment in respect of prior year	**–**	**(421)**	**(421)**	–	–	–
F&C Management Limited – administration fee	**223**	**–**	**223**	220	–	220
	1,382	**2,101**	**3,483**	1,234	11,374	12,608

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Payable to:						
ICM/ICMIM						
– management and secretarial fees	**1,126**	**2,522**	**3,648**	981	2,212	3,193
– performance fee in respect of relevant year	**–**	**–**	**–**	–	9,162	9,162
– performance fee adjustment in respect of prior year	**–**	**(421)**	**(421)**	–	–	–
F&C Management Limited – administration fee	**223**	**–**	**223**	220	–	220
	1,349	**2,101**	**3,450**	1,201	11,374	12,575

NOTES TO THE ACCOUNTS
(continued)

3. MANAGEMENT AND ADMINISTRATION FEES (continued)

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them. ICM also acts as UEM's Company Secretary for which it receives a company secretarial fee (as described below).

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Managers Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.65% per annum of net assets, payable quarterly in arrears. The management fee is allocated 70% to capital return and 30% to revenue return. The investment management agreement may be terminated upon six months' notice.

In addition, the Investment Managers are entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount of any outperformance in that period by equity funds attributable to shareholders of the higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus 2%; and (ii) 8%. The maximum amount of a performance fee payable in respect of any financial year is 1.85% of the average net assets of the Company and any performance fee in excess of this cap is written off. The NAV must also exceed the high watermark established when the performance fee was last paid (at 31 March 2017), adjusted for capital events and dividends paid since that date. The high watermark was 251.72p as at 31 March 2017. For the year ended 31 March 2018 the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued.

Half of the performance fee is payable in cash and half in ordinary shares of the Company ("Performance Shares"), based on the NAV per ordinary share at the year end. ICM will purchase the Performance Shares in the market at a price equal to or below the NAV per ordinary share at the time of purchase. If ICM is unable to purchase some or all of the Performance Shares in the market at or below the NAV per ordinary share, the Company will issue to ICM shares at NAV equivalent to any shortfall. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process is paid to or recouped from ICM in cash within seven days of the publication of the Report and Accounts.

A performance fee was paid in respect of the year ended 31 March 2017 of £9,162,000. Of this ICM and ICMIM received £4,581,000 in cash and 1,898,582 ordinary shares were purchased in the market at a cost to the Company of £4,160,000. The saving arising on buying the shares at a discount in the market was £421,000. This saving has been recognised in the accounts for the year ended 31 March 2018.

From 1 July 2017 ICM also provides company secretarial services to the Company (prior to 1 July 2017 ICMIM provided the company secretarial services), with the Company paying one-third of the costs associated with this post.

ICM Limited owns 100% of ICM Corporate Services (Pty) Ltd, making ICM Corporate Services (Pty) Ltd a related party to UEM. ICM Corporate Services (Pty) Ltd provides administration services to Utilico Emerging Markets (Mauritius) for a fee of USD24,000 per annum and to GERP for a fee of £15,000 per annum. The agreements are terminable upon one month's notice in writing.

F&C Management Limited ("FCM") provides accounting, dealing and administration services to the Company for a fixed fee from 1 October 2017 of £227,000 per annum (prior to 30 September 2017: £220,000 per annum), payable monthly in arrears and is entitled to reimbursement of certain expenses incurred by it in connection with its duties. On 14 February 2018, the Company gave six months notice to terminate the Administration agreement under the terms of the Agreement.

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Auditor's remuneration:						
for audit services	**55**	**–**	**55**	43	–	43
for other services[1]	**6**	**–**	**6**	4	–	4
Broker and consultancy fees	**132**	**–**	**132**	157	–	157
Custody fees	**667**	**–**	**667**	521	–	521
Depositary fees	**104**	**–**	**104**	111	–	111
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 57 to 60)	**182**	**–**	**182**	194	–	194
Directors' travel expenses	**159**	**–**	**159**	201	–	201
Other travel costs	**115**	**–**	**115**	124	–	124
Professional fees	**118**	**–**	**118**	69	–	69
Re-domicile fees[2]	**–**	**356**	**356**	–	–	–
Sundry expenses	**263**	**69**	**332**	277	22	299
	1,801	**425**	**2,226**	1,701	22	1,723

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Auditor's remuneration:						
for audit services	**40**	**–**	**40**	30	–	30
for other services[1]	**6**	**–**	**6**	4	–	4
Broker and consultancy fees	**132**	**–**	**132**	157	–	157
Custody fees	**653**	**–**	**653**	507	–	507
Depositary fees	**104**	**–**	**104**	111	–	111
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 57 to 60)	**182**	**–**	**182**	194	–	194
Directors' travel expenses	**159**	**–**	**159**	201	–	201
Other travel costs	**115**	**–**	**115**	124	–	124
Professional fees	**61**	**–**	**61**	18	–	18
Re-domicile fees[2]	**–**	**356**	**356**	–	–	–
Sundry expenses	**252**	**69**	**321**	264	22	286
	1,704	**425**	**2,129**	1,610	22	1,632

(1) Total Auditor's remuneration for other services amounts to £6,000 for reviewing the interim accounts (2017: £4,000 for reviewing the interim accounts).
(2) Includes £15,000 payable to F&C Management Limited, see note 26 for further details.

5. FINANCE COSTS

Group and Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
On loans and bank overdrafts	**228**	**532**	**760**	195	454	649

Finance costs are allocated 70% to capital return and 30% to revenue return (see note 1(i)).

NOTES TO THE ACCOUNTS
(continued)

6. TAXATION

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Overseas taxation on dividend and interest income	**1,442**	**–**	**1,442**	935	–	935
Brazilian capital gains tax on sale of overseas investments	**–**	**1,847**	**1,847**	–	307	307
Deferred tax (see note 14)	**–**	**718**	**718**	–	–	–
Total current taxation	**1,442**	**2,565**	**4,007**	935	307	1,242
Deferred tax (see note 14)	**–**	**–**	**–**	–	2,881	2,881
	1,442	**2,565**	**4,007**	935	3,188	4,123

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Overseas taxation on dividend and interest income	**1,366**	**–**	**1,366**	935	–	935
Brazilian capital gains tax on sale of overseas investments	**–**	**1,847**	**1,847**	–	307	307
Deferred tax (see note 14)	**–**	**718**	**718**	–	–	–
Total current taxation	**1,366**	**2,565**	**3,931**	935	307	1,242
Deferred tax (see note 14)	**–**	**–**	**–**	–	2,881	2,881
	1,366	**2,565**	**3,931**	935	3,188	4,123

Profits for the year are subject to nil rate Bermuda tax.

