MARTIN CURRIE
A Legg Mason Company

MARTIN CURRIE ASIA UNCONSTRAINED TRUST PLC

Annual report – year to 31 March 2019

Registered in Scotland, no SC092391

www.martincurrieasia.com

FINANCIAL HIGHLIGHTS

Key data

	As at 31 March 2019	As at 31 March 2018	% change
Net asset value per share (cum income)*	**431.6p**	437.8p	(1.4)
Net asset value per share (ex income)*	**425.6p**	431.9p	(1.5)
Share price	**382.0p**	384.0p	(0.5)
Discount*	**11.5%**	12.3%	

Total returns

	Year ended 31 March 2019	Year ended 31 March 2018
Net asset value per share*	**2.4%**	6.3%
Share price*	**3.8%**	9.8%

Income

	Year ended 31 March 2019	Year ended 31 March 2018	% change
Revenue return per share	**8.60p**	8.58p	0.2
Dividend per share	**16.70p**	16.70p	0.0
Gross income from investments	**£4,409,000**	£4,305,000	2.4
Yield†	**4.37%**	4.35%	

Ongoing charges*

	Year ended 31 March 2019	Year ended 31 March 2018
Ongoing charges	**1.17%**	1.08%

Source: Martin Currie Investment Management Limited ('Martin Currie', 'investment manager' or 'manager')

*For details of all Alternative performance measures refer to pages 53 and 54.

†The yield is calculated using the dividend per share divided by the year end share price.

Objective

Unconstrained by any benchmark, the Company's objective is to achieve returns commensurate with Asia ex Japan nominal GDP growth.

Investment approach

The portfolio is actively managed with a disciplined approach that seeks to identify businesses across the Asian region that are capable of producing high and sustainable returns.

Experienced investment team

Andrew Graham and Damian Taylor co-manage the Company's investments. Andrew has over 30 years' investment experience and joined Martin Currie in 2010 and leads a seven strong team of Asian investment specialists. Damian joined Martin Currie's Asia investment team in 2013 and has 18 years of investment experience not only as an active equity investor but also with a background in private equity and investment banking. Andrew and Damian are supported by an eight strong team of investment specialists based in Edinburgh and Singapore.

Cost effective

The management fee is tiered and charged at 0.75% per annum on net assets and at 0.6% per annum on assets above £150 million. The total Ongoing Charges are 1.17%.

The Company offers cost effective access to a portfolio of deeply researched quality companies that have been chosen to capture Asian growth.

Income

The historic dividend yield as at 31 March 2019 was 4.37%, calculated using dividends paid during the year and the year end share price.

Independent Board

The Company is overseen by an experienced, independent Board of directors ('the Board').

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Future of the Company

On 4 June 2019, the Board announced preliminary proposals for the Company's future. The intention is to provide Shareholders with the opportunity for a cash exit together with a rollover option into an open-ended company to be managed by Martin Currie Investment Management under the Legg Mason Investment Funds ICVC umbrella, with a similar Asia Long Term Unconstrained strategy ("ALTU") and investment objective. More details will be published in a Circular to be sent to Shareholders in due course and if the proposals are subsequently approved by Shareholders, the Company will go into voluntary liquidation.

The Board believes that this is the best solution for Shareholders frustrated by the lack of liquidity in the Company's shares, and the steep discount they have traded at to their underlying net asset value, as well as those who wish to retain exposure to the ALTU investment strategy.

Despite the unanimous vote in favour of continuation of the Company at the AGM in July 2018, the Board see little prospect of any significant improvement in the key issues affecting the rating of the Company's shares in the market. The discount has widened partly reflecting little current investor appetite for Asia, but the small size of the Company and poor liquidity continue to present structural hurdles deterring new buyers. The resumption of buy backs in November 2018 resulting in regular purchases underlines the hard truth that there is little new demand for the Company's shares.

The Board conducted a review to assess the continuing commercial viability of the Company and the long-term credentials of the ALTU strategy and concluded that it is appropriate to take immediate action to act in the best interests of all Shareholders.

- The Company is the smallest by net assets in the Association of Investment Companies' ("AIC") Asian peer groups.
- Potential investors are deterred by the lack of liquidity with no certainty of being able to realise their investment at close to NAV.
- Since the mandate change in August 2014, and despite concerted marketing efforts, the Company's shares have not attracted any material buying interest.
- At the time of writing, the discount is the highest in the recently reclassified AIC Asia Pacific and Asia Pacific Income sectors.
- Both the change in dividend policy, announced in April 2017, and share buy backs have failed to narrow the discount materially.
- Expenses are rising to levels which represent a challenge versus larger funds in the same sector.

Regrettably, since the mandate change to ALTU there has been insufficient demand generated to grow the Company's assets.

The Board are fully supportive of Martin Currie's ALTU investment strategy as a disciplined and differentiated process with a credible investment objective that mirrors Asian economic growth. The investment performance has broadly met the Asian nominal GDP objective since adopting the ALTU mandate. Importantly, last year's continuation vote confirmed that Shareholders endorse the strategy, hence the Board's recommendation to provide for continuation in open ended form rather than initiating an exercise to look for an alternative investment manager. The rollover to the ICVC successor vehicle will be processed under section 110 of the Insolvency Act 1986, which should provide a tax efficient rollover for UK Shareholders.

Equally, the Board believes that there are a significant number of Shareholders who will welcome a cash exit to release them from what has become a perennial liquidity trap allowing realisation of value from their shareholdings.

Both options will provide Shareholders with an uplift of value reflecting the share price discount to an exit at NAV less costs. It is intended that Shareholders will be able to elect all or part of their holding for either option. The rollover vehicle will be the default option.

Simply put, ALTU is a commendable strategy at a structural disadvantage in the current closed end form.

Detailed proposals will be put forward in a Circular to be sent to Shareholders in due course, which will include a timetable for the General Meetings seeking Shareholder approval. A further update will be given as soon as is practicable.

Performance

The results for the financial year to 31 March 2019 show that the Net Asset Value ('NAV') as measured by total return increased by 2.4% and the share price rose by 3.8%. These figures include dividends of 16.7p per ordinary share paid during the year. For reference, Asian nominal GDP increased by 5.7%, while the MSCI AC Asia ex Japan index rose by 2.3%, both in in sterling terms.

Over three years to the end of March 2019, the NAV, on a total return basis, has increased by 45.4% as against the MSCI AC Asia ex Japan index return of 55.8% and the benchmark Asia nominal GDP growth of 34.0%.

Since the Asia Long-Term Unconstrained ('ALTU') mandate was adopted on 1 August 2014, the NAV has risen by 50.6%, again in total return terms, while the share price has risen by 56.8%. This is comparable to the Asia nominal GDP growth which recorded 57.6% over that period. These returns have been achieved with portfolio volatility of 13.4% slightly lower than the market volatility of 14.3% over that period. This reflects the secular rather than cyclical growth characteristics of holdings in the portfolio but is disappointing given the lower beta of the portfolio.

2018/19 has been another difficult year. Markets have ridden a switchback heavily influenced by the stop/start monetary policy of the US Federal Reserve ('the Fed'). Initially, the Fed applied the brakes a little clumsily by misreading the strength of domestic US growth, without appreciating the effects of the deterioration in world trade and the global economy. As a result, the Fed have now taken their foot off the brake, creating an impetus for a sharp global, including Asian, stock market recovery in the first quarter of this calendar year; the last quarter of our financial year. The Fed's current stance appears to underwrite "financial stability" as a primary policy objective and they will find it difficult to "normalise "rates in the current environment

Markets and liquidity flows were also bruised by the deterioration in US/China trade relations and the imposition of renewed tit for tat tariffs, together with concerns over the health of the Chinese economy itself. However, sentiment over China's economy and credit problems has improved more recently, aided by front loaded fiscal stimulus from the Government and the relaxation of credit from the Bank of China, evidenced in successive cuts in reserve requirements and interest rates, together with the extension of credit programmes for Small and Medium Sized Enterprises ('SMEs') and infrastructure initiatives.

Dividend

Subject to approval by Shareholders at the Annual General Meeting ('AGM'), an unchanged final dividend of 14p per ordinary share will be paid to Shareholders on 16 August 2019 to those Shareholders on the register as at 26 July 2019, with an ex-dividend date of 25 July 2019. This includes a contribution from capital reserves representing 2% of year-end ex income NAV, reflecting the change in dividend policy in 2017. The total dividend for the year including the 2.7p per ordinary share interim payment represents a 4.37% yield on the share price at the year end, 31 March 2019.

The revenue return of 8.60p per ordinary share was marginally ahead of last year.

Discount control

The change in dividend policy in 2017 was designed to offer an attractive yield to Shareholders by supplementing dividends out of capital. The Board's view was this could attract new buyers and any improved demand would have a positive traction on the share price discount to NAV. Initially the discount narrowed, but the efficacy appears to have worn off as the discount has drifted out to be the highest in the Asian investment trust peer groups.

The Board has repeatedly shied away from buying back shares. However, after painstaking review, it concluded that the discount was too wide and reluctantly initiated the renewal of buy back activity from November 2018, initially to provide support in disorderly markets.

During the year to 31 March 2019, the Company bought back 539,537 shares at an average price of 370.5p per ordinary share and subsequent to the year end a further 421,537 shares at a cost of £1,600,000.

While this exercise has been accretive to Shareholders, it reduces the size of the Company and further erodes liquidity.

The alternative would have been a tender offer, which would be expensive to execute and undermine the ongoing viability of the Company, already sub scale in a rising cost environment. Please note that ongoing charges have crept up to 1.17% from 1.08% last year.

Association of Investment Companies (AIC) Peer Group

The AIC have recently completed a substantive review of peer group classifications. As far as the Asian peer group is concerned, Asia Pacific now includes Japan while two new groups have been devised for trusts that invest in Asian Smaller Companies and Asia Pacific Income with a premium dividend. Our inclusion in the Asia Pacific Income bracket is somewhat anomalous as the classification defines income as the investment objective. Our yield reflects the policy of supplementing the dividend by a contribution from capital. We contested this designation and view the reclassification as less than satisfactory.

Appointment of co-manager

Damian Taylor was appointed co-manager of the Company alongside Andrew Graham on 1 December 2018. Damian has worked with Andrew and the Martin Currie Asian investment team since 2013 and has 18 years' experience as an active equity investor, with a background in private equity and investment banking. The Board welcomed Damian's appointment as complementary to Andrew Graham's role and strengthening the efforts of the investment manager in executing the investment strategy.

Refreshment of the Board

Although I am sceptical about the regulators judging the effectiveness and independence of directors according to their length of service, the Board is well aware of corporate governance concerns regarding tenure of directorships and diversity. A complementary balance of skills and experience available is crucial to an efficient boardroom and it is important to recruit new blood. Therefore, in the autumn of 2018, we initiated a search to refresh the Board. As a result, I welcome the appointment of Craig Cleland to the Board on 7 January 2019. Craig has extensive experience of the investment trust industry, currently at CQS (UK) LLP, and previously at JP Morgan Asset Management (UK) Ltd and at Robert Fleming.

Peter Edwards stepped down as a director in February 2019 after 11 years' service. On behalf of Shareholders, I would like to place on record our thanks to Peter, a prominent Hong Kong lawyer, for his counsel, sagacity and his contribution to the Company.

Outlook

The supply of liquidity is the key factor in determining the level of markets and this is still dictated by the policies of the Fed. For the moment, liquidity conditions appear benign as a consequence of the failed attempts by the Fed to try and "normalise" rates during 2017/18 and their subsequent capitulation after a sharp reversal in markets. It is difficult to see any resurgence in inflation in an environment where the enormous increase in global debt acts as a great deflator, provided, of course, that there is no significant supply chain disruption in input prices or wages. Therefore, interest rates in the USA should remain low with the prospect of a rate cut later this year.

Politics remain a challenge with the impasse over US/China relations, and their ongoing trade negotiations, the outcome of which is a paramount concern. Still there are other sources of friction across the region with tensions over China/Taiwan cross strait relations, the South China Sea, North Korea and Kashmir, all presenting potential flashpoints or challenges.

The sudden imposition of increased tariffs of 25% on US$200bn of Chinese goods and the breakdown of trade talks does little to engender confidence, already corroded by President Trump's diplomacy by Twitter. A brighter development has been the Indian elections which have seen the return of Narendra Modi and the BJP for a further five years, giving his government a strong mandate for further structural reforms and underpinning further positive developments across its economy.

Protectionist pressures, either through tariffs or regulation, continue to be a headwind for stock markets. For instance, India has just lost its 'favoured nation' trading status with the USA. Nevertheless, Asia's domestic economies will continue to grow, regardless of exogenous factors.

Both the Board and managers are confident of secular growth throughout Asia, as is laid out in the manager's review.

Our Shareholders have been consistently supportive of a strategy designed to capture long term Asian growth with less risk, but the Board believes that Shareholders will be better served by continuing exposure to the existing strategy in an open-ended vehicle, with a similar investment mandate, and by providing this option together with an all or part cash exit.

Harry Wells
Chairman

14 June 2019

Market review

The near flat performance of Asian stock markets over the year to end March disguises a quite turbulent environment. While the MSCI AC Asia ex Japan Index, as a proxy for the markets in our region, delivered a total return of 2.3% in sterling terms over the period, the market endured a peak-to-trough decline of over 18% between mid-June and late October 2018, retesting the October low in early January 2019, before rebounding nearly 11% by the end of March. Reduced expectations for global growth caused downgrades to earnings forecasts, which gathered pace from September. Successive increases in US interest rates (from an extremely low base), and Federal Reserve efforts to trim its balance sheet, pushed bond yields higher, squeezing global liquidity. This combined with concerns over the effects on global growth of the China/US trade dispute to pressure markets at the start of the year. In the ensuing shakeout, earnings optimism was replaced with considerable pessimism and stock market valuations slipped below long-term averages.