Deferred tax in the capital account is in respect of capital gains tax on Brazilian investment holding gains that will be taxed in the future on realisations of the investments.

7. EARNINGS PER ORDINARY SHARE

Earnings for the purpose of basic and diluted earnings per ordinary share is the profit attributable to ordinary shareholders and based on the following data:

	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Revenue return	**19,949**	16,537	**18,827**	16,998
Capital return	**10,010**	94,247	**11,132**	93,786
Total return	**29,959**	110,784	**29,959**	110,784
Weighted average number of shares in issue during the year for basic earnings per share calculations	**215,125,661**	211,986,846	**215,125,661**	211,986,846

Diluted earnings per share

Diluted earnings per share has been calculated in accordance with IAS33, under which the Company's outstanding subscription shares are considered dilutive only if the exercise price is lower than the average market price of the shares during the period. The dilution is calculated by reference to the additional number of shares which subscription share holders would have received on exercise (based on the average number of subscription shares in issue in the year) as compared with the number of shares which the subscription proceeds would have purchased in the open market.

	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Revenue return	**220,697,553**	214,716,963	**220,697,553**	214,716,963

8. DIVIDENDS

Group and Company	Record date	Payment date	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
2016 Fourth quarterly interim of 1.625p	03 Jun 16	20 Jun 16	–	–	–	3,436	–	3,436
2017 First quarterly interim of 1.625p	26 Aug 16	21 Sep 16	–	–	–	3,436	–	3,436
2017 Second quarterly interim of 1.625p	02 Dec 16	16 Dec 16	–	–	–	3,444	–	3,444
2017 Third quarterly interim of 1.700p	24 Feb 17	17 Mar 17	–	–	–	3,590	–	3,590
2017 Fourth quarterly interim of 1.700p	02 Jun 17	16 Jun 17	**3,594**	**–**	**3,594**	–	–	–
2018 First quarterly interim of 1.700p	25 Aug 17	21 Sep 17	**3,594**	**–**	**3,594**	–	–	–
2018 Second quarterly interim of 1.700p	08 Dec 17	20 Dec 17	**3,607**	**–**	**3,607**	–	–	–
2018 Third quarterly interim of 1.800p	16 Feb 18	01 Mar 18	**3,787**	**–**	**3,787**	–	–	–
2018 Fourth quarterly interim of 1.800p	23 Mar 18	13 Apr 18	**4,221**	**–**	**4,221**	–	–	–
			18,803	**–**	**18,803**	13,906	–	13,906

The 2018 fourth dividend would typically have been paid in June 2018. However, in light of the re-domicile of the Company to the United Kingdom and the expected timeframe for Utilico Emerging Markets Trust plc to complete the proposed capital reduction to create a distributable reserve, the Board decided to bring the payment of the fourth quarterly interim dividend forward (see note 26).

9. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2018 Current assets(1) Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Non-current assets Total £'000s
Investments brought forward								
Cost	**295,647**	**61,296**	**50,357**	**407,300**	288,743	12,234	41,246	342,223
Gains/(losses)	**188,225**	**7,207**	**(30,468)**	**164,964**	122,179	1,273	(27,036)	96,416
Valuation	**483,872**	**68,503**	**19,889**	**572,264**	410,922	13,507	14,210	438,639
Movements in the year:								
Purchases at cost	**160,983**	**17,645**	**8,508**	**187,136**	131,353	16,506	13,327	161,186
Transfer between levels(2)	**13,151**	**(11,999)**	**(1,152)**	**–**	(37,888)	37,498	390	–
Sales proceeds	**(172,789)**	**(22,128)**	**(3,681)**	**(198,598)**	(130,507)	(6,287)	(5,405)	(142,199)
Gains/(losses) on investments sold in the year	**82,946**	**13,461**	**(733)**	**95,674**	44,020	1,797	273	46,090
(Losses)/gains on investments held at year end	**(71,164)**	**(6,707)**	**1,279**	**(76,592)**	65,972	5,482	(2,906)	68,548
Valuation at 31 March	**496,999**	**58,775**	**24,110**	**579,884**	483,872	68,503	19,889	572,264
Analysed at 31 March								
Cost	**373,865**	**64,340**	**53,307**	**491,512**	295,647	61,296	50,357	407,300
Gains/(losses)	**123,134**	**(5,565)**	**(29,197)**	**88,372**	188,225	7,207	(30,468)	164,964
Valuation	**496,999**	**58,775**	**24,110**	**579,884**	483,872	68,503	19,889	572,264

(1) Investments have been reclassified as current assets in light of the re-domicile of the Company to the United Kingdom (see note 26)

(2) Transfers due to the changes in liquidity of investee companies securities and listing of investee companies
Level 1 includes investments quoted on any recognised stock exchange or on any secondary market
Level 2 includes quoted investments that are thinly traded and participatory notes
Level 3 includes investments in private companies or securities

NOTES TO THE ACCOUNTS
(continued)

9. INVESTMENTS (continued)

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2018 Current assets[(1)] Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Non-current assets Total £'000s
Investments brought forward								
Cost	**288,783**	**115,886**	**50,357**	**455,026**	273,322	65,367	41,246	379,935
Gains/(losses)	**185,100**	**(30,187)**	**(30,468)**	**124,445**	120,031	(29,989)	(27,036)	63,006
Valuation	**473,883**	**85,699**	**19,889**	**579,471**	393,353	35,378	14,210	442,941
Movements in the year:								
Purchases at cost	**151,359**	**22,308**	**8,807**	**182,474**	124,747	29,323	13,327	167,397
Transfer between levels[(2)]	**3,055**	**(1,903)**	**(1,152)**	**–**	(24,387)	23,997	390	–
Sales proceeds	**(169,314)**	**(23,842)**	**(3,681)**	**(196,837)**	(127,023)	(6,287)	(5,405)	(138,715)
Gains/(losses) on investments sold in the year	**81,423**	**11,619**	**(733)**	**92,309**	44,339	1,797	273	46,409
(Losses)/gains on investments held at year end	**(67,656)**	**(9,772)**	**1,166**	**(76,262)**	62,854	1,491	(2,906)	61,439
Valuation at 31 March	**472,750**	**84,109**	**24,296**	**581,155**	473,883	85,699	19,889	579,471
Analysed at 31 March								
Cost	**353,457**	**125,909**	**53,606**	**532,972**	288,783	115,886	50,357	455,026
Gains/(losses)	**119,293**	**(41,800)**	**(29,310)**	**48,183**	185,100	(30,187)	(30,468)	124,445
Valuation	**472,750**	**84,109**	**24,296**	**581,155**	473,883	85,699	19,889	579,471

(1) Investments have been reclassified as current assets in light of the re-domicile of the Company to the United Kingdom (see note 26)

(2) Transfers due to the changes in liquidity of investee companies securities and listing of investee companies
Level 1 includes investments quoted on any recognised stock exchange or on any secondary market
Level 2 includes quoted investments that are thinly traded and participatory notes
Level 3 includes investments in private companies or securities

Gains on investments held at fair value	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Gains on investments sold	**95,674**	46,090	**92,309**	46,409
(Losses)/gains on investments held	**(76,592)**	68,548	**(76,262)**	61,439
Total gains on investments	**19,082**	114,638	**16,047**	107,848

Associated undertakings

Under IFRS10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following associated undertakings at 31 March 2018 are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss:

	East Balkan Properties plc	Pitch Hero Limited
Country of incorporation	Isle of Man	United Kingdom
Country of listing	Unlisted	Unlisted
Country of operations	Bulgaria	United Kingdom
Number of ordinary shares held	37,485,480	291
Percentage of ordinary shares held	27.5%	20.0%

There were no transactions in the year with either associated undertaking.

9. INVESTMENTS (continued)

Significant interests

In addition to the above, the Group and Company have a holding of 3% or more of any class of share capital of the following undertakings, which are material in the context of the accounts:

Company	Country of registration and incorporation	Class of shares held	2018 % of class of instruments held	2017 % of class of instruments held
APT Satellite Holdings Limited	Hong Kong	Ordinary Shares	**4.3**	4.2
Companhia de Gas de Sao Paulo	Brazil	Ordinary Shares	**4.6**	2.3
Conpet S.A.	Romania	Ordinary Shares	**8.4**	8.2
Ocean Wilsons Holdings Limited	Bermuda	Ordinary Shares	**6.3**	7.0
Transelectrica S.A.	Romania	Ordinary Shares	**4.6**	4.2

10. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 31 March 2018 (at 31 March 2017: Utilico Emerging Markets (Mauritius) and Global Equity Risk Protection Limited were subsidiary undertakings):

Company	Country of registration and incorporation	Number and class of shares held	Holdings and voting rights %
Global Equity Risk Protection Limited[1]	Bermuda	3,920 Class B shares linked to a segregated account in GERP	100
UEM (HK) Limited[2]	Hong Kong	1,000 ordinary shares	100
Utilico Emerging Markets (Mauritius)[3]	Mauritius	Loan[4]	100

(1) A Bermuda segregated accounts company which was incorporated and commenced trading on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class B shares and has no voting rights.

(2) Incorporated on 26 January 2017 and commenced trading on 18 July 2017 to carry on business as an investment company.

(3) Incorporated, and commenced trading, on 6 September 2011 to carry on business as an investment company.

(4) On 28 March 2018, the Company sold all the 35,102,635 ordinary shares in issue to a Bermuda company owned by an independent Bermuda Purpose Trust at fair value of £33,953,000. In consideration, a loan of the same value was given to the Bermuda company. The value of the loan changes each day in line with the net asset value of UEM (Mauritius). The Company retains effective control of UEM (Mauritius).

11. OTHER RECEIVABLES

	Group		Company	
	2018 £'000s	2017 £'000s	**2018 £'000s**	2017 £'000s
Sales for future settlement	**–**	513	**–**	513
Accrued income	**1,489**	1,102	**1,489**	1,102
Prepayments and other debtors	**112**	351	**43**	100
	1,601	1,966	**1,532**	1,715

The Directors consider that the carrying values of other receivables are equivalent to their fair value.

NOTES TO THE ACCOUNTS
(continued)

12. DERIVATIVE FINANCIAL INSTRUMENTS

All the following derivatives are classified as level 2 as defined in note 1(c).

Group	Current assets £'000s	Current liabilities £'000s	2018 Net current assets £'000s	Current assets £'000s	Current liabilities £'000s	2017 Net current assets £'000s
Forward foreign exchange contracts – EUR/GBP	–	–	–	186	–	186
Forward foreign exchange contracts – USD/GBP	–	–	–	447	–	447
Total forward foreign exchange contracts	–	–	–	633	–	633
Market options – USD	–	–	–	2,537	(110)	2,427
	–	–	–	3,170	(110)	3,060

Company	Current assets £'000s	Current liabilities £'000s	2018 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2017 Net current assets/ (liabilities £'000s
Forward foreign exchange contracts – EUR/GBP	–	–	–	186	–	186
Forward foreign exchange contracts – USD/GBP	–	–	–	447	–	447
Total forward foreign exchange contracts	–	–	–	633	–	633

Changes in derivatives

	Group		Company	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Valuation brought forward	3,060	3,336	633	–
Purchases	926	9,408	–	394
Settlements	(1,686)	(3,273)	(1,686)	–
Net (losses)/gains on derivatives held and sold	(2,300)	(6,411)	1,053	239
Valuation at 31 March	–	3,060	–	633

13. OTHER PAYABLES

	Group		Company	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Bank overdraft	76	–	76	–
Purchases for future settlement	–	20	–	20
Dividend payable	4,221	–	4,221	–
Accrued finance costs	–	66	–	66
Accrued expenses	1,635	10,418	1,607	10,396
	5,932	10,504	5,904	10,482

The Directors consider that the carrying values of other payables are equivalent to their fair value.