More recently, the environment has again changed. The pressure on global liquidity is starting to ease and it is likely to ease further. In response to weak asset markets and softer economic data in the second half of 2018, the US Federal Reserve (Fed) has signalled an earlier-than-anticipated exit from its balance sheet normalisation process and other central banks seem to have become more 'dovish' too. We could debate the extent to which central banks are evolving to 'new policy frameworks', perhaps in response to a new understanding about how asset markets and the real economy affect each other, or are simply being bullied into dovishness by populist presidents. While we believe that persistent interference with the workings of markets, particularly to limit the pain inflicted by market corrections, not only protects the imprudent but ultimately results in a structural misallocation of capital, this is not the platform to debate the ethical dimensions of policy. Rather, our goal is to grasp the runes of policy direction and understand the extent to which it could derail the long-term fundamental drivers of the Asian economic story, or influence the oscillations of the business cycle as the region's longer-term secular dynamics play out. In turn, this leads us to consider the earnings cycle and market valuations.

The most important change since publication of our interim report is that our comments regarding the direction of travel regarding monetary policy tightening, including a tightening bias among Asian monetary and regulatory authorities, are no longer valid. At the same time, elections in India, Indonesia, Thailand and the Philippines have inclined policymakers there to be more constructive in terms of supporting their respective economies. While not subject to the rigours of the electoral cycle, China's government has become sufficiently concerned about the deceleration of economic growth at home to resort to meaningful fiscal stimulus, as well as pressuring big banks to lend more – especially to small and medium-sized enterprises. It seems reasonable to assume some improvement in the business cycle in Asia; this will probably be noticeable in the second half of 2019. However, there is still room for near term disappointment. The full effect of last year's interest rate rises may not have fully filtered through to the real economy and, importantly, the Fed is currently still shrinking its balance sheet, which could have uncomfortable ripple effects in asset markets.

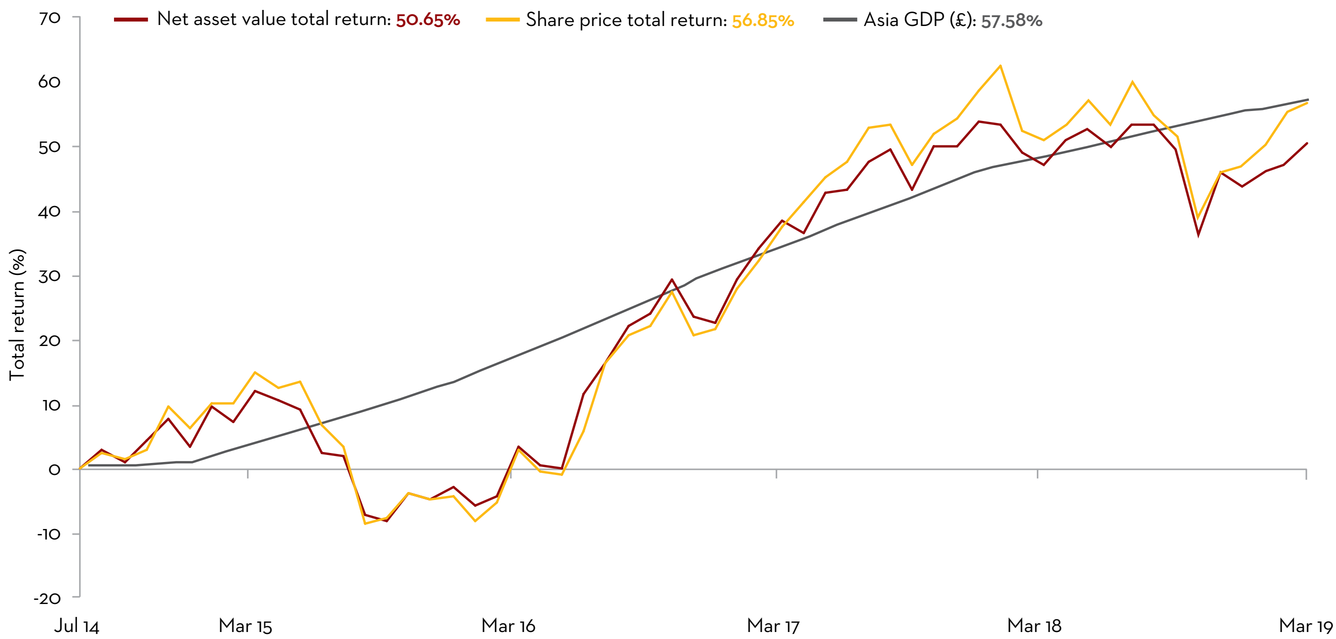
At the same time, trade friction remains an unresolved issue. Until recently there was optimism that China and the US would achieve a workable compromise. While this hope has recently been dashed by implementation of increased 25% tariffs by the Trump administration over the whole range of Chinese exports to the USA, this may be a negotiating tactic, so a deal is still may be the most realistic outcome. However, there is a strong lobby in Washington which wants the USA to stand up to China as it is now perceived as a global threat to American interests and are reluctant to back down.

Performance

Net asset value measured by total return increased by 2.4% over the year. This takes total return on net assets since the Company adopted Martin Currie's Asia Long-Term Unconstrained strategy to 50.6%, compared to 57.2% growth of Asia ex Japan nominal GDP growth over the same period (both in sterling terms; see chart below). As our investment strategy's principal objective is to deliver a long-term total return greater than Asia ex Japan region nominal GDP growth, it is disappointing when cumulative net asset value progression dips below this yardstick, as it has recently. But share prices are typically more volatile than the nominal GDP data series, so it is reasonable to expect some periods in which portfolio returns might undershoot nominal GDP growth.

The largest positive contributors to returns came from investments in the financial services, utilities and technology sectors. At the individual stock level, pan-Asia life insurer AIA again delivered strong returns. Two of the 'new purchases' featured in last year's annual report, India's leading private sector bank, HDFC Bank, and Hong Kong-listed water utility Guangdong Investment, also made notable positive contributions, as did Chinese gas utility ENN Energy (along with AIA, also a top performer in the prior fiscal year). Our two investments in the Indian IT services industry, Tata Consultancy Services and Infosys, were the main drivers of technology sector returns and, after being out of favour in the prior year, China Mobile performed well thanks to the company's stable earnings profile and attractive dividend. Singapore Technologies Engineering, added to the portfolio less than a year ago, made a positive start.

Asia Unconstrained Trust performance from 31 July 2014 to 31 March 2019



Past performance is not a guide to future returns.

Source: Martin Currie Investment Management Ltd.

The main detractors to performance were largely confined to the consumer discretionary sector. Our Indian consumer stocks, Hero MotoCorp and Maruti Suzuki, have been depressed as growth in new vehicle sales has slowed. However, the worst performing stock was the Indian financial inclusion services provider Vakrangee.

Performance Contributors

AIA Group. Management continues to focus on profitable growth, while maintaining a strong capital position and a progressive dividend policy. In the 2018 financial year operating profits grew 13% and the underlying dividend was raised 14% year-on-year (yoy). AIA also paid a special dividend in 2018 and, if that is included, dividend per share rose 23%. From its inaugural dividend paid in 2011, AIA has raised its dividend 3.4x (HK$0.33 to HK$1.14, excluding the special last year), underlining the benefit of taking a long-term view with share ownership. The structural drivers of AIA's life insurance and related business remain compelling and have many years to run: urbanisation and expanding wealth, low insurance penetration and limited provision of social welfare, an ageing population and the growing need for retirement savings.

Guangdong Investment (GDI). GDI's water-utility business is a source of stable profits. Approximately 60% of operating profits come from its Hong Kong water supply business. The latter is a very low growth business but the returns from this are funding growth investments in mainland China municipal water and waste treatment assets; GDI currently has 23 projects in operation there, 11 under construction and 6 in the pre-construction phase. Despite this increased investment, the company has been steadily growing its dividend pay-out ratio and, as a result, increased its dividend by 10% in 2018, compared with 4% growth in recurring earnings. GDI has a very strong balance sheet with virtually no net debt and enjoys strong cash flow. Management is focused on seeking investment opportunities in the water sector in China, as well as in property and infrastructure development. We expect 2019 profit growth to be subdued, although the dividend may grow by another 10%, but anticipate acceleration in 2020 as profits from property development are booked and new mainland China water projects start to contribute to earnings.

Tata Consultancy Services (TCS). One of India's leading IT service companies, TCS continues to deliver a solid operating performance. In its third quarter (Q3) release, the company reported 9.7% yoy revenue growth in US$ terms and net income growth of 12.7%. It remains a highly profitable business, with an operating profit margin of 25.6%. A key data-point we track is the growth in the company's customer base, especially larger customers. In Q3 the company added 8 new clients that will each generate US$100million+ of revenue – for a total of 45 of this scale. There was also good growth in medium and smaller sized clients and as a result the total customer base grew by 7% to 2,240. TCS will typically win a new customer and then, over a period of several years, penetrate different parts of that customer's business, over time becoming a strategic partner. This expansion is being achieved in North America, Europe and Asia. Growth of digital technology services is expanding particularly rapidly, achieving over 50% growth yoy in Q3 and we anticipate the contribution of digital services will grow significantly from its current approximately 30% share of revenues today.

Performance Detractors

Vakrangee (VKI). We wrote extensively on VKI in the November 2018 interim management report, as well as in the last annual report. In those reports we drew attention to the very poor performance of the shares in the wake of a resignation by the company's auditor, PWC, shortly before the annual report was due to be published. After new auditors were appointed financial statements were published, but management's engagement with shareholders over this period was significantly below the standard that should be expected of a listed company. This failure to engage with shareholders, combined with a costly change in business strategy led us to sell the entire holding.

Matahari Department Store (MDS). This retailer has a dominant position with middle-income Indonesians and we have held the stock in anticipation of a steady recovery in consumer spending. The latter has belatedly started to come through and same-store-sales at Matahari staged a recovery over the year. However, at the very end of the year, sales appeared to lose impetus, with competition from online marketplaces cited as a contributing factor. A sizeable write down of MDS' own investment in an online marketplace is doubly disappointing. In the Indonesian general election, the incumbent has returned to power, which is positive for business and consumer sentiment. However, the online-retail segment, while very small in Indonesia, is growing fast. There is a rising risk that online encroachment may impede MDS from fully enjoying any recovery in consumer spending. While this is unlikely to be fatal for MDS, the company will have to work harder to maintain sales and may have to accept lower profit margins in the process. The shares are very cheap and the company is buying back stock for cancellation. However this is being partly funded with debt, which could be problematic in the absence of a business recovery.

Hero MotoCorp. Demand for motorcycles and scooters, Hero's key products, have been soft recently. Insurance costs have risen, driven by regulatory change, which has pushed up the cost of ownership at a time when consumer confidence has been somewhat subdued in the run-up to India's national elections. New ABS braking system standards (this April) and changes to emission limits (next April) might distort demand for two-wheeled vehicles as both will result in costlier (albeit better) vehicles. We expect manufacturers such as Hero to share some of these cost increases with consumers and, in the short term, to absorb some of the costs in profit margins. In our view, these are essentially short-term issues; we believe the longer-term structural growth story for motorcycles and scooters in India remains intact and will therefore retain the investment.

Activity

Over the past year the Company sold six holdings and purchased three new ones.

Sales

A sustainable resumption of earnings growth has proved increasingly elusive at **Singapore Telecommunications**. While the dividend yield of 5% was attractive, a high pay-out ratio implied a lack of future dividend growth potential. We would therefore have been unable to compound a sufficiently attractive return had we remained long-term shareholders. A different situation challenged our continued ownership of shares in branded luggage company **Samsonite**. As 2018 unfolded, the operating environment for the company became increasingly problematic. While the company produced acceptable headline results, we were concerned about deteriorating cash flow generation and what looked like involuntary inventory accumulation. Following our exit the stock has been hit by concerns about margins and cash flow generation. This is a business with decent growth prospects and we would consider repurchasing when the risk/reward balance is more attractive. The entire holding in **Vakrangee** (discussed above) was sold towards the end of last year. The position in Hong Kong-listed **Johnson Electric**, a well-managed producer of industrial motors principally for the automotive industry, was replaced by an investment in another auto parts company (*Minth Group*, discussed below) which has superior structural growth prospects. Quick service restaurant operator **Café de Coral** was disposed of on valuation grounds, while we exited the position in Hong Kong TV broadcaster and programme producer **Television Broadcasts** due to a more challenging regulatory environment in mainland China, a key area of future growth for the company, and on concerns about the local advertising market in Hong Kong.

Purchases

Singapore Technologies Engineering (STE). STE is a leading Asian technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. As a result of its large and diversified range of businesses, STE's sales and earnings profile has historically been very stable. However, we believe the company has entered a new growth phase driven by two divisions. STE's Aerospace division is the world's largest airframe maintenance, repair & overhaul (MRO) service provider and will benefit from the steady growth of the world's commercial aircraft fleet. STE's Electronics division benefits from the investment in infrastructure needed as Asia continues to urbanise and as transportation and utility networks globally invest in new technology solutions in a drive for greater efficiency and security.

Minth Group. A Chinese auto-parts producer with a leading position in the market for exterior automotive body parts in China. We expect Minth to achieve growth ahead of the global automotive industry. Its products are being designed into a wider range of models for existing customers, while at the same time, new customers are being added. While this does not mean the company can remain immune from economic cycles, it should nonetheless deliver a superior across-cycle performance. The company has already built a strong position supplying the mainland China manufacturing plants of Japanese auto-makers and, having impressed other international and local Chinese firms with its strong commitment to product quality, is now steadily building business with them too. Minth is also increasingly successfully winning business from international auto clients for their non-China operations and we believe this trend will persist.

Ping An Insurance Group. Ping An is a diversified financial services business in China. The largest contributor to earnings is the Life & Health Insurance business, which is protection focused and driven by a good agency sales force. We believe this is the highest-quality operator among Chinese insurance companies and enjoys a strong competitive position from which it can sustain double-digit earnings growth. The business is not problem free, as the Group owns a bank which is currently under transition to a more profitable operating model. Our investment case is not predicated on the latter being successful. The combined operations of the group, including its digital affiliates, have the hallmarks of a strong, emerging financial services franchise. Years of heavy investment have placed the company in a leadership role in terms of technology, which will enable above-average growth and returns over the next several years.

Outlook

At the time of writing, the earnings cycle in Asia appears to be bottoming after a torrid year of downgrades in which the mid-teens growth expectations of analysts were ultimately watered down to a modest year-on-year decline for 2018 and low single-digit growth for 2019. Given the increased chance of improved economic growth at some point in the second half of 2019, it is reasonable to assume that any further downside to Asian earnings will be limited from here. Catalysts for a stabilisation and improvement in earnings expectations include signs of supportive policy action, a softening of energy and raw material prices, the emergence of strong mandates to govern in the countries with national elections (particularly India and Indonesia), and a resolution to the trade dispute between China and the US. After a strong start to 2019, Asian stock market valuations were mixed although market weakness post our Company's financial year end has seen valuations return to more attractive levels. As the market recovered in advance of earnings announcements, earnings-based valuation metrics are above 10-year averages although not at extreme levels. Asset value based measures suggest valuations below 10-year averages, or even slightly below (for example, at the time of writing the price-to-book value based on the trailing 12-month book value is at 1.49x compared with the 10-year average of 1.63).

We believe the long-term secular growth opportunity in Asia remains substantial. Employment levels in the region are generally healthy and incomes are growing. As a result, the middle class continues to expand and the proportion of the population exposed to poverty is shrinking. Rising disposable income leads to changes in consumption patterns, with increased spending on leisure, travel, education, health care, discretionary consumer goods and housing. Rising financial inclusion also supports spending on bigger ticket items such as motor vehicles, as well as growth in demand for savings products and insurance. Population growth and, particularly, rising urbanisation creates rising demand for more and better infrastructure. Asia needs to invest trillions of dollars in infrastructure in the years ahead.

The Asian stock market offers many opportunities to access this growth. Your Company is focused on finding businesses that can not only participate in that growth but also translate it into attractive returns for investors. This means finding companies capable of generating cash flows, after necessary maintenance capital spending, which can be re-employed back into their businesses to fund future growth, or returned to shareholders. The changes to the portfolio highlighted above reflect that objective. We remain sensitive to valuation and will seek to move capital from businesses that become overvalued relative to their prospects into other, more attractively valued portfolio holdings or into new holdings.

Andrew Graham
14 June 2019

D Taylor

Damian Taylor
14 June 2019

Portfolio distribution as at 31 March 2019 (%)

	China & Hong Kong	India	Singapore	South Korea	Malaysia	Thailand	Taiwan	Indonesia	Total
Financials	18.4	6.0	4.6	–	–	2.8	–	–	31.8
Technology	11.2	8.9	–	–	–	–	2.6	–	22.7
Consumer goods	1.4	6.5	–	11.3	–	–	–	–	19.2
Utilities	8.3	–	–	–	–	–	–	–	8.3
Industrials	–	–	8.3	–	–	–	–	–	8.3
Consumer services	1.2	–	–	–	3.2	–	–	0.8	5.2
Telecommunications	4.5	–	–	–	–	–	–	–	4.5
Total portfolio	45.0	21.4	12.9	11.3	3.2	2.8	2.6	0.8	100.0
Total portfolio (31.03.18)	42.7	21.9	12.1	10.2	4.4	3.6	3.1	2.0	100.0

By asset class

	31 March 2019 %	31 March 2018 %
Equities	100.3	100.5
Options	–	(0.1)
Cash	3.0	2.6
Borrowings	(3.3)	(3.0)
Total	100.0	100.0

Top ten holdings

	31 March 2019 Market value £000	31 March 2019 % of total portfolio	31 March 2018 Market value £000	31 March 2018 % of total portfolio
Tencent Holdings	12,440	8.0	11,838	7.5
AIA Group	12,221	7.9	11,936	7.5
Ping An Insurance	8,301	5.4	–	-
HSBC Holdings	7,929	5.1	7,784	4.9
Coway	7,445	4.8	5,263	3.3
Infosys	7,382	4.8	6,770	4.3
Guangdong Investment	7,146	4.6	6,586	4.2
United Overseas Bank	7,011	4.6	7,347	4.6
China Mobile	6,952	4.5	5,809	3.7
Singapore Technologies Engineering	6,822	4.4	–	–
Total	83,649	54.1	63,333	40.0

PORTFOLIO HOLDINGS

	Sector	Market value £000	% of total portfolio
China & Hong Kong		69,462	45.0
Tencent Holdings	Technology	12,440	8.0
AIA Group	Financials	12,221	7.9
Ping An Insurance	Financials	8,301	5.4
HSBC Holdings	Financials	7,929	5.1
Guangdong Investment	Utilities	7,146	4.6
China Mobile	Telecommunications	6,952	4.5
ENN Energy	Utilities	5,680	3.7
TravelSky Technology	Technology	4,861	3.2
Minth	Consumer Goods	2,097	1.4
Dairy Farm International Holdings	Consumer Services	1,835	1.2
India		32,839	21.4
Infosys	Technology	7,382	4.8
Tata Consultancy Services	Technology	6,262	4.1
Hero Motocorp	Consumer Goods	5,807	3.8
HDFC Bank	Financials	5,550	3.6
Maruti Suzuki India	Consumer Goods	4,129	2.7
HDFC Bank ADR	Financials	3,709	2.4
Singapore		19,812	12.9
United Overseas Bank	Financials	7,011	4.6
Singapore Technologies Engineering	Industrials	6,822	4.4
Jardine Matheson Holdings	Industrials	5,979	3.9
South Korea		17,461	11.3
Coway	Consumer Goods	7,445	4.8
LG Household & Health Care	Consumer Goods	5,220	3.4
Samsung Electronics	Consumer Goods	4,796	3.1
Malaysia		4,855	3.2
Genting Berhad	Consumer Services	4,855	3.2
Thailand		4,296	2.8
Siam Commercial Bank	Financials	4,296	2.8
Taiwan		4,023	2.6
Taiwan Semiconductor Manufacturing Company	Technology	4,023	2.6
Indonesia		1,291	0.8
Matahari Department Store	Consumer Services	1,291	0.8
Total portfolio		154,039	100.0

Business model

On 4 June 2019 the Company indicated its intention to publish proposals to effect a scheme of reconstruction of the Company under section 110 of the Insolvency Act 1986, which, in effect would result in the voluntary liquidation of the Company and a tax efficient roll over of its assets into an open ended vehicle managed by Martin Currie Investment Management Limited within the Legg Mason Investment Funds ICVC umbrella. It is intended that this open ended investment company will follow the Asia Long-Term Unconstrained strategy currently pursued by the Company and have a similar investment objective. Please refer to the Chairman's statement for further details.

The Company, as an investment trust, is a UK closed end public limited company which invests in a diversified portfolio of assets.

Unconstrained by any benchmark, the Company's objective is to achieve returns commensurate with Asia ex Japan nominal GDP growth, measured on a three year rolling basis.

The Company has no employees, and the Board outsources its entire operational infrastructure to third party providers. In particular, the Board appoints and oversees an independent investment manager to manage the investment portfolio. The Board sets the Company strategy, decides the appropriate financial policies within which the assets and liabilities of the Company are managed, ensures compliance with tax, legal and regulatory requirements and reports regularly to shareholders on the investment manager's performance.

For more information on investment trusts please visit www.theaic.co.uk.

The disclosures on Board diversity and environmental matters and social/community issues are on page 17.

Strategy

The Company's principal strategies are:

Investment policy and objective

The Company invests in equities, in which the investment manager has high conviction, which results in the construction of a focused portfolio, typically 20-30 stocks (excluding derivatives). Portfolio turnover is low with a long-term buy and hold approach. The investment objective is designed to capture returns commensurate with Asia ex Japan nominal GDP growth, measured on a three year rolling basis. Nominal GDP growth rates are high in Asia. The Company has an absolute rather than relative investment objective and the manager is unconstrained by any benchmark.

The Board has set investment guidelines and imposes the following limits on the investment manager's discretion to select stocks:

- no more than 10% of the Company's Total Asset Value (TAV) to be invested in any one company or group at the time of purchase;
- no more than 10% of the issued shares of any class of equity security of any company to be held;
- no more than 15% of the Company's assets in the shares and securities of any one company at any time; and
- no more than 5% of the Company's NAV to be invested in Martin Currie associated funds, at time of purchase.

Furthermore, the investment manager analyses the overall shape of the portfolio to ensure that investment risk is dominated by high conviction stocks in the portfolio and that the combination of stocks held does not lead to any unintended reliance on a particular macroeconomic factor (for example, a higher oil price or lower interest rates).

Current asset allocation and actual holdings are discussed in the manager's review on pages 6 to 9 and details are contained in the portfolio summary and portfolio holdings on pages 10 and 11.

Risk management

Risk management is largely focused on managing investment risk in accordance with the investment policy guidelines set by the Board. The Board has established risk parameters for the investment manager within which the portfolio should be managed. The Board reviews, at each Board meeting, the relevant risk metrics presented by the investment manager to ensure there is sufficient but not excessive risk taken within the portfolio.

The wider corporate risks relate mainly to the challenges of managing the Company in an increasingly regulated and competitive market place. These risks are each actively managed through mitigation measures which the Board has put in place and are discussed on pages 13 to 15 of this report.

Financial

The main focus is on the management of shareholder capital, the use of gearing and the management of the risks to assets and liabilities of the Company.

The Board's principal goal for the management of shareholder capital is to achieve returns commensurate with Asia ex Japan nominal GDP growth by investing primarily in Asia ex Japan equities. The Company's net gearing is restricted to 20% of net assets with parameters being between 85% and 120% invested.

The Company has a £15,000,000 loan facility. As at 31 March 2019, £5,069,000 was drawn down – split between Hong Kong dollars and Singapore dollars and invested into the portfolio on a pro rata basis. The drawdown was instructed by the Board as structural gearing. The balance of the facility is available to be drawn down as tactical gearing and invested at the discretion of the investment manager.

Providing income for shareholders is not the central objective of the Company. However, the dividend has been supplemented by introducing a distribution from capital.

Principal risks and uncertainties

Risk and mitigation

The Company's business model is longstanding and resilient to most of the short term uncertainties that it faces, which the Board believes are effectively mitigated by its internal controls and the oversight of the investment manager, as described in the table below. The principal risks and uncertainties are therefore largely longer term and driven by the inherent uncertainties of investing in equity markets. The Board endeavours to respond to these longer term risks and uncertainties with effective mitigation so that both the potential impact and the likelihood of these risks seriously affecting shareholders' interests are materially reduced.

Risks are regularly monitored at Board meetings and the Board's planned mitigation measures are described in the table below.

The Board believes that the processes of internal control that the Company has adopted and oversight by the investment manager continue to be effective.

The Board has identified the following principal risks to the Company for the year under review:

Risk	Mitigation
Loss of s1158-9 tax status	Loss of s1158-9 tax status would have serious consequences for the attractiveness of the Company's shares. The Board considers that, given the regular oversight of this risk carried out by the investment manager and reviewed by the Board itself, the likelihood of this risk occurring is minimal. The audit and risk committee regularly reviews the eligibility conditions and the Company's compliance against each of the latter, including the minimum dividend requirements and shareholder composition for close company status.
Failure to manage shareholder relations	The Board recognises the importance of managing shareholder relations. At each Board meeting, the Board monitors the composition of and changes to the shareholder register. The Board also reviews feedback from the investment manager and the Company's broker based on meetings and interaction with shareholders. Where appropriate the directors are available to address shareholder questions. Shareholders are encouraged to engage with the Company by using the email address noted on the back page of this annual report.
Major external market disruption	There is a risk that a major external market disruption, war event, natural disaster or cyber attack could impact the Company's business and underlying portfolio. Board members keep abreast of political, market and industry issues, meet regularly and have the ability to call ad hoc meetings to discuss and take appropriate action should such disruption arise. The investment manager has a dedicated cyber security defence programme and a Valuation Committee in place to support the continued calculation of the Company's NAV in the event that stock markets are closed for an extended period.
Long-term investment underperformance	The Board manages the risk of investment underperformance by relying on the integrity of the investment manager's investment process. The Board monitors the implementation and results of the investment process with the portfolio manager, who attends all Board meetings, and reviews data that shows statistical measures of the Company's risk profile. Should investment underperformance be sustained despite the mitigation measures taken by the investment manager, the Board would assess the cause and look to take appropriate action to manage this risk. Please see the Chairman's statement and manager's review on pages 3 to 9 for further details.
Gearing risk	From time to time, the Company finances its operations through bank borrowings. The Board regularly and actively considers such borrowings (gearing) closely, with regard to interest rates, market conditions and peer group activity. Details of the current gearing are provided in notes 11, 13 and 14 to the financial statements. There were no debt securities held at 31 March 2019 and the Company's investment portfolio is only indirectly exposed to interest rate risk. The Board also reviews analysis of lending counterparties, which includes counterparty risk, rates and other terms.

Risk	Mitigation
Market, financial and interest rate risk	Although the Company is based in the UK, its portfolio of investments principally consists of overseas stocks. Currency risk is inherent in all investment decisions and the investment managers apply their skills and experience to mitigate this risk within acceptable tolerances. Diversification via the countries and markets in which the portfolio is invested is a key mitigant of currency and market risk. The investment manager oversees various risk factors inherent in the portfolio, including geographical concentration and, by extension, currency risk. It also stress tests the portfolio for significant currency and inherent market risks. The investment managers investment process and investment risk framework are designed to manage inherent market risk and optimise portfolio positioning in reference to the investment objective. In addition to the overseas investments, during the year the Company also had non-sterling cash deposits and a multi-currency loan facility which expires on 30 September 2020. At 31 March 2019 the Company had no non-sterling cash deposits (2018: an overdraft of £2,000 equivalent in US dollars). As at 31 March 2019 the Company had borrowings in Hong Kong dollars and Singapore dollars. Details are given in note 14 on pages 48 to 50. The Company's sterling statement of financial position and statement of comprehensive income can be significantly affected by movements in the local currencies of these stocks.
Outsourcing risk	The Company has outsourced its entire operational infrastructure to third party providers. Please see page 58 for a list of the Company's advisers. Contracts and service level agreements have been arranged to ensure that the service provided by each third party provider is of a sufficiently professional and technically high standard. The Board receives and reviews control reports from all service providers. Periodically, the Board requests representatives from third party service providers to attend Board meetings to give the Board the opportunity to discuss the controls that are in place directly with the third party providers. The Board carries out an annual evaluation of its service providers and gives regular feedback to the investment manager through the management engagement committee.
Counterparty risk	Most transactions are made delivery versus payment on recognised exchanges. The risk to the Company of default is therefore minimised. Investment transactions are only carried out with approved brokers. Counterparty risk indicators are regularly reviewed by the investment manager and appropriate action taken, including, if necessary, removing brokers from the approved list. Cash is held only with approved counterparties.
Strategic planning impacts on discount and liquidity	A Board strategy session is held annually to establish strategic priorities, which are subject to review and discussion at Board meetings. The Board monitors relevant risk factors and has set performance targets for the investment manager in relation to investment performance, shareholder constituents and the discount level. These factors can impact the Company's reputation, market sentiment and validity of the investment manager's investment process. The investment manager and the Company's broker assist in identifying commercial opportunities for the Company. Discount management policy is regularly discussed and approved by the Board.