14. DEFERRED TAX

Group and Company	**2018 £'000s Current liability**	2017 £'000s Non-current liability
Balance brought forward	**3,145**	264
Increase in provision for Brazilian tax on capital gains	**718**	2,881
Balance carried forward	**3,863**	3,145

Provision is made for deferred tax on an undiscounted basis on timing differences that have originated but not reversed by the Balance Sheet date. The provision relates wholly to capital gains tax on chargeable investment holding gains in Brazil, at a rate of 15% (2017: same). See note 27, post balance sheet event relating to the transfer of assets to Utilico Emerging Markets Trust plc.

15. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	**2018 £'000s**	2017 £'000s
EUR29.5m repaid	**–**	25,215
HKD209.9m repaid	**–**	21,601
	–	46,816

The Company's committed senior multicurrency revolving facility of £50,000,000 with Scotiabank, secured over the Company's assets, expired on 27 April 2018. Commitment fees are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature. See note 26 for disclosure on the replacement of the loan facility.

16. OPERATING SEGMENTS

The Directors are of the opinion that the Group and Company are engaged in a single segment of business of investing in equity and debt securities, issued by companies operating and generating revenue in emerging markets and therefore no segmental reporting is provided.

NOTES TO THE ACCOUNTS
(continued)

17. SHARE CAPITAL

Ordinary shares of 10p each

	Authorised Number	£'000s	Total shares in issue Number	2018 Total shares in issue £'000s	Total shares in issue Number	2017 Total shares in issue £'000s
Equity share capital						
Balance brought forward	**1,350,010,000**	**135,001**	**211,406,551**	**21,141**	211,462,599	21,146
Issued on exercise of subscription share rights	**–**	**–**	**32,935,190**	**3,293**	4,777,611	478
Purchased for cancellation by the Company	**–**	**–**	**(9,833,105)**	**(983)**	(4,833,659)	(483)
Balance at 31 March	**1,350,010,000**	**135,001**	**234,508,636**	**23,451**	211,406,551	21,141

During the year the Company bought back for cancellation 9,833,105 ordinary shares at a total cost of £21,922,000.

No further ordinary shares have been purchased for cancellation since the year end.

Subscription shares

The authorised number of subscription shares is 80,000,000 of 0.005p each. As at 31 March 2017, 37,828,282 subscription shares were in issue. During the year, the Company bought back for cancellation 4,893,092 subscription shares at a total cost of £1,890,000. On 31 August 2017, holders of 4,069,725 subscription shares exercised their right to subscribe for ordinary shares and on 28 February 2018, the final conversion date, the remaining 28,865,465 subscription shares were converted, at £1.83 per subscription share, into 28,865,465 ordinary shares.

18. SHARE PREMIUM ACCOUNT

Group and Company	**2018 £'000s**	2017 £'000s
Balance brought forward	**915**	771
Premium on conversion of subscription shares	**56,963**	8,265
Ordinary shares purchased for cancellation	**(22,829)**	(8,121)
Balance carried forward	**35,049**	915

This reserve arose on the issue of share capital and may be used under Bermuda law to purchase the Company's own shares.

19. SPECIAL RESERVE

Group and Company	2018 £'000s	2017 £'000s
Balance brought forward	**203,169**	204,587
Ordinary shares purchased for cancellation	**–**	(1,418)
Balance carried forward	**203,169**	203,169

The Special reserve is used to purchase the Company's share capital in accordance with Bermuda law and with the Bye-laws of the Company.

20. OTHER NON-DISTRIBUTABLE RESERVE

Group and Company	2018 £'000s	2017 £'000s
Balance brought forward and carried forward	**11,093**	11,093

The non-distributable reserve constitutes a reserve for the purpose of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

21. OTHER RESERVES

2018

Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	95,674	–	95,674	–
Losses on investments held	–	(76,592)	(76,592)	–
Losses on derivative financial instruments sold	(2,300)	–	(2,300)	–
Foreign exchange losses	(1,149)	–	(1,149)	–
Management fee (see note 3)	(2,522)	–	(2,522)	–
Performance fee (see note 3)	421	–	421	–
Finance costs (see note 5)	(532)	–	(532)	–
Other capital charges (see note 4)	(425)	–	(425)	–
Taxation (see note 6)	(2,565)	–	(2,565)	–
Revenue profit for the year	–	–	–	19,949
Total profit/(loss) in current year	86,602	(76,592)	10,010	19,949
Dividends paid in the year	–	–	–	(18,803)
Balance at 31 March 2017	114,651	168,024	282,675	13,168
Balance at 31 March 2018	**201,253**	**91,432**	**292,685**	**14,314**

NOTES TO THE ACCOUNTS
(continued)

21. OTHER RESERVES (continued)

2017 Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	46,090	–	46,090	–
Gains on investments held	–	68,548	68,548	–
Losses on derivative financial instruments sold	(13,720)	–	(13,720)	–
Gains on derivative financial instruments held	–	7,309	7,309	–
Foreign exchange gains	1,058	–	1,058	–
Management fee (see note 3)	(2,212)	–	(2,212)	–
Performance fee (see note 3)	(9,162)	–	(9,162)	–
Finance costs (see note 5)	(454)	–	(454)	–
Other capital charges (see note 4)	(22)	–	(22)	–
Taxation (see note 6)	(3,188)	–	(3,188)	–
Revenue profit for the year	–	–	–	16,537
Total profit in current year	18,390	75,857	94,247	16,537
Dividends paid in the year	–	–	–	(13,906)
Balance at 31 March 2016	96,261	92,167	188,428	10,537
Balance at 31 March 2017	114,651	168,024	282,675	13,168

2018 **Company**	**Capital reserve (arising on investments sold) £'000s**	**Capital reserve (arising on investments held) £'000s**	**Capital reserves total £'000s**	**Revenue reserve £'000s**
Gains on investments sold	**92,309**	**–**	**92,309**	**–**
Losses on investments held	**–**	**(76,262)**	**(76,262)**	**–**
Gains on derivative financial instruments sold	**1,053**	**–**	**1,053**	**–**
Foreign exchange losses	**(345)**	**–**	**(345)**	**–**
Management fee (see note 3)	**(2,522)**	**–**	**(2,522)**	**–**
Performance fee (see note 3)	**421**	**–**	**421**	**–**
Finance costs (see note 5)	**(532)**	**–**	**(532)**	**–**
Other capital charges (see note 4)	**(425)**	**–**	**(425)**	**–**
Taxation (see note 6)	**(2,565)**	**–**	**(2,565)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**18,827**
Total profit/(loss) in current year	**87,394**	**(76,262)**	**11,132**	**18,827**
Dividends paid in the year	**–**	**–**	**–**	**(18,803)**
Balance at 31 March 2017	**157,409**	**125,078**	**282,487**	**13,356**
Balance at 31 March 2018	**244,803**	**48,816**	**293,619**	**13,380**