Risk	Mitigation
Failure to meet Company dividend policy	The Company's dividend policy is reviewed and approved by the Board, in line with the semi-annual dividend payment. The Board has authority to make a capital payment representing 2% of ex income NAV with the final dividend. The Board expects this dividend policy to endure, but it remains subject to review in the event that there is a change in market conditions or shareholder expectations, and in the event that the Company has incurred a capital loss in any financial year. The Board is recommending the payment of the capital element as part of the final dividend. Revenue estimates are presented to the Board at each meeting for the current and next financial year. The shareholders have the opportunity to vote on the Company's final dividend annually.

Key performance indicators ('KPIs') and measuring performance

The Board uses a number of financial KPIs to monitor and assess the performance of the investment manager in achieving the Company's objectives. The principal KPIs are:

1. Net asset value performance:

Target: total return of the NAV to exceed the Asia ex Japan nominal GDP growth measured on a three-year rolling basis.

The Company's objective is to achieve returns commensurate with Asia ex Japan nominal GDP growth measured on a three-year rolling basis.

The total return* of the NAV for the three years ended 31 March 2019 was 45.4% (2018: three years ended 31 March 2018 31.25%).

Asia ex Japan nominal GDP growth for the three years ended 31 March 2019 was 34.0%.

The KPI was met for the three years ended 31 March 2019.

Further details of performance are provided in the Chairman's Statement and Managers Review.

2. Long-term share price appreciation:

Target: to provide shareholders with long-term share price appreciation, measured on a three-year rolling basis.

Over the three years ended 31 March 2019 the total return* of the Company's share price was 52.2% (2018: three years to 31 March 2018: 31.49%).

The KPI was met for the three years ended 31 March 2019.

3. Ongoing charges:

Target: Ongoing charges to be in line with or lower than the weighted sector average of the AIC Asia Pacific ex Japan peer group.

The Board monitors the ongoing charges of the Company to ensure that they remain competitive against the AIC peer group.

For the year ended 31 March 2019 ongoing charges* were 1.17% of shareholder funds (2018: 1.08%), as shown in the financial highlights.

The KPI was not met for the year end 31 March 2019. As at 31 March 2019 the AIC ongoing charges weighted sector average for the Asia Pacific ex Japan peer group was 0.97%.

Harry Wells
14 June 2019

*For details of all Alternative performance measures refer to pages 53 and 54.

BOARD OF DIRECTORS

Harry Wells, Chairman

Harry has over 40 years' experience of investment markets, primarily as an institutional stockbroker specialising in Asia, based in London and Hong Kong, retiring as a Managing Director of Salomon Smith Barney. He is also Chairman of CC Japan Income & Growth Trust plc and the Establishment Investment Trust plc.

Harry holds an MA from Cambridge University and is a Fellow of the Chartered Institute for Securities and Investment and a Member of the Royal Institution of Chartered Surveyors. He was appointed to the Board of Martin Currie Asia Unconstrained Trust in June 2003, and became Chairman in July 2014.

Gregory Shenkman, senior independent director

Greg sits on the boards of a number of other companies, including The Establishment Investment Trust. He has over 40 years' experience in investment banking. Until July 2007 he was a Global Partner and Managing Director at the Rothschild Investment Banking Group. From 2000 to mid 2004 he was the head of Rothschild's Asian investment banking and other businesses, which he substantially restructured. He also established, and was the head of, the investment banking business in Japan of the Swiss Bank Corporation (now UBS) and later head of Kleinwort Benson in Japan. He also served as the global head of privatisation at Kleinwort Benson. He was appointed to the Board of Martin Currie Asia Unconstrained Trust in August 2007.

Anja Balfour, Chairman of the audit and risk committee

Anja has extensive knowledge and experience of Asian equity portfolios having spent 22 years as a fund manager running Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and latterly, Axa Framlington. She is Chairman of Schroder Japan Growth Fund and a non-executive director of BMO Global Smaller Companies plc, AVI Global Trust plc and Scottish Friendly, a financial mutual. She is a member of Archangel Informal Investment, a business angel syndicate and was previously a trustee of Venture Scotland. She is a member of the CFA Society of the UK. Anja was appointed to the Board of Martin Currie Asia Unconstrained Trust in September 2012.

Martin Shenfield

Martin has 35 years' experience in the asset management industry which includes managing both institutional and retail funds and overseeing global asset allocation, as well as holding several senior management positions. He is currently managing director of strategy at TS Lombard and is due to become a non-executive director of JPMorgan Japan Smaller Companies Trust plc from 29 July 2019. Martin also acts as a general adviser to various family offices and funds. Martin has extensive experience in Asia Pacific capital markets, having helped establish Fidelity International's first Asian (ex Japan) office in the 1980s. A specialist in Asian macroeconomics, Martin is also well versed in bottom-up analysis of Asian companies. Martin holds an MA in Classics and History from Cambridge University. He was appointed to the Board of Martin Currie Asia Unconstrained Trust in November 2015.

Craig Cleland

Craig is Head of Corporate Development; Investment Trusts at CQS (UK) LLP. He was previously at JPMorgan Asset Management (UK) Limited, latterly as Managing Director, and led their technical groups in the investment trust business. Prior to that he was a director and senior company secretary at Fleming Investment Trust Management Limited, transferring to JPMorgan after the acquisition of Robert Fleming Holdings Limited. He is also the audit committee chairman at Invesco Perpetual Select Trust PLC and a Director of Blackrock Latin American Investment Trust plc. He was appointed to the Board of Martin Currie Asia Unconstrained Trust in January 2019.

Business review

The investment manager

Martin Currie Investment Management is an international equity specialist based in Edinburgh, managing money for a wide range of global clients. Its investment process is focused on selecting stocks through fundamental proprietary research and constructing well-balanced high conviction portfolios. Damian Taylor was appointed co-portfolio manager alongside Andrew Graham in December 2018. The Board closely monitors investment performance and both Damian Taylor and Andrew Graham, who manage the Company's investments, attend each Board meeting to present a detailed update to the Board. The Board uses this opportunity to challenge the investment manager on any aspect of the portfolio's management.

Continued appointment of the investment manager

The Board conducts an annual performance appraisal of the investment manager against a number of criteria, including operational performance, investment performance and other contractual considerations.

During the year, the Board reviewed the appointment of the investment manger and concluded that its continued appointment was in the best interests of shareholders.

The directors remain satisfied with the performance of the Company secretarial, administration, marketing and accounting functions provided by Martin Currie.

Main features of the contractual arrangement with the investment manager

- Six month notice period;
- Immediate termination if Martin Currie ceases to be capable of carrying on investment business; and
- In the event that the Company terminates the agreement otherwise than as set out above, Martin Currie is entitled to receive compensation equivalent to twice the basic quarterly management fee payable.

In relation to the proposals relating to the future of the Company, Martin Currie have agreed to waive their compensation entitlement detailed above.

Investment management fee

Martin Currie is paid a management fee which is calculated quarterly at an annual rate of 0.75% of net assets up to £150 million and an annual rate of 0.60% of net assets above £150 million.

Any investments in 'in-house' funds managed by Martin Currie are excluded when calculating the management fee charged to the Company. As at 31 March 2019 there are no in-house fund holdings. In addition, Martin Currie is currently entitled to a quarterly secretarial fee of £21,279 which increases annually in line with CPI.

The management fee payable to Martin Currie – which, for the period under review, amounted to £1,156,000 (2018: £1,185,000) – has been allocated one-third to revenue and two-thirds to capital.

The allocation is based on the Board's expected long-term split of returns in the form of income and capital gains.

Further contractual arrangements essential to the business of the Company

The operational infrastructure of the Company has been outsourced to third party providers. Contracts and service level agreements ensure that the service provided by each of the third party providers is of a sufficiently professional and technically high standard. The audit and management engagement committees review all third party service providers on a regular basis.

Performance and outlook of the Company

Please refer to the Chairman's statement on pages 3 to 5 and the manager's review on pages 6 to 9 for an update on the performance of the Company.

Board diversity

The nominations committee considers diversity, including the balance of skills, knowledge, gender, social and ethnic backgrounds, cognitive and personal strengths and experience, amongst other factors when reviewing the composition of the Board. It does not consider that it is appropriate to establish targets or quotas in this regard. The Board comprises five non-executive directors of whom one is a woman, thereby constituting a 20% female representation. The Company has no employees as its entire operational infrastructure is outsourced to third party providers.

Environmental matters and social/community issues

As an externally managed investment company with no employees, the Company has no policies in place in relation to environmental, social or community issues. The Company's greenhouse gas emissions are negligible. The Company does not have explicit environmental, social or corporate governance (ESG) policies but encourages and actively oversees Martin Currie's application of its ESG policies in the investment processes. The Board receives regular reports of both voting and other engagements by Martin Currie with the managements of companies in the portfolio. Details of Martin Currie's ESG related policies and activities can be found on its website at martincurrie.com.

Statement regarding annual report and accounts

Following a detailed review of the financial statements by the audit and risk committee and reported to the Board, the directors consider that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2019

Share capital

As at 31 March 2019 the share capital (including shares held in treasury) of the Company was 39,505,872 ordinary shares of 50p each. Please refer to note 12 on page 47 for details of shareholders' rights.

Shareholder analysis as at 31 March 2019	% of shareholders	% of equity capital
Banks and nominee companies	56.1	87.9
Individuals and trustees	40.4	2.4
Investment companies	0.1	0.0
Other holders	3.4	9.7
	100.0	100.0

Voting rights

As at 31 March 2019 the Company was notified of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital:

	% of issued share capital
Wells Capital Management	21.02
Alliance Trust	10.87
Charles Stanley Group	9.29
City of London Investment Management	5.10
1607 Capital Partners	4.81

Subsequent to the 31 March 2019, the Company has received notification that Wells Capital Management had increased their holding to 22.0%. As at 13 June 2019, the Company has not received notification of any other changes.

Related party transactions

With the exception of transactions with directors, notably the directors' fees (disclosed on page 27) and directors' shareholdings (disclosed on page 27), there were no related party transactions to report throughout the financial year.

Directors' indemnity

The Company provides a Deed of Indemnity to each director, to the extent permitted by United Kingdom law. In accordance with the terms of the Deed of Indemnity, the Company will indemnify a director against all liabilities, costs, charges and expenses incurred by the director, as a result of proceedings brought against that director, arising as a result of the actual or purported discharge of their directors duties. The Company also has in place a Director and Officer Liability Insurance Policy that is renewed annually.

Corporate governance statement

The Company's corporate governance statement is set out on pages 23 and 24 and forms part of this report of the directors.

Revenue and dividends

The gross revenue return for the year after expenses, interest and taxation was £3,100,000 (2018: £3,100,000), equivalent to a return of 8.60p per share (2018: 8.58p). An interim dividend of 2.7p per share has been paid during the year. The directors recommend the payment of a final dividend of 14.0p per share be payable on 16 August 2019 to holders on the register at the close of business on 26 July 2019, making a total for the year of 16.70p (2018: 16.70p). The revenue reserve as at 31 March 2019 was £2,876,000. The capital reserve as at 31 March 2019 was £121,609,000 and £2,988,000 of this will be used towards funding the final dividend.

Trends likely to affect future performance

Please refer to the Chairman's statement on pages 3 to 5 and the manager's review on pages 6 to 9 for information on the trends likely to affect the future performance of the Company.

Brexit

The Board continues to monitor developments for the UK's departure from the European Union and to assess the potential consequences for the Company's future activities. Whilst there remains considerable uncertainty, the Board believes that the geography and diversification of the Company's assets are suitably insulated from Brexit related risks. We have minimal exposure to the domestic British economy although there is some indirect exposure to the European Union. Currency rate and borrowings drawn down by the Company may be affected by Brexit developments particularly in relation to movements in Sterling/HK Dollar/Singapore Dollar rates. These factors could affect the value of the Company's shares.

Regulatory

Under AIFMD the Company is required to appoint an external despository and an external AIFM who is supervised by the Financial Conduct Authority. On 22 July 2014 the Company appointed Martin Currie Fund Management Limited ('MCFM') as the Company's AIFM, an associated company of Martin Currie Investment Management Limited with State Street Bank Trustees Limited as depositary. There has been no changes to the way the Company's assets are invested as a result of the AIFMD.

Voting policy and the UK Stewardship Code

The Company has given discretionary voting powers to Martin Currie in respect of its shareholdings. With respect to voting on behalf of clients, Martin Currie's policy is to:

- vote at all general meetings of companies in which its clients are invested;
- vote in favour of proposals which Martin Currie expects to enhance shareholder value; on routine issues Martin Currie is generally supportive of management;
- vote against proposals which it believes may damage shareholders' rights or economic interests;
- abstain on proposals which it feels unable to support, but where Martin Currie believes that it could be against its clients' interests to oppose publicly;
- ensure in all situations that the economic interests of its clients are paramount; and
- vote consistently on behalf of all clients who are invested in the particular company.

The directors are aware that Martin Currie gives consideration to operational performance, corporate social responsibility and corporate governance issues, among many other factors, when investment decisions are taken.

The Board has noted Martin Currie's adoption of the FRC Stewardship Code, and a copy of the policies and voting records can be found at www.martincurrie.com/corporate/about-us/governance-and-sustainability.

Martin Currie's 2019 Stewardship Annual Report is available at www.martincurrie.com.

Financial instruments

Details of the financial risk management policies and objectives for the use of financial instruments by the Company are set out in note 14 to the financial statements.

Disclosure of information to the auditor

In the case of each of the persons who are directors of the Company at the time when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that s/he ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

Responsibility Statement

The financial statements are published on the website, www.martincurrieasia.com. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Martin Currie, as delegated by the Board of directors.

Each of the directors, whose names and functions are listed in the Board of directors on page 16, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and performance of the Company; and
- the strategic review, the report of the directors and manager's review include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these 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 applicable UK accounting standards have been followed, 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Martin Currie, as delegated by the Board of directors. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

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 Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

We consider 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 position and performance, business model and strategy.

Going concern status

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, manager's review, strategic report and the report of the directors.

The financial statements have been prepared on a going concern basis. As discussed in the Chairman's statement on 4 June 2019, the Board announced preliminary proposals for the Company's future. Given that the Company has significant financial resources and that the circular detailing the proposals is yet to be published and voted on by Shareholders, the Directors consider it appropriate for the Company to prepare the accounts on a going concern basis. The material uncertainty over the result of the Shareholder vote on the preliminary proposals casts doubt on the likelihood that the Company will continue as a going concern. The financial statements do not include any adjustments that would result, if the Company's accounts were not prepared on a going concern basis.

The financial position of the Company as at 31 March 2019 is shown in the statement of financial position on page 36. The statement of cashflow of the Company is set out on page 38, and the statement of comprehensive income on page 35.

Note 14 on pages 48 to 50 sets out the Company's risk management policies, including those covering market risk, liquidity risk and credit risk.

The Company's loan facility, during the financial year, was £15,000,000 of which £5,069,000 was drawn down at the year-end date. The facility expires on 30 September 2020. The purpose of the facility is to enable the manager to enhance the return for shareholders by borrowing and investing where the return is expected to exceed the cost of borrowing. The Company has adequate financial resources in the form of readily realisable listed securities and as a result the directors assess that the Company is able to continue in operational existence without the facility.

In accordance with the 2016 UK Corporate Governance Code, the directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diversified portfolio of listed equity shares which, in most circumstances, are realisable within a short timescale.

The directors are mindful of the principal risks and uncertainties disclosed on pages 13 to 15 and have reviewed the revenue forecasts. They believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and for at least one year from the date of this annual report.

Viability Statement

The Viability Statement is based on the status of the Company as at the end of the financial year, and does not reflect any impact that may result from the proposed reconstruction of the company except where noted below.

The Company's business model is designed to achieve returns commensurate with Asia ex Japan nominal GDP growth through investing in companies across the Asian region that are capable of producing high and sustainable returns. In accordance with the Company's Articles of Association, a continuation resolution is proposed to shareholders every three years, with the next vote due to take place at the Company's AGM in 2021.

The Board has assessed its viability in accordance with provision C.2.2 of the 2016 UK Corporate Governance Code. The Board considers that five years to be an appropriate period over which to judge the performance of the Company against its long-term objectives. Taking into account demand for shares in the Company, liquidity, discount, shareholder register and running costs, the Board is proposing that options, other than the continuation of the Company in its current form, would be more beneficial to shareholders. Please refer to the Chairman's statement on page 3 for more information.

The Board has considered the impact of Brexit and does not believe it will have a material impact on the viability of the Company.

In making this assessment the directors have considered the following risks to its ongoing viability:

- The principal risks and uncertainties and the mitigating actions set out on pages 12 and 13;

- The ongoing relevance of the Company's investment objective in the current environment;
- The level of income forecast to be generated by the Company and the liquidity of the Company's portfolio;
- The level of fixed costs and limited debt relative to its liquid assets;
- The current loan facility is due to expire on 30 September 2020. The Board is not aware of any reason why it would not be able to renew the loan facility at that date or indeed repay the loan if preferred; and
- The expectation is that the current portfolio could be liquidated to the extent of 99.6% within 8 days.

Based on the results of their analysis and the Company's processes for monitoring each of the factors set out above, the directors have a reasonable expectation that the Company would be able to continue in operation and meet its liabilities over the next five years. However, on 4 June 2019, the Board announced preliminary proposals for the Company's future. The intention is to provide Shareholders with the opportunity for a cash exit together with a rollover option into an open-ended company to be managed by Martin Currie Investment Management under the Legg Mason Investment Funds ICVC umbrella, with a similar Asia Long Term Unconstrained strategy ('ALTU') and investment objective. The long-term viability would be affected should the Shareholders vote to wind up the Company as the Company would cease to be a going concern.

Directors

The Board currently consists of 5 non-executive directors. The names and biographies of the current directors are on page 15, indicating their range of experience as well as length of service.

As indicated in the Chairman's Statement on page 4, Mr Edwards retired from the Board on 6 February 2019. Mr Cleland was appointed to the Board on 7 January 2019, and, being eligible, offers himself for election at the first AGM following his appointment.

The Board considers that there is a sufficient balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the directors contribute effectively. The Board does not believe that length of service necessarily disqualifies a director from seeking re-election.

The performance of each of the directors was considered during the Board annual evaluation. Following this appraisal, the Board believes that the performance of each of the directors continues to be effective and that none of any director's other commitments or length of service interfere with the discharge of that director's responsibilities to the Company. The Board is is satisfied that each director makes sufficient time available to serve the Company effectively.

The Board consists of five directors, two of whom have served on the Board for nine years or more. The Board subscribes to the view expressed within the AIC code that long-serving directors should not be prevented from forming part of an independent majority. It does not consider that a director's tenure necessarily reduces their ability to act independently and, following formal performance evaluations, believes that each director is independent in character and judgement and there are no relationships or circumstances which are likely to affect the judgement of any director.

Compliance

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC code') by reference to the AIC Corporate Governance Guidance for investment companies ('AIC guide'). The AIC code, as explained by the AIC guide, addresses all of 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 the Company.

The Board considers that reporting along the lines of the principles and recommendations of the AIC code and by reference to the AIC guide (which incorporates the UK Corporate Governance Code), will provide appropriate information to shareholders.

The Company has complied with all of the recommendations of the AIC code and the relevant provisions of the UK Corporate Governance Code except those which are not applicable, being:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC guide and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment Company, supervised by an entirely non-executive board. The Company has therefore not reported further in respect of these provisions.

The principles of the AIC code

The AIC code is made up of 21 principles and the Company has complied with all of them except principle 11 as this is not applicable to the Company (Principle 11: the chairman and the board should be brought into the process of structuring a new launch at an early stage). Details of the AIC principles and how the Company complies with them can be found on the Company's website at www.martincurrieasia.com.

The AIC published the 2019 AIC Code of Corporate Governance in February 2019, which applies to accounting periods beginning on or after 1 January 2019.

Relations with shareholders

The Company places great importance on communication with shareholders. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice a year by way of the annual report and the half-yearly report. The net asset value of the Company's shares is available daily through the London Stock Exchange and monthly updates are available on the Company's website. The Board monitors the shareholder profile of the Company at every Board meeting. All shareholders have the opportunity, and are encouraged, to attend the Company's AGM at which the directors and representatives of the investment manager are available to meet shareholders and answer questions. On 1 December 2018, Damian Taylor was appointed co-portfolio manager alongside Andrew Graham, and both the portfolio managers also present a review of the Company's performance and invite questions from shareholders.

The investment manager provides a dedicated client services team which maintains regular contact with the Company's shareholders and reports regularly to the Board. Shareholders can also contact the directors throughout the year, through the Company secretary.

Annual general meeting

The AGM of the Company will be held at 12.30pm on Wednesday 17 July 2019, at 1 Bartholomew Lane, London EC2N 2AX.

Remuneration report – ordinary resolution

In accordance with the provisions of the Companies Act 2006 the directors' remuneration report will be put to an annual shareholder vote by ordinary resolution. The vote is advisory in nature and is in respect of the overall remuneration package which is in place for directors of the Company, and not specific to individual levels of remuneration.

Election and re-election of directors – ordinary resolutions

Biographical detail of the directors can be found on page 16 of the annual report and accounts. In accordance with the UK Corporate Governance Code and the Articles of Association of the Company, Mr Cleland, who was appointed to the Board on 7 January 2019 and, being eligible, offers himself for election at the first AGM following his appointment. Mr Wells and Mr Shenkman, who were appointed to the Board in 2003 and 2007 respectively, offer themselves for re-election to the Board. In proposing the election and re-election of the directors, the chairman has confirmed that, following the most recent Board evaluation, each director continues to make an effective and valuable contribution to the Board and demonstrates commitment to their role.

Recommendation

The directors believe all the resolutions proposed are in the best interests of the Company and the Shareholders as a whole and recommend all Shareholders to vote in favour of all the resolutions. The results of the votes on the resolutions at the AGM will be published on the Company's website (www.martincurrieasia.com).

On behalf of the Board

Harry Wells
Chairman

14 June 2019

Corporate governance statement

Board committees

Management engagement committee

The management engagement committee's responsibilities include:

- reviewing the continuing appointment of the investment manager;
- reviewing the performance of the investment manager in terms of investment performance and the company secretarial and administrative services provided;
- reviewing the performance of the personnel employed by the investment manager in relation to the provision of such services;
- reviewing the terms of the investment management agreement, to ensure that it remains competitive and in the best interests of shareholders; and
- reviewing the appointment, contractual terms and service of other third party providers to ensure that they remain competitive and of a high standard.

The management engagement committee met once during the financial year.

Composition – all directors and chaired by Harry Wells.

Nominations committee

The nominations committee's responsibilities include:

- assessing the skills, knowledge, experience and diversity required on the Board and the extent to which each are represented;
- establishing processes for the review of the performance of the Board committees and the Board as a whole;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- overseeing succession planning for the Board; and
- in relation to any director retiring by rotation, and who is proposing to stand for re-election, the committee will review the retiring director's performance during the period in which they have been a member of the Board.

The nominations committee met twice during the financial year.

Composition – all directors and chaired by Harry Wells.

Audit and risk committee

The audit and risk committee's responsibilities include:

- monitoring and reviewing the integrity of the financial statements and considering in particular that, taken as a whole, they are fair, balanced and understandable;
- monitoring and reviewing internal financial controls;
- the independence, objectivity and effectiveness of the external auditor;
- making recommendations to the Board in relation to the appointment, evaluation or dismissal of the external auditor, their remuneration, terms of their engagement and reviewing their independence and objectivity;
- developing and implementing the policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board, identifying any matter in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

The audit and risk committee met three times during the financial year.

Composition – all directors and chaired by Anja Balfour.

Directors' meetings

The following table shows the number of formal Board and Board committee meetings held during the financial year and the number attended by each director or committee member. In addition to the formal quarterly Board meetings, there were several additional meetings of the Board and a strategy meeting held during the financial year.

	Formal Board meetings (4 meetings)	Management engagement committee (1 meeting)	Audit and risk committee (3 meetings)	Nominations committee (2 meetings)
Harry Wells (Chairman)	4	1	3	2
Anja Balfour (audit and risk committee Chairman)	4	1	3	2
Peter Edwards	4	1	3	2
Martin Shenfield	4	1	3	2
Gregory Shenkman	4	1	3	2
Craig Cleland	1	1	1	1

Evaluation

The Board undertakes an evaluation annually. Board and committee evaluation questionnaires are drawn up by the Company secretary, and completed by the Chairman and each director. The responses are collated and discussed. The Chairman leads the evaluation of the Board and its committees as well as individual directors including consideration of the time commitment, skills and experience of the directors, while the senior independent director leads the evaluation of the Chairman's performance. The Board has given consideration to appointing an external board evaluator, however, it does not believe it is necessary at this time.

The Board also regularly reviews the performance of the investment manager. As set out on page 23, the management engagement committee meets to review the continuing appointment of the investment manager and reviews the terms of the investment management, secretarial agreement and agreements with other service providers, to ensure that the terms of business remain competitive and in the best interest of shareholders.

Internal controls

The AIC Code and the Disclosure and Transparency Rules require directors, at least annually, to review the effectiveness of the Company's system of internal controls and include a description of the main features relating to the financial reporting process.

Since investment management and all administrative services are provided to the Company by Martin Currie, the Company's system of internal controls mainly comprises monitoring the services provided by Martin Currie, including the operating controls established by them, to ensure that they meet the Company's business objectives. The Company does not have an internal audit function of its own, but relies on the risk and compliance department of Martin Currie. This arrangement is kept under review. Martin Currie also undertakes a review of the custodial and administration activities carried out by State Street.

The Board, either directly or through committees, reviews the effectiveness of the Company's system of internal controls by monitoring the operation of the key controls of Martin Currie and:

- reviews an internal controls report as provided to the Board twice yearly by the investment manager. This report details significant risks, regulatory issues, error management and complaint handling;
- reviews the terms of the management agreement;
- reviews reports on the internal controls and the operations of the investment manager and of the custodian; and
- reviews the risk profile of the Company and considers investment risk at every Board meeting.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company as outlined on pages 13 to 15. This process accords with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

During the course of its review of internal controls, the Board has not identified or been advised of any failings or weaknesses which it has determined to be significant, and is satisfied with the existing arrangements.

Internal controls and risk management systems in relation to the financial reporting process

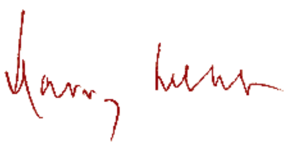
The directors are responsible for the Company's system of internal controls, designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable.

Martin Currie has in place stringent controls that monitor the following activities within the financial reporting process:

- investment and related cash transactions are completely and accurately recorded and settled in a timely manner;
- corporate actions and proxy voting instructions are respectively identified and generated, and then processed and recorded accurately and in a timely manner;
- investment income is accurately recorded in the proper period;
- investments are valued using current prices obtained from independent external pricing sources;
- cash and securities positions are completely and accurately recorded and reconciled to third party data; and
- investment management fees are accurately calculated and recorded.