21. OTHER RESERVES (continued)

2017 Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	46,409	–	46,409	–
Gains on investments held	–	61,439	61,439	–
Losses on derivative financial instruments sold	(394)	–	(394)	–
Gains on derivative financial instruments held	–	633	633	–
Foreign exchange gains	737	–	737	–
Management fee (see note 3)	(2,212)	–	(2,212)	–
Performance fee (see note 3)	(9,162)	–	(9,162)	–
Finance costs (see note 5)	(454)	–	(454)	–
Other capital charges (see note 4)	(22)	–	(22)	–
Taxation (see note 6)	(3,188)	–	(3,188)	–
Revenue profit for the year	–	–	–	16,998
Total profit in current year	31,714	62,072	93,786	16,998
Dividends paid in the year	–	–	–	(13,906)
Balance at 31 March 2016	125,695	63,006	188,701	10,264
Balance at 31 March 2017	157,409	125,078	282,487	13,356

Group and Company

Included within the capital reserve movement for the year is £1,746,000 (2017: £440,000) of dividend receipts recognised as capital in nature, £329,000 (2017: £276,000) of transaction costs on purchases of investments and £346,000 (2017: £226,000) of transaction costs on sale of investments.

22. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

(a) NAV per ordinary share is based on net assets at the year end of £579,761,000 (31 March 2017: £532,161,000) and on 234,508,636 ordinary shares in issue at the period end (31 March 2017: 211,406,551).

(b) Diluted NAV per ordinary share is based on net assets at the year end and assuming the receipt of proceeds arising from the exercise of the subscription shares in issue at £1.83 per subscription share for one ordinary share. At 31 March 2018 there were no subscription shares in issue and therefore there is no dilution. The diluted net asset value per ordinary share for year ended 31 March 2017 is based on the following:

	2017 Number
Ordinary shares in issue at the year end	211,406,551
Ordinary shares created on exercise of all subscription share rights	37,828,282
Number of ordinary shares for diluted calculation	249,234,833
	£'000s
Attributable net assets for diluted calculation	601,387

NOTES TO THE ACCOUNTS
(continued)

23. RECONCILIATION OF TOTAL RETURN BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group		Company	
	2018 £'000s	2017 £'000s	**2018 £'000s**	2017 £'000s
Profit before taxation	**33,966**	114,907	**33,890**	114,907
Adjust for non-cash flow items:				
(Gains)/losses on investments	**(19,082)**	(114,638)	**(16,047)**	(107,848)
Losses/(gains) on derivative financial instruments	**2,300**	6,411	**(1,053)**	(239)
Foreign exchange losses/(gains)	**1,213**	(1,507)	**343**	(1,057)
Effective yield on debt instruments	**(331)**	(133)	**(331)**	(133)
Increase in accrued income	**(225)**	(714)	**(389)**	(476)
(Decrease)/increase in creditors	**(8,807)**	9,335	**(8,804)**	9,341
Decrease/(increase) in other debtors	**6**	(18)	**6**	(18)
Tax on overseas income	**(1,427)**	(849)	**(1,364)**	(849)
	(26,353)	(102,113)	**(27,639)**	(101,279)
Adjust for cash flow items not within Income Statement:				
Taxation on capital gains	**(1,847)**	(307)	**(1,847)**	(307)
Net cash flows from operating activities	**5,766**	12,487	**4,404**	13,321

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group and Company

2018	**Balance at 31 March 2017 £'000s**	**Cash flows £'000s**	**Non-cash flow changes foreign exchange movement £'000s**	**Balance at 31 March 2018 £'000s**
Bank loans	**46,816**	**(46,162)**	**(654)**	**–**

2017	Balance at 31 March 2016 £'000s	Cash flows £'000s	Non-cash flow changes foreign exchange movement £'000s	Balance at 31 March 2017 £'000s
Bank loans	18,657	26,858	1,301	46,816

25. RELATED PARTY TRANSACTIONS

During the year the Company made payments to its subsidiaries as follows: to GERP of £0.9m (2017: £5.7m) in settlement of investment transactions and to UEM (HK) Limited a loan of $8.8m.

On consolidation, transactions between the Company and its subsidiaries have been eliminated. The following are considered related parties of the Group: the associate of the Group set out under note 9, being East Balkan Properties plc, Pitch Hero Limited, the Board of UEM, ICM and ICMIM (UEM's joint investment managers), ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd.

There were no transactions between the above associates and the Company other than investments in the ordinary course of UEM's business. As detailed in the Directors' Remuneration Report on page 59, the Board received aggregate remuneration of £182,500 (2017: £194,000) included within "Other expenses" for services as Directors. At the year end, £nil (2017: £45,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £81,235 (2017: £73,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

There were no transactions with ICM, ICMIM, ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd, subsidiaries of ICM, other than investment management, secretarial costs, administration fees and performance fees as set out in note 3, reimbursed expenses included within note 4 of £245,000 (2017: £307,000) and dividends received by ICMIM of £58,319 (2017: £13,974). At the year end no payment (2017: £9.2m) remained outstanding to ICM in respect of performance fees and £921,000 (2017: £830,000) in respect of management, company secretarial and research fees.

26. POST BALANCE SHEET EVENT

On 23 February 2018, the Company issued a prospectus proposing to re-domicile UEM to the United Kingdom ("the Scheme"). Under the terms of the Scheme, Shareholders would exchange all their Ordinary Shares held as at the Scheme Record Date for ordinary shares in Utilico Emerging Markets Trust plc (UEM Trust) on a one for one basis, and the Company would become a wholly-owned subsidiary of UEM Trust. As a result, UEM Trust would indirectly acquire all of the Company's assets and liabilities (including its investment portfolio) upon the successful implementation of the Scheme.

UEM Trust is a incorporated closed ended investment trust established in the United Kingdom for the specific purpose of carrying on the existing business and operations of the Company upon the Scheme being implemented in accordance with its terms and has the same investment objective and the same investment policy as the Company.