The system of internal controls can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can provide only reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's systems of internal controls for the year ended 31 March 2019, and to the date of approval of this annual report.



On behalf of the Board

Harry Wells
Chairman

14 June 2019

Audit and risk committee report

The audit and risk committee is chaired by Anja Balfour and comprises all of the directors.

The Board reviews the relevant skills and experience of the audit and risk committee as part of the annual board review, and believes that the members of the committee have the appropriate skills and experience. Biographies of the members of the committee are on page 16.

The audit and risk committee reviews the scope and results of the audit and, during the year, considered and approved the external auditor's plan for the audit of the financial statements for the year ended 31 March 2019. A full list of the responsibilities of the committee is set out on page 23.

At the conclusion of the audit, KPMG LLP did not highlight any issues to the audit and risk committee which would cause it to qualify its audit report nor did it highlight any fundamental internal controls weaknesses. KPMG LLP issued an unqualified audit report which is included on pages 30 to 34.

The audit and risk committee takes account of the most significant issues and risks, both operational and financial, likely to impact the Company's financial statements.

The following issues were considered by the audit and risk committee in relation to the financial statements:

Matter	Action
Going concern	The audit and risk committee has reviewed the revenue forecasts, the statement of financial position and the liquidity of the portfolio and believes that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least one year from the date of this annual report. On 4 June 2019 the Company indicated its intention to publish proposals to effect a scheme of reconstruction of the Company under section 110 of the Insolvency Act 1986, which, in effect would result in the voluntary liquidation of the Company and a tax efficient roll over of its assets into an open ended vehicle managed by Martin Currie Investment Management Limited within the Legg Mason Investment Funds ICVC umbrella. It is intended that this open ended investment company will follow the Asia Long-Term Unconstrained strategy currently pursued by the Company and have a similar investment objective. Please refer to the Chairman's statement for further details. The audit and risk committee has considered the proposed reconstruction and note that there is material uncertainty for the going concern status of the company if approved by Shareholders. Therefore, the committee consider going concern to be a significant risk.
Accuracy of portfolio valuation	Actively traded listed investments are valued at bid prices provided by third party service providers in accordance with the price source agreement in place. The investment manager reviews and summarises the SOC 1 report, prepared annually by State Street Bank and Trust Company ('State Street') covering Global Fund Accounting and Custody and the audit and risk committee reviews this summarised report annually.
Strength of processes and internal controls at outsourced providers	The investment administration function is outsourced by Martin Currie to State Street. Custodial services are provided to the Company by State Street, as appointed by the depositary. The directors, having carried out due diligence at the time of appointment and subsequently with State Street, are satisfied that State Street are acceptable outsource providers. The audit and risk committee receives regular reports from Martin Currie on the effectiveness of these arrangements. Martin Currie has reviewed and checked State Street's processes, procedures and internal controls. The external auditor also considered the State Street controls report and confirmed to the audit and risk committee that any exceptions identified had no material impact on the audit approach.

Matter	Action
Mis-statement of revenue returns	The Board reviews income forecasts (including special dividends) and receives explanations from the investment manager for any variations or significant movements from previous forecasts and prior year figures. The allocation of expenses between revenue and capital is reviewed by the audit and risk committee annually taking into account the long-term split of returns from the portfolio, both historic and projected, the objectives of the Company and historical, currrent and prospective yields. The management fee is calculated by State Street in accordance with the contractual terms in the investment management agreement and is reviewed in detail by the investment manager and is subject to review by the Board. The investment manager reviews and summarises the SOC 1 report, prepared annually by State Street covering Global Fund Accounting and Custody and the audit and risk committee reviews this summarised report annually. The SOC 1 report details the systems, processes and controls around the recording of investment income.

Auditor's independence

The Company has in place a policy governing and controlling the provision of non-audit services by the external auditor to safeguard its independence and objectivity. This is achieved by prohibiting non-audit work where in the view of the audit and risk committee independence may be compromised or conflicts arise. Any non-audit work requires specific approval of the audit and risk committee in each case.

The audit fees amount to £20,500 for the year ended 31 March 2019 (2018: £19,500). There were no non-audit fees paid to KPMG for the year ended 31 March 2019 (2018: nil).

Auditor's appointment and rotation

Following the introduction of the EU Audit Regulations, which came into force in 2016, it is mandatory for audit firms to rotate at least every 10 years, which can be extended to 20 years where a public tender has been conducted after 10 years.

A competitive tender for the audit of the Company was held in February 2017, following which KPMG LLP was selected as the Company's auditors. KPMG LLP's first financial year as auditor was the 12 months to 31 March 2018.

Under EU rotation guidance, the Company's audit engagement partner will rotate every five years. John Waterson's last year as audit engagement partner will be 31 March 2022. There is currently no intention to put the audit out to tender.

A resolution to re-appoint KPMG LLP as the Company's auditor will be put to shareholders at the forthcoming AGM and is recommended by the Board.

Effectiveness of the external audit process

The audit and risk committee evaluated the effectiveness of the external auditor and the external audit it undertook. This evaluation involved an assessment of the effectiveness of the auditor's performance against criteria including qualification, expertise and resources, independence and effectiveness of the audit process. Having reviewed the performance of the external auditor as described above, the audit and risk committee is satisfied with the external audit process undertaken in relation to this annual report and its financial statements.

Conclusions in respect of the annual report

The production and audit of the Company's annual report is a comprehensive process which requires input from a number of different contributors. One of the key governance requirements in respect of the Company's annual report and financial statements is that it is fair, balanced and understandable. The Board has requested that the audit and risk committee consider whether the annual report, when taken as a whole, fulfils this requirement. To this purpose, the audit and risk committee has given consideration to the following:

- the comprehensive reviews that are undertaken at different levels in the production process of the annual report by the investment manager, the third party service providers and the audit and risk committee that aim to ensure consistency and overall balance; and
- the controls that are in place at the investment manager and third party service providers ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets.

As a result of the work performed, the audit and risk committee has concluded that the annual report for the year ended 31 March 2019, is fair, balanced and understandable, when taken as a whole, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. It reported on these findings to the Board and the Board's conclusion in this respect is set out on pages 19 and 20.

Anja Balfour
Chairman of the audit and risk committee

14 June 2019

Remuneration statement

The Board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution to approve this report will be put to the members at the AGM.

Company law requires the Company's auditor to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in its report on pages 30 to 34.

AIFM remuneration policy

Under AIFMD, the Company's AIFM is required to adopt a remuneration policy that complies with the FCA's AIFM Remuneration Code.

The Martin Currie group remuneration and reward policy is reviewed and signed off by the Remuneration Committee of Martin Currie (Holdings) Limited, annually, and is confirmed as AIFMD compliant. This policy applies to the whole group of Martin Currie companies including MCFM.

Directors' remuneration policy

The nominations committee fulfils the function of a remuneration committee in addition to its nominations function. The Board has appointed the Company secretary, Martin Currie, to provide information when the nominations committee considers the level of directors' fees. All directors are members of the nominations committee.

As the Board is composed wholly of non-executive directors, the nominations committee considers directors' remuneration in addition to its nominations function.

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (ordinary shares and borrowings), and with broadly similar investment objectives. It is intended that this policy will continue for the year ending 31 March 2020 and subsequent periods. The fees for the non-executive directors are determined within the limits set out in the Company's Articles of Association, which state that the aggregate ordinary remuneration of the directors shall not exceed £150,000 per annum. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties. The directors do not receive any taxable benefits in relation to their role. The directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors do not have a service contract but are provided with letters of appointment.

All directors are appointed for an initial term covering the period from the date of appointment until the first AGM at which they are required to stand for election in accordance with the Company's Articles of Association and industry best practice. The directors are appointed for fixed terms of office.

There is no notice period and no provision for compensation upon early termination of appointment. The directors' remuneration policy is put for approval by shareholders annually.

Annual report on remuneration

The non-executive directors received a fee of £23,000 per annum (with an additional £500 per annum paid to the senior independent director). The audit and risk committee Chairman received a fee of £28,750 per annum and the Chairman a fee of £34,500 per annum during the year end 31 March 2019.

No discretionary payments were made in the year, or in previous years.

During the year the nominations committee considered the directors' fees in the context of the benchmark data from its peer group, and taking into account the increased regulatory and compliance burden upon the Board, it was agreed that the non-executive directors' fee, senior independent director's fee and Chairman's fee should be increased to £24,000, £24,500, and £36,000 respectively. It was also agreed that the fee payable to the Chairman of the audit and risk committee be increased to £30,000. All fee increases were effective from 1 April 2019.

The graph on page 28 compares, for the ten financial periods ended 31 March 2019, the total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total return of the market. The MSCI Asia Pacific ex Japan index is used as a proxy for the market.

Directors' shareholdings (audited)

Directors' shareholdings	**2019**	2018
Harry Wells	**24,000**	24,000
Anja Balfour	**12,000**	6,030
Martin Shenfield	**10,052**	10,052
Gregory Shenkman	**5,072**	5,072
Craig Cleland*	**7,500**	–
Peter Edwards**	**n/a**	10,000

*Appointed as a director on 7 January 2019.

**Retired as a director on 6 February 2019.

Directors who held office at the end of the year and their shareholdings are shown above. Harry Wells' holding of 24,000, shares includes a family interest in 6,000 shares. The shareholdings detailed above have not changed between 31 March 2019 and 14 June 2019, the date of signing the accounts.

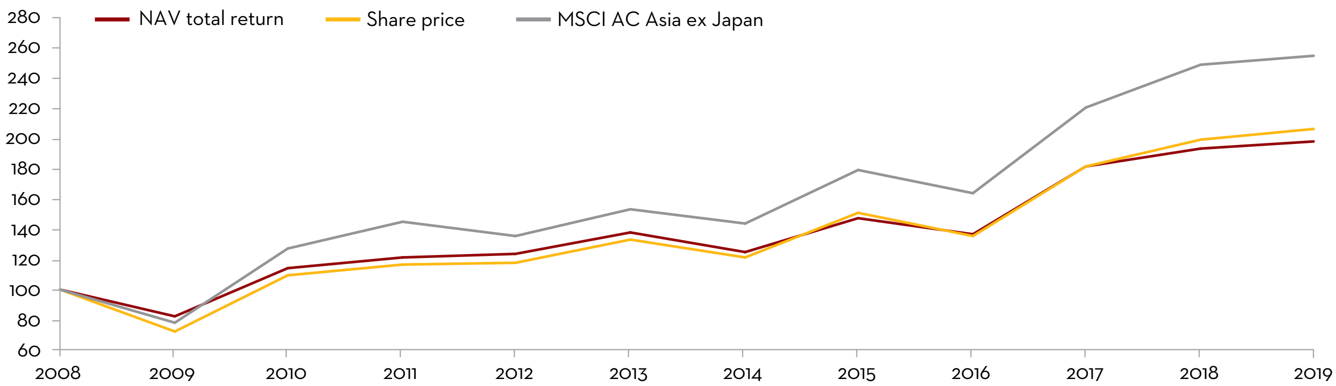
Approval

An ordinary resolution for the approval of the directors' report on remuneration, and an ordinary resolution for the approval of directors' remuneration policy are put to shareholders at the AGM.

At the AGM on 11 July 2018, the shareholders voted in favour of the directors' remuneration report for the period ended 31 March 2018. Of the proxy votes received, 99.93% of the votes were cast in favour of the directors' remuneration report.

The shareholders also voted in favour of the directors' remuneration policy. Of the proxy votes received, 99.95% of the votes were cast in favour of the directors' remuneration policy.

Total return (ten financial years)



Past performance is not a guide to future returns.

Source: Martin Currie Investment Management Ltd. The MSCI Asia Pacific ex Japan index is used as a proxy for the market. On 30 June 2008 the Company's benchmark changed from MSCI All Countries Asia Pacific index (Japan fixed at 40%) to MSCI All Countries Asia Pacific index. On 1 July 2011 it changed to the MSCI All Countries Asia Pacific (Japan fixed at 25%) index. From 1 August 2014 the Company has measured its performance by reference to Asia ex Japan nominal GDP growth measured over three year rolling periods.

Directors' emoluments for the year (audited)

	Fees 2018/2019 £	Fees 2017/2018 £
Harry Wells (Chairman)	34,500	33,000
Anja Balfour (audit and risk committee Chairman)	28,750	27,500
Craig Cleland**	5,510	–
Martin Shenfield	23,000	22,000
Gregory Shenkman	23,500	22,550
Peter Edwards*	19,520	22,000
	134,780	127,050

*Retired from the Board on 6 February 2019. **Appointed on 7 January 2019.

Relative importance of remuneration costs

As the Company has no employees, the table also comprises the total remuneration costs paid by the Company. To enable shareholders to assess the relative importance of remuneration costs, this has been shown in a table below compared with the Company's dividend distributions and share buy backs.

Relative importance of spend on directors' remuneration

	2018/2019 £000	2017/2018 £000	Change £000
Directors' total remuneration	**135**	127	8
Dividends paid and payable	**5,898**	6,032	(134)
Buy back of ordinary shares	**1,999**	–	1,999

On behalf of the Board

Harry Wells
Chairman

14 June 2019

Independent auditor's report to the members of Martin Currie Asia Unconstrained Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Martin Currie Asia Unconstrained Trust plc ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflow 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 Company's affairs as at 31 March 2019 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit and risk committee.

We were appointed as auditor by the Shareholders on 5 July 2017. The period of total uninterrupted engagement is for the 2 financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: financial statements as a whole	£1.6m (2018: £1.6m) 1% (2018: 1%) of Total Assets	
Risks of material misstatement		vs 2018
Recurring risk	Carrying amount of quoted investments	⟷

2. Material uncertainty related to going concern

	The risk	Our response
Going concern We draw attention to note 1 to the financial statements which indicates that the Directors intend to propose for Shareholders to vote for the winding up of the Company. These events and conditions, along with other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	Our procedures included: • Assessing transparency: Assessing the completeness and accuracy of the matters covered in the going concern disclosure by reviewing communications to shareholders and the disclosure of the resulting material uncertainty. **Our results** • We found the disclosure of the material uncertainty to be acceptable.

3. Other key audit matter: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, 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. Going concern is a significant key audit matter and is described in section 2 of this audit report. We summarise below the other key audit matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently is incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying Amount of Quoted Investments (£154.0 million; 2018: £158.5 million) Refer to pages 25 and 26 (Audit and risk committee report), page 39 (accounting policy) and page 45 (financial disclosures)	**Low risk, high value:** The Company's portfolio of quoted investments makes up 96.7% (2018: 96.7%) of the Company's total assets (by value) and is one of the key drivers 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 one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: • Tests of Detail: Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and • Enquiry of custodians: Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** • We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

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

Materiality for the financial statements as a whole was set at £1.6m (2018: £1.6m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

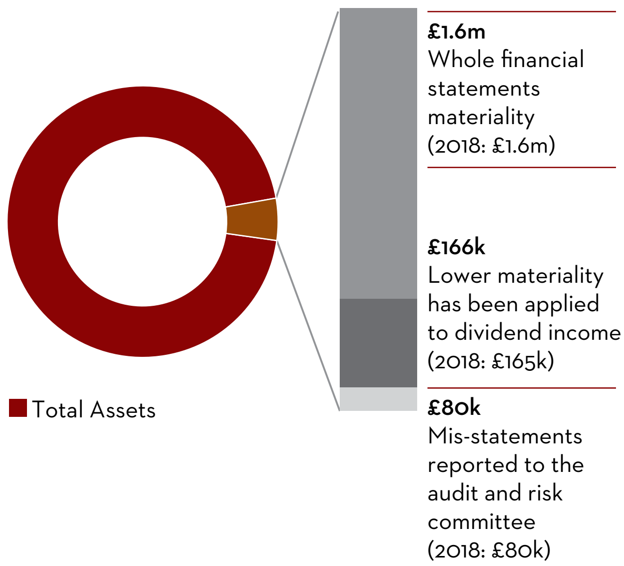
In addition, we applied materiality of £166,000 (2018: £165,000) to dividend income, for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit and risk committee any corrected or uncorrected identified misstatements exceeding £80,000 (2018: £80,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the administrator's office in London and at KPMG's office in Edinburgh.

Total Assets
£159.2m (2018: £163.6m)

Materiality
£1.6m (2018: £1.6m)



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.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material mis-statements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on pages 20 and 21 that they have carried out a robust assessment of the principal risks facing the Company, 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 in the Viability Statement of how they have assessed the prospects of the Company, 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 Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

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 Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the audit and risk committee does not appropriately address matters communicated by us to the audit and risk committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 19 and 20, 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 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 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 other irregularities (see below) 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, other irregularities 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.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the manager and the administrator (as required by auditing standards) and discussed with the directors and the manager the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

John Waterson

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

14 June 2019

	Note	Year ended 31 March 2019 Revenue £000	Capital £000	Total £000	Year ended 31 March 2018 Revenue £000	Capital £000	Total £000
Dividend income	2	4,409	–	4,409	4,305	–	4,305
Interest on deposits	2	2	–	2	–	–	–
Net gains on investments	8	–	1,727	1,727	–	7,207	7,207
Net currency (losses)/gains		18	(309)	(291)	(15)	364	349
		4,429	1,418	5,847	4,290	7,571	11,861
Investment management fee		(385)	(771)	(1,156)	(395)	(790)	(1,185)
Other expenses	4	(661)	–	(661)	(557)	–	(557)
Net return on ordinary activities before finance costs and taxation		3,383	647	4,030	3,338	6,781	10,119
Interest payable and similar charges	3	(56)	(111)	(167)	(40)	(76)	(116)
Net return on ordinary activities before taxation		3,327	536	3,863	3,298	6,705	10,003
Taxation on ordinary activities	5	(227)	(179)	(406)	(198)	–	(198)
Net return attributable to shareholders		3,100	357	3,457	3,100	6,705	9,805
Net return per ordinary share	7	8.60p	0.99p	9.59p	8.58p	18.56p	27.14p

The total columns of this statement are the profit and loss accounts of the Company.

The revenue and capital items are presented in accordance with the Association of Investment Companies Statement of Recommended Practice ('SORP').

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year ended 31 March 2019.

The net return attributable to shareholders is the profit/(loss) for the financial period and there was no other comprehensive income.

The notes on pages 39 to 52 form part of these financial statements.

		As at 31 March 2019		As at 31 March 2018	
	Note	£000	£000	£000	£000
Financial assets					
Investments at fair value through profit or loss	8		154,039		158,466
Current assets					
Receivables	9	600		1,083	
Cash at bank	10	4,660		4,053	
		5,260		5,136	
Current liabilities					
Derivative investments at fair value through profit or loss	8	–		(232)	
Payables	11	(5,723)		(5,219)	
Net current liabilities			(463)		(315)
Total assets less current liabilities			153,576		158,151
Share capital and reserves					
Called-up ordinary share capital	12	19,753		19,753	
Share premium account		6,084		6,084	
Capital redemption reserve		3,428		3,428	
Capital reserve*		121,435		126,198	
Revenue reserve*		2,876		2,688	
Total shareholders' funds			153,576		158,151
Net asset value per ordinary share of 50p	7		431.6p		437.8p

*These reserves are distributable in accordance with the Companies Act 2006.

The notes on pages 39 to 52 form part of these financial statements.

Martin Currie Asia Unconstrained Trust PLC is registered in Scotland, company number SC092391.

The financial statements on pages 35 to 52 were approved by the Board of directors on 14 June 2019 and signed on its behalf by

Harry Wells
Chairman
14 June 2019

Year ended 31 March 2019	Note	Called up share capital £000	Share premium reserve £000	Capital redemption reserve £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2018		19,753	6,084	3,428	126,198	2,688	158,151
Net return attributable to shareholders**	7	–	–	–	357	3,100	3,457
Ordinary shares bought back into treasury	12	–	–	–	(1,999)	–	(1,999)
Dividends paid from revenue	6	–	–	–	–	(2,912)	(2,912)
Dividends paid from capital***	6	–	–	–	(3,121)	–	(3,121)
At 31 March 2019		**19,753**	**6,084**	**3,428**	**121,435**	**2,876**	**153,576**

Year ended 31 March 2018	Note	Called up share capital £000	Share premium reserve £000	Capital redemption reserve £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2017		19,753	6,084	3,428	122,538	2,460	154,263
Net return attributable to shareholders**	7	–	–	–	6,705	3,100	9,805
Dividends paid from revenue	6	–	–	–	–	(2,872)	(2,872)
Dividends paid from capital***	6	–	–	–	(3,045)	–	(3,045)
At 31 March 2018		19,753	6,084	3,428	126,198	2,688	158,151

*These reserves are distributable in accordance with the Companies Act 2006.

**The Company does not have any other income or expenses that are not included in the 'Net return attributable to shareholders' as disclosed in the Statement of comprehensive income on page 35, and therefore is also the 'Total comprehensive income for the year'.

***The dividend per share for the year ended 31 March 2018 was 14.00p per ordinary share (31.03.2017: 13.68p) including 8.50p (31.03.2017: 8.43p) which was paid from capital. The dividends were paid during the year ended 31 March 2019 and 31 March 2018 respectively.

The notes on pages 39 to 52 form part of these financial statements.

	Note	Year ended 31 March 2019 £000	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000	Year ended 31 March 2018 £000
Cash flows from operating activities					
Profit before tax			3,863		10,003
Adjustments for:					
Gains on investments	8	(1,727)		(7,207)	
Purchases of investments*		(36,296)		(28,255)	
Sales of investments*		42,218		34,638	
Finance costs		167		116	
Dividend revenue	2	(4,409)		(4,305)	
Interest revenue	2	(2)		-	
Dividends received		4,339		4,321	
Interest received		2		-	
Decrease/(increase) in receivables		553		(590)	
Increase in other payables and amounts due to:					
Martin Currie Investment Management Limited		221		25	
Overseas withholding tax suffered	5	(406)		(198)	
			4,660		(1,455)
Net cash flows from operating activities			8,523		8,548
Cash flows from financing activities					
Repurchase of ordinary share capital		(1,997)		–	
Net movement in short-term borrowings	13	–		(1,593)	
Exchange movement in short-term borrowings	13	281		(444)	
Interest paid and similar charges		(167)		(116)	
Equity dividends paid from revenue	6	(2,911)		(2,872)	
Equity dividends paid from capital	6	(3,121)		(3,045)	
Net cash flows from financing activities			(7,916)		(8,070)
Net increase in cash and cash equivalents			607		478
Cash and cash equivalents at the start of the year			4,053		3,575
Cash and cash equivalents at the end of the year			4,660		4,053

*Receipts from the sale of, and payments to acquire, investment securities have been classified as components of cash flows from operating activities because they form part of the fund's dealing operations.

The notes on pages 39 to 52 form part of these financial statements.

Note 1: Accounting policies

a) Basis of preparation – for the year ended 31 March 2019, the Company is applying FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), which forms part of the Generally Accepted Accounting Practice ('UK GAAP') issued by the Financial Reporting Council (FRC).

Going Concern

These financial statements have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS102 issued by the FRC and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued by the AIC in November 2014 and updated in February 2018, although there is material uncertainty as noted below.

On 4 June 2019 the Company indicated its intention to publish proposals to effect a scheme of reconstruction of the Company under section 110 of the Insolvency Act 1986, which would result in the voluntary liquidation of the Company and a tax efficient roll over of its assets into an open ended vehicle managed by Martin Currie Investment Management Limited within the Legg Mason Investment Funds ICVC umbrella.

Given that the Company has significant financial resources and that the circular detailing the proposals is yet to be published and voted on by Shareholders, the Directors consider it appropriate for the Company to prepare the accounts on a going concern basis, however the uncertainty in relation to the shareholder vote on the preliminary proposals is considered to constitute a material uncertainty which may cast doubt on the Company's continuation as a going concern, and that the Company may therefore not realise its assets and discharge its liabilities in the normal course of business. If the Shareholders do not approve the proposals it is expected that the Company would continue as a going concern. The financial statements do not include any adjustments which would be required if the Company's accounts were not prepared on a going concern basis.

Although the Company is in a net current liability position the Board does not believe this affects the going concern status of the Company as it holds a liquid investment portfolio which could be sold to ensure all liabilities are met as they fall due.

Statement of estimation uncertainty - in the application of the Company's accounting policies, the Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates.

Functional currency – sterling is the Company's functional currency, which is also the currency in which these financial statements are prepared.

(b) Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend, or where no ex-dividend date is quoted, when the Company's right to receive payment is established. Franked investment income is stated net of the relevant tax credit. Other income includes any taxes deducted at source. Special dividends are credited to capital or revenue, according to the circumstances. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised as a capital item in the Statement of Comprehensive Income.

(c) The management fee and finance costs in relation to debt are recognised two-thirds as a capital item and one-third as a revenue item in the statement of comprehensive income in accordance with the Board's expected long-term split of returns in the form of capital gains and income, respectively. Interest receivable and payable, and management expenses are treated on an accruals basis. All other expenses are charged to revenue except where they directly relate to the acquisition or disposal of an investment, in which case, they are treated as described in note 1 (e) below.

(d) Investments – investments have been classified upon initial recognition as at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are valued at fair value. Movements in the fair value of investments and gains/losses on the sale of investments are taken to the statement of comprehensive income as a capital item.

The Company's listed investments are valued at bid price. Further details on investments are disclosed in note 8.

(e) Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the statement of comprehensive income.

(f) Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the statement of financial position. Non-monetary items expressed in foreign currencies held at fair value are translated into sterling at rates of exchange ruling at the date the fair value is measured. Transactions in foreign currencies are converted to sterling at the rate ruling at the date of transaction. Exchange gains and losses are taken to the income statement as a capital or revenue item depending on the nature of the underlying item.

(g) All financial assets and liabilities are recognised in the financial statements at fair value, with the exception of short-term assets and liabilities, which are held at nominal value that approximates to fair value, and loans that are initially recognised at the fair value of the consideration received, less directly attributable costs, and subsequently recognised at amortised cost.

(h) Dividends payable – interim dividends are recognised once the directors are obligated to pay the dividend. Final dividends are recognised in the period which they are declared/approved as disclosed in note 6.

(i) Capital reserve – capital expenses, gains or losses on realisation of investments and changes in fair values of investments which are readily convertible to cash, without accepting adverse terms, are transferred to the capital reserve. Share buybacks are funded through the capital reserve, with details of buybacks disclosed in note 12. The capital reserve is distributable. An element of the dividend is deducted from capital reserve.

Revenue reserve – the net revenue for the year is transferred to the revenue reserve and dividends paid are deducted from the revenue reserve.

Capital redemption reserve – the nominal value of the shares bought back and cancelled are transferred to the capital redemption reserve.

Share premium account - this represents the surplus of subscription monies after expenses over the nominal value of the issued share capital.

(j) Taxation – the tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective rate of tax. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions of events that result in an obligation to pay more or a right to pay less tax in future have occurred at the reporting date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Deferred tax will be provided for potential capital gains tax liabilities.

(k) The Company sometimes uses derivative financial instruments to manage the risk associated with foreign currency fluctuations arising on dividends received in currencies other than sterling. This is achieved by the use of forward foreign currency contracts. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivative financial instruments are recognised initially at fair value on the contract date and subsequently remeasured to the fair value at each reporting date. The resulting gain or loss is recognised as revenue or capital in the statement of comprehensive income depending on the nature and motive of each derivative transaction.

During the year ended 31 March 2018 the Company commenced the purchasing of options. Derivatives are held at fair value based on the bid/offer prices of the options purchased to which the Company is exposed. The value of the option is subsequently marked-to-market to reflect the fair value of the option based on traded prices. The primary purpose behind the purchase of options is to protect the portfolio. When an option is closed out or exercised, the gain or loss is accounted for as a capital gain or loss.

(l) Cash and cash equivalents comprise cash on hand and deposits.

(m) Key judgements – The only key judgement is the functional currency of the Company. This is considered to be a key judgement as the Company invests in non-sterling investments, yet the functional currency is determined to be sterling.