On 20 March 2018 the Board announced shareholders voted in favour of the resolution to approve the Scheme and on 28 March 2018 the Scheme became effective when it was sanctioned by the Supreme Court of Bermuda.

On 3 April 2018 234,508,636 ordinary shares of one penny each in the capital of UEM Trust were admitted on the premium listing segment of the Official List and trading in such Ordinary Shares on the London Stock Exchange's main market for listed securities became effective.

The UEM Trust Board is identical to the existing Company Board and ICM Investment Management continues to act as alternative investment fund manager and, together with ICM Limited, as joint portfolio managers, on the same terms as the existing management agreement (including as to the amount of management and performance fees payable to the Joint Portfolio Managers).

UEM Trust intends to pursue the Company's existing dividend policy with the intention to grow progressively the dividends which have been paid by the Company, although there is no guarantee of any particular level of profits or returns being achieved.

Consistent with the Company's existing continuation arrangements, UEM Trust will have an indefinite life and a continuation vote will be proposed at UEM Trust's annual general meeting to be held in 2021 and at every fifth annual general meeting thereafter.

JPMorgan Chase were appointed custodian, depositary and administrator of UEM Trust from 3 April 2018.

On 4 April 2018, the Board of UEM Trust entered into a three year unsecured £50 million multicurrency revolving facility agreement with Scotiabank maturing on 3 April 2021. This new facility replaces the £50 million senior secured multicurrency revolving facility agreement between the Company and Scotiabank which was due to expire on 27 April 2018.

On 9 April 2018, the Company transferred to UEM Trust, investments with an aggregate original cost of £215,628,000 in exchange for a loan to UEM Trust for the same amount. On 8 June 2018, the Company transferred further investments with an aggregate original cost of £43,100,000 to UEM Trust, increasing the loan by the same amount.

NOTES TO THE ACCOUNTS
(continued)

27. NON-GOING CONCERN

The financial statements have been prepared on a non-going concern basis.

In accordance with a shareholder vote on 20 March 2018 (see note 26 above), following completion of the Scheme on 3 April 2018 the Company and its subsidiaries have become wholly owned subsidiaries of UEM Trust.

The use of the non-going concern basis of accounting for the year ended 31 March 2018 is appropriate as it is the intention of the Directors to wind up the Company by way of a members' voluntary liquidation within the next twelve months, once all the assets and liabilities of the Company have been transferred to UEM Trust.

28. FINANCIAL RISK MANAGEMENT

The Group's investment policy is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The Group seeks to meet its investment policy by investing principally in a diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Company has the power to take out both short and long-term borrowings. In pursuing the investment policy, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Managers, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below. The Company's underlying risks include the risks within its subsidiaries and therefore only the Group risks are analysed below. The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the accounts. The policies are in compliance with IFRS as adopted by the European Union and best practice and include the valuation of financial assets and liabilities at fair value. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's investment policy and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Managers assess exposure to market risks when making each investment decision and monitor on-going market risk within the portfolio of investments and derivatives. The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Managers and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates. Gearing may be short or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

28. FINANCIAL RISK MANAGEMENT (continued)

Currency exposure

The principal currencies to which the Group was exposed during the year are set out below. The exchange rates applying against Sterling at 31 March, and the average rates during the year, were as follows:

	2018	**Average**	2017
ARS - Argentina Peso	**28.2412**	**23.6087**	19.2319
BRL – Brazilian Real	**4.6623**	**4.3011**	3.9701
HKD – Hong Kong Dollar	**11.0096**	**10.4048**	9.7179
INR – Indian Rupee	**91.4930**	**85.9694**	81.198
RON – Romanian New Leu	**5.3175**	**5.2385**	5.3227
USD – United States Dollar	**1.4028**	**1.3323**	1.2505

The Group's assets and liabilities at 31 March (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary exposure, are shown below:

2018	**ARS £'000s**	**BRL £'000s**	**HKD £'000s**	**GBP £'000s**	**INR £'000s**	**RON £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**70**	**362**	**–**	**44**	**–**	**–**	**768**	**357**	**1,601**
Cash and cash equivalents	**–**	**–**	**48**	**28**	**1,030**	**–**	**6,934**	**31**	**8,071**
Other payables	**–**	**–**	**–**	**(5,833)**	**–**	**–**	**(23)**	**(76)**	**(5,932)**
Net monetary assets/(liabilities)	**70**	**362**	**48**	**(5,761)**	**1,030**	**–**	**7,679**	**312**	**3,740**
Investments	**59,148**	**133,953**	**99,740**	**–**	**33,053**	**62,628**	**–**	**191,362**	**579,884**
Deferred tax	**–**	**(3,863)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,863)**
Net exposures	**59,218**	**130,452**	**99,788**	**(5,761)**	**34,083**	**62,628**	**7,679**	**191,674**	**579,761**
Percentage of net exposures	**10.2%**	**22.5%**	**17.2%**	**(1.0)%**	**5.9%**	**10.8%**	**1.3%**	**33.1%**	**100.0%**

2017	BRL £'000s	HKD £'000s	GBP £'000s	MYR £'000s	RON £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	15	–	108	251	74	–	–	1,518	1,966
Derivative financial instruments – assets	–	–	41,502	–	–	–	74,373	–	115,875
Cash and cash equivalents	3,149	–	2,323	4,277	–	–	1,625	3,962	15,336
Other payables	–	(26)	(10,400)	–	–	–	(18)	(60)	(10,504)
Derivative financial instruments – liabilities	–	–	–	–	–	–	(39,191)	(11,034)	(50,225)
Long-term loans	–	(21,601)	–	–	–	–	–	(25,215)	(46,816)
Net monetary assets/(liabilities)	3,164	(21,627)	33,533	4,528	74	–	36,789	(30,829)	25,632
Investments	112,164	105,869	–	34,908	38,342	56,654	–	224,327	572,264
Deferred tax	(3,145)	–	–	–	–	–	–	–	(3,145)
Net exposures	112,183	84,242	33,533	39,436	38,416	56,654	36,789	193,498	594,751
Percentage of net exposures	18.9%	14.2%	5.6%	6.6%	6.5%	9.5%	6.2%	32.5%	100.0%

NOTES TO THE ACCOUNTS
(continued)