The Board has determined that Sterling is the Company's functional currency based on various considerations, including that it is the currency in which the Company's shares are denominated, as well as the currency in which dividends and the majority of expenses are paid.

(n) Segmental reporting – The Company only has one material segment, being that of an investment trust company investing in a portfolio of long term investments in Asian markets.

Note 2: Revenue from investments

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
From listed investments		
Overseas equities	**4,409**	4,305
	4,409	4,305
Other revenue		
Interest on deposits	**2**	–
	4,411	4,305
Total revenue comprises:		
Dividends	**4,409**	4,305
Interest	**2**	–
	4,411	4,305

The Company received total capital dividends of £117,091 from Television Broadcasts and Cafe De Coral during the year ended 31 March 2019 (31.03.18: £40,727 from Singapore Telecommunications).

Note 3: Interest payable and similar charges

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Interest expense on bank loans and overdrafts	**56**	**111**	**167**	40	76	116

Note 4: Other expenses

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
AIFMD Depositary fees	**36**	36
Bank charges	**15**	11
Custody fee	**98**	89
Directors' fees	**135**	127
Legal and professional fees	**83**	46
Printing and postage	**9**	5
Public relations	**84**	84
Registration fees	**27**	20
Secretarial fee	**84**	82
Miscellaneous revenue expenses	**69**	37
	640	537
Auditor's remuneration		
Payable to KPMG LLP for the audit of the Company's annual financial statements	**21**	20
	661	557

Details of the contract between the Company and Martin Currie for provision of investment management and secretarial services are given in the report of the directors on page 16.

Note 5:
Taxation on ordinary activities

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Irrecoverable overseas tax	227	179	406	198	–	198

The effective UK corporation tax rate was 19% (31.03.18: 19%). The tax charge for the year differs from the charge resulting from applying the standard rate of corporation tax in the UK for an investment trust company. The differences are explained below.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Net return before taxation	3,863	10,003
UK corporation tax at effective rate of 19% (31.03.2018: 19%)	734	1,900
Adjustments:		
Currency losses/(gains) not taxable	58	(69)
Gains on investments not taxable	(328)	(1,369)
Non taxable overseas dividends	(844)	(812)
Irrecoverable overseas tax	227	198
Excess management expenses not utilised	380	350
Overseas capital gains tax	179	–
Total tax charge	406	198

At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £2,754,000 (31.03.18: £2,415,000) in relation to surplus tax reliefs. It is unlikely that, due to excess management expenses brought forward, the Company will utilise these amounts and therefore no deferred tax asset has been recognised.

Due to the Company's status as an investment trust and its intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

Note 6: Equity dividends

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Year ended 31 March 2019 - interim dividend from revenue of 2.70p	975	–
Year ended 31 March 2018 - final dividend from revenue of 5.36p	1,937	–
Year ended 31 March 2018 - final dividend from capital of 8.64p	3,121	–
Year ended 31 March 2018 - interim dividend from revenue of 2.70p	–	975
Year ended 31 March 2017 - final dividend from revenue of 5.25p	–	1,897
Year ended 31 March 2017 - final dividend from capital of 8.43p	–	3,045
	6,033	5,917

Set out below are the total dividends payable in respect of the financial period which forms the basis on which the requirements of s1158-9 of the Corporation Taxes Act 2010 are considered.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Proposed final dividend from revenue of 5.50p for the year ended 31 March 2019	1,934	–
Proposed final dividend from capital of 8.50p for the year ended 31 March 2019	2,989	–
Interim dividend from revenue of 2.70p for the year ended 31 March 2019	975	–
Final dividend from revenue of 5.36p for the year ended 31 March 2018	–	1,936
Final dividend from capital of 8.64p for the year ended 31 March 2018	–	3,121
Interim dividend from revenue of 2.70p for the year ended 31 March 2018	–	975
	5,898	6,032

The Company bought back 421,537 shares between 1 April 2019 and 13 June 2019; therefore the final dividend for 2019 is based on 35,163,422 ordinary shares in issue.

Note 7: Returns and net asset value

	Year ended 31 March 2019	Year ended 31 March 2018
The return and net asset value per ordinary share are calculated with reference to the following figures:		
Revenue return		
Revenue return attributable to ordinary shareholders	£3,100,000	£3,100,000
Weighted average number of shares in issue during year*	36,047,951	36,124,496
Return per ordinary share	8.60p	8.58p
Capital return		
Capital return attributable to ordinary shareholders	£357,000	£6,705,000
Weighted average number of shares in issue during year*	36,047,951	36,124,496
Return per ordinary share	0.99p	18.56p
Total return		
Total return per ordinary share	9.59p	27.14p

	As at 31 March 2019	As at 31 March 2018
Net asset value per share		
Net assets attributable to shareholders	£153,576,000	£158,151,000
Number of shares in issue at the year end*	35,584,959	36,124,496
Net asset value per share	431.6p	437.8p

*Calculated excluding shares held in treasury.

Note 8: Investments at fair value through profit and loss

	As at 31 March 2019 £000	As at 31 March 2018 £000
Overseas listed investments held at fair value through profit or loss	154,039	158,466
Total value of financial asset investments	154,039	158,466
Derivative financial instruments - option contracts	–	(232)
Valuation of investments and derivatives	154,039	158,234
Opening valuation	158,234	157,537
Opening unrealised fair value gains on investments	(41,560)	(45,928)
Opening cost	116,674	111,609
Add: additions at cost	36,296	28,128
	152,970	139,737
Less: disposals at cost	(38,867)	(23,063)
Closing cost	114,103	116,674
Closing unrealised fair value gains on investments	39,936	41,560
Closing valuation	154,039	158,234

Gains on investments	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Realised gains for the current period	3,234	11,534
Movement in unrealised fair value losses on investments	(1,624)	(4,368)
Capital dividends	117	41
Gains on investments	1,727	7,207

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within net gains on investments in the statement of comprehensive income. The total costs were as follows:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Purchases	46	57
Sales	77	65
	123	122

Note 9: Receivables: amounts falling due within one year

	As at 31 March 2019 £000	As at 31 March 2018 £000
Dividends receivable	551	481
Cash collateral held at broker for derivatives	–	600
Other receivables	49	2
	600	1,083

None of the Company's trade receivables are past due or impaired.

Note 10: Cash at bank

	As at 31 March 2019 £000	As at 31 March 2018 £000
Sterling	4,660	4,055
US dollar	–	(2)
	4,660	4,053

Note 11: Payables: amounts falling due within one year

	As at 31 March 2019 £000	As at 31 March 2018 £000
Interest expense and similar charges	10	10
Due to brokers for repurchase of ordinary shares	2	–
Due to Martin Currie Investment Management Ltd	283	290
Revolving bank loan	5,069	4,788
Capital Gains Tax	174	–
Other payables	185	131
	5,723	5,219

On 1 April 2018, the Indian government withdrew an exemption from capital gains tax on investments held for 12 months or longer. Accordingly the Company has recognised a deferred tax liability of £174,000 on capital gains which may arise if the Indian investments are sold. For interest rate risk analysis in respect of receivables and payables refer to note 14.

The Company has a £15,000,000 (31.03.18: £15,000,000) loan facility with the Royal Bank of Scotland, which expires on 30 September 2020.

As at 31 March 2019 and 31 March 2018, the drawdowns were as shown below, with a maturity date of 28 June 2019 (31.03.18: 7 June 2018).

As at 31 March 2019

Currency	GBP	Interest rate
HKD 25,657,070	2,508,000	2.56%
SGD 4,520,400	2,561,000	2.63%
	5,069,000	

As at 31 March 2018

Currency	GBP	Interest rate
HKD 25,657,070	2,331,000	1.78%
SGD 4,520,400	2,457,000	2.12%
	4,788,000	

All payables are due within three months.

Note 12: Called up share capital

	As at 31 March 2019 £000	As at 31 March 2018 £000
Authorised:		
66,000,000 (31.03.18 - 66,000,000) ordinary shares of 50p each - equity	33,000	33,000
Allotted, called up and fully paid:		
35,584,959 (31.03.18 - 36,124,496) ordinary shares of 50p each - equity	17,793	18,062
Treasury shares:		
3,920,913 (31.03.18 - 3,381,376) ordinary shares of 50p each - equity	1,960	1,691
Total	19,753	19,753

The Company bought back 539,537 shares of 50p each during the year ended 31 March 2019 at a cost of £1,999,000 to be held in treasury. The Company did not buy back any shares during the year ended 31 March 2018.

The Company has an authorised share capital of 66,000,000 ordinary shares of 50p each, which rank equally. Shareholders are entitled to dividends, which are paid bi-annually, and to attend and vote at all general meetings of the Company. On a winding-up, and after satisfying all liabilities of the Company, shareholders will be entitled to all of the remaining assets of the Company.

Note 13: Analysis of net debt

	As at 1 April 2018 £000	Cash flows £000	Exchange movements £000	As at 31 March 2019 £000
Cash at bank	4,053	617	(10)	4,660
Bank borrowings - sterling revolving loan	(4,788)	–	(281)	(5,069)
Net debt	(735)	617	(291)	(409)

For interest rate risk and currency risk analyses refer to note 14.

Note 14:
Financial instruments

The Company's financial instruments comprise securities, derivatives and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the Company's activities.

The main risks the Company faces from its financial instruments are (a) market price risk (comprising of (i) interest rate risk, (ii) currency risk and (iii) other price risk), (b) liquidity risk and (c) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term receivables and payables, other than for currency disclosures, as they are deemed immaterial.

(a) Market price risk

The fair value of future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

(i) Market risk arising from interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits/payable on short term borrowings.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the date of the statement of financial position was as follows:

As at 31 March 2019	Interest rate %	Local currency '000	Foreign exchange rate	Sterling equivalent £000
Assets				
Sterling	**0.07**	**4,660**	**1.000**	**4,660**
South Korean won	**n/a**	**2**	**1,479.093**	**–**
Total				**4,660**
Liabilities				
Loan – Hong Kong Dollar	**2.56**	**25,657**	**10.229**	**2,508**
Loan – Singapore Dollar	**2.63**	**4,520**	**1.765**	**2,561**
Total				**5,069**

As at 31 March 2018	Interest rate %	Local currency '000	Foreign exchange rate	Sterling equivalent £000
Assets				
Sterling	0.01	4,055	1.000	4,055
US dollar	0.28	(3)	1.403	(2)
Total				4,053
Liabilities				
Loan – Hong Kong Dollar	1.78	25,657	11.010	2,331
Loan – Singapore dollar	2.12	4,520	1.839	2,457
Total				4,788

All cash balances are exposed to floating rates of interest. Both loan balances have fixed rates of interest until the next rollover date.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points (31.03.18: 50 basis points) higher or lower and all other variables were held constant, the Company's profit or loss for the year to 31 March 2019 would increase/decrease by £23,300 (31.03.18: increase/decrease by £20,300). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.

As at 31 March 2019 an interest rate of 0.5% is used. This level is considered appropriate based on observations of market conditions and historic trends.

(ii) Market risk arising from foreign currency risk

The Company's investment portfolio is invested almost entirely in foreign securities and the Statement of Financial Position can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings.

The Statement of Comprehensive Income is subject to currency fluctuation arising on overseas income.

Foreign currency risk profile

Foreign currency risk exposure by currency of denomination:

	As at 31 March 2019			As at 31 March 2018		
	Investment exposure £000	**Net monetary exposure £000**	**Total currency exposure £000**	Investment exposure £000	Net monetary exposure £000	Total currency exposure £000
Hong Kong Dollar	**67,628**	**(2,508)**	**65,120**	64,958	(1,560)	63,398
Indian Rupee	**29,130**	**(174)**	**28,956**	31,663	–	31,663
Indonesian Rupiah	**1,291**	**–**	**1,291**	3,108	–	3,108
Korean Won	**17,461**	**140**	**17,601**	19,214	130	19,344
Malaysian Ringgit	**4,855**	**52**	**4,907**	5,705	46	5,751
Singaporean Dollar	**13,832**	**(2,561)**	**11,271**	11,834	(2,460)	9,374
Taiwanese Dollar	**4,023**	**–**	**4,023**	7,036	–	7,036
Thai Baht	**4,296**	**–**	**4,296**	4,920	–	4,920
US Dollar	**11,523**	**358**	**11,881**	9,796	129	9,925
Total	**154,039**	**(4,693)**	**149,346**	158,234	(3,715)	154,519

The asset allocation between specific markets will vary from time to time based on the manager's disposition of equity holdings within the portfolio of equity holdings listed in specific stock markets.

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return before tax and equity shareholders' funds.

	As at 31 March 2019 £000	As at 31 March 2018 £000
Hong Kong Dollar	6,512	6,340
Indian Rupee	2,896	3,166
Indonesian Rupiah	129	311
Korean Won	1,760	1,934
Malaysian Ringgit	491	575
Singaporean Dollar	1,127	937
Taiwanese Dollar	402	704
Thai Baht	430	492
US Dollar	1,188	993
Total	14,935	15,452

(iii) Market risk arising from other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's and investment manager's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets to international markets as detailed on page 10, and the stock selection process act to reduce market risk. The investment manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

The Company can use derivatives to mitigate market fluctuation but has not done so during the year.

Other price risk sensitivity

If market prices at the statement of financial position date had been 15% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders at the year ended 31 March 2019 would have increased/decreased by £23,110,000 (31.03.18: increase/decrease of £23,770,000) and capital reserves would have increased/decreased by the same amount. The calculations are based on the portfolio valuations, as at the respective reporting dates, and are not representative of the year as a whole.

(b) Liquidity risk

This is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities. All payables are due within three months.

Liquidity risk is not considered to be significant as the Company's assets mainly comprise readily realisable securities, which can be sold to meet funding commitments if necessary.

(c) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction which could result in the Company suffering a loss.

The risk is managed as follows:

- Investment transactions are carried out with a large number of brokers, whose credit ratings are kept under review by the portfolio manager. Limits are set on the exposure to any one broker. The risk to the Company of default is therefore minimised;
- Most transactions are made delivery versus payment on recognised exchanges; and
- Cash is held only with reputable banks.

None of the Company's financial assets