28. FINANCIAL RISK MANAGEMENT (continued)

Based on the financial assets and liabilities held, and exchange rates applying, at each Balance Sheet date, a weakening or strengthening of Sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on NAV per ordinary share:

Weakening of Sterling	ARS £'000s	BRL £'000s	HKD £'000s	INR £'000s	RON £'000s	2018 USD £'000s	BRL £'000s	HKD £'000s	MYR £'000s	RON £'000s	THB £'000s	2017 USD £'000s
Income Statement return after tax												
Revenue return	**27**	**527**	**214**	**147**	**823**	**202**	263	221	148	32	353	529
Capital return	**6,572**	**14,454**	**11,088**	**3,787**	**6,959**	**931**	12,463	9,360	4,382	4,260	6,295	4,088
Total return	**6,599**	**14,981**	**11,302**	**3,934**	**7,782**	**1,133**	12,726	9,581	4,530	4,292	6,648	4,617
NAV per share												
Basic – pence	**2.81**	**6.39**	**4.82**	**1.68**	**3.32**	**0.48**	6.02	4.53	2.14	2.03	3.14	2.18

Strengthening of Sterling	ARS £'000s	BRL £'000s	HKD £'000s	INR £'000s	RON £'000s	2018 USD £'000s	BRL £'000s	HKD £'000s	MYR £'000s	RON £'000s	THB £'000s	2017 USD £'000s
Income Statement return after tax												
Revenue return	**(27)**	**(527)**	**(214)**	**(147)**	**(823)**	**(202)**	(263)	(221)	(148)	(32)	(353)	(529)
Capital return	**(6,572)**	**(14,454)**	**(11,088)**	**(3,787)**	**(6,959)**	**(931)**	(12,463)	(9,360)	(4,382)	(4,260)	(6,295)	(4,088)
Total return	**(6,599)**	**(14,981)**	**(11,302)**	**(3,934)**	**(7,782)**	**(1,133)**	(12,726)	(9,581)	(4,530)	(4,292)	(6,648)	(4,617)
NAV per share												
Basic – pence	**(2.81)**	**(6.39)**	**(4.82)**	**(1.68)**	**(3.32)**	**(0.48)**	(6.02)	(4.53)	(2.14)	(2.03)	(3.14)	(2.18)

These analyses are broadly representative of the Group's activities during the current and prior year as a whole, although the level of the Group's exposure to currencies fluctuates in accordance with the investment and risk management processes.

28. FINANCIAL RISK MANAGEMENT (continued)

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 31 March is shown below:

	2018 Within one year £'000s	**2018** More than one year £'000s	**2018** Total £'000s	2017 Within one year £'000s	2017 More than one year £'000s	2017 Total £'000s
Exposure to floating rates						
– Cash	**7,995**	**–**	**7,995**	15,336	–	15,336
– Loans	**–**	**–**	**–**	–	(46,816)	(46,816)
	7,995	**–**	**7,995**	15,336	(46,816)	(31,480)
Net exposures						
– At year end	**7,995**	**–**	**7,995**	15,336	(46,816)	(31,480)
– Maximum in year	**7,995**	**–**	**7,995**	3,150	(47,075)	(43,925)
– Minimum in year	**(48,148)**	**–**	**(48,148)**	18,228	(19,675)	(1,447)

	Exposure to floating interest rates £'000s	**Fixed interest rates £'000s**	**Total £'000s**	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	Total £'000s
Net exposures						
– Maximum in year	**7,995**	**–**	**7,995**	(43,925)	–	(43,925)
– Minimum in year	**(48,148)**	**–**	**(48,148)**	(1,447)	–	(1,447)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts and loans is at ruling market rates. The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held and the interest rates pertaining at each balance sheet date, a relative decrease or increase in market interest rates by 2% would have had the following approximate effects on the income statement revenue and capital returns after tax and on the NAV per ordinary share.

	2018 Increase in rate £'000s	**2018** Decrease in rate £'000s	2017 Increase in rate £'000s	2017 Decrease in rate £'000s
Revenue return	**(48)**	**48**	(189)	189
Capital return	**(112)**	**112**	(441)	441
Total return	**(160)**	**160**	(630)	630
NAV per share				
Basic – pence	**(0.07)**	**0.07**	(0.30)	0.30

NOTES TO THE ACCOUNTS
(continued)

28. FINANCIAL RISK MANAGEMENT (continued)

Other market risk exposures

The portfolio of investments, valued at £579,884,000 as at 31 March 2018 (2017: £572,264,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks. The Investment Managers assess these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out on page 20. The Investment Managers have operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market and the Investment Managers' view of likely future volatility and market movements. As at 31 March 2018 UEM held no options (2017: net position was 350 S&P put options). The total position was valued at £nil at year end (2017: £2.4m). The exposure on the Group's options at 31 March was as follows:

	2018 £'000s	2017 £'000s
Current assets		
Put index options	**–**	74,373
Call index options	**–**	–
	–	74,373
Current liabilities		
Put index options	**–**	(9,357)
Call index options	**–**	–
	–	(9,357)

Based on the portfolio of investments at each balance sheet date and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Income Statement capital return after tax and on the basic NAV per ordinary share:

	2018 Increase in value	**2018 Decrease in value**	2017 Increase in value	2017 Decrease in value
Income Statement capital return £'000s	**111,958**	**(112,114)**	111,088	(111,308)
NAV per share				
Basic – pence	**47.74**	**(47.81)**	52.55	(52.65)

(b) Liquidity risk exposure

The Group is required to raise funds to meet commitments associated with financial instruments. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group not having sufficient liquidity at any time is not considered by the Board to be significant given: the number and value of quoted liquid investments held in the Group's portfolio (65 valued at £497m at 31 March 2018); the industrial and geographical diversity of the portfolio (see charts on page 20); and the existence of the Scotiabank loan facility agreement expiring on 27 April 2018 and subsequently replaced as reported in Note 26, Post Balance Sheet Event.

Cash balances are held with reputable banks.

28. FINANCIAL RISK MANAGEMENT (continued)

The Investment Managers review liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group had loan facilities of £50m as set out in note 15. The remaining contractual maturities of the financial liabilities at 31 March, based on the earliest date on which payment can be required, were as follows:

2018	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	**5,932**	**–**	**–**	**5,932**

2017	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	10,504	–	–	10,504
Put index options	9,356	–	–	9,356
Forward foreign exchange contracts	40,869	–	–	40,869
Bank loans	–	–	46,816	46,816
	60,729	–	46,816	107,545

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used by the Company in such transactions, which must be settled on the basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by ICMIM, by the Administrator and by the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an on-going contract with its custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Company are received and reconciled monthly. To the extent that the Investment Managers and FCM carry out duties (or cause similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the Investment Managers and the business risk team of FCM.

In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk at 31 March was as follows:

Current assets	31 March £'000s	2018 Maximum exposure in the year £'000s	31 March £'000s	2017 Maximum exposure in the year £'000s
Cash at bank	**7,995**	**26,507**	15,336	26,211
Financial assets through profit or loss				
– derivatives (put options and call options)	**–**	**110,129**	65,017	132,021
– derivatives (forward foreign exchange contracts)	**–**	**41,502**	41,502	41,502

None of the Group's financial assets is past due or impaired.

NOTES TO THE ACCOUNTS
(continued)

28. FINANCIAL RISK MANAGEMENT (continued)

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the balance sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchange rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Managers to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

The Group level 3 financial instruments at the year end were valued at £24.1m (2017: £19.9m).

The valuation model is based on market multiples and valuations derived from quoted prices of companies comparable to the investee company. The estimated value is adjusted for the effect of the non-marketability of the equity securities.

The unobservable inputs have been consistently followed for both the years ended 31 March 2017 and 2018.

(e) Capital risk management

The investment policy of the Group is stated as being to provide long-term total return through a flexible investment policy that permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets. The capital of the Group comprises ordinary share capital and reserves equivalent to the net assets of the Group. In accordance with note 26, post balance sheet event and note 27, non-going concern of the Company, the Board has responsibility for ensuring the Company has sufficient capital to operate until the voluntary liquidation of the Company. The Board must maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buyback share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term (up to a limit of 25% of gross assets); and pay dividends to shareholders out of reserves. Changes to ordinary share capital are set out in note 17. Dividend payments are set out in note 8. Bank overdrafts are detailed in note 13. Loans are set out in note 15.

29. ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, ICMIM, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on ICMIM's website at www.icmim.limited, Pillar 3 disclosure.

The Company's maximum and actual leverage as at 31 March 2018 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	300%	300%
Actual	100%	121%

The leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

30. SECURITIES FINANCING TRANSACTIONS ("SFT")

The Group has not, in the year to 31 March 2018 (2017: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

COMPANY INFORMATION
(in relation to the year ended 31 March 2018)

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John Rennocks (Chairman)
Garth Milne (Deputy Chairman)
Susan Hansen
Garry Madeiros OBE
Anthony Muh

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(1) ICM Limited was appointed Company Secretary with effect from 1 July 2017 in place of ICM Investment Management Limited

HISTORICAL PERFORMANCE

at 31 March	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total return[1] (annual) (%)	**6.6**	26.2	1.7	12.4	(3.4)	20.9	3.4	19.5	51.1	(32.9)
Annual compound total return[2] (since inception) (%)	**11.7**	12.1	10.9	11.9	11.8	13.9	12.9	14.7	13.7	5.3
Undiluted NAV per ordinary share (pence)	**247.22**	251.72	206.45	209.79	192.38	205.49	175.60	175.28	157.33	107.76
Diluted NAV per ordinary share (pence)	**247.22[3]**	241.29	202.52	209.79[3]	192.38[3]	205.49[3]	175.6[3]	175.28[3]	148.37	106.51
Ordinary share price (pence)	**212.00**	214.50	178.50	188.50	180.00	191.20	164.00	157.75	132.00	95.50
Discount[4] (%)	**(14.2)**	(11.1)	(11.9)	(10.1)	(6.4)	(7.0)	(6.6)	(10.0)	(11.0)	(10.3)
Earnings per ordinary share (basic)										
– Capital (pence)	**4.66**	44.46	(5.50)	18.53	(12.13)	30.71	1.19	25.63	48.57	(60.28)
– Revenue (pence)	**9.27**	7.80	8.23	4.98	4.80	5.20	4.12	5.61	4.67	5.08
Total (pence)	**13.93**	52.26	2.73	23.51	(7.33)	35.91	5.31	31.24	53.24	(55.20)
Dividends per ordinary share (pence)	**7.00**	6.65	6.40	6.10	6.10	5.80	5.50	5.20	4.80	4.80
Equity holders' funds (£m)	**579.8**	532.2	436.6	447.4	410.2	442.9	378.5	383.2	319.9	230.7
Gross assets[5] (£m)	**579.8**	579.0	455.2	479.2	433.4	452.1	382.9	393.4	344.5	272.5
Ordinary shares bought back (£m)	**11.3**	10.0	3.0	–	3.9	–	4.9	11.5	16.0	0.2
Cash/(overdraft) (£m)	**8.1**	15.3	12.6	0.5	(0.9)	2.6	(1.8)	(0.7)	2.0	24.1
Bank debt (£m)	**0.0**	(46.8)	(18.7)	(31.9)	(23.1)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)
Net debt (£m)	**8.1**	(31.5)	(6.1)	(31.4)	(24.0)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)
Net debt gearing on gross assets (%)	**(1.4)**	5.4	1.3	6.6	5.5	1.5	1.6	2.8	6.6	6.5
Management and administration fees (£m)										
– excluding performance fee	**5.7**	5.2	4.5	4.6	3.7	3.4	3.9	3.1	2.5	2.7
– including performance fee	**5.7**	14.3	4.5	7.7	3.7	12.9	3.6	9.6	2.5	2.7
Ongoing charges[6] (%)										
– excluding performance fee	**1.0**	1.1	1.1	1.1	0.9	0.8	0.9	0.8	0.8	0.7
– including performance fee	**1.0**	2.9	1.1	1.8	0.9	3.2	0.9	2.5	0.8	0.7

(1) Total return is calculated based on NAV per ordinary share plus dividends reinvested from the payment date and adjusted for the exercise of subscription shares
(2) Annual compound total return is calculated based on NAV per ordinary share plus dividends reinvested from the payment date and adjusted for the exercise of warrants and subscription shares
(3) There was no dilution
(4) Based on diluted NAV
(5) Gross assets less liabilities excluding loans
(6) Expressed as percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments

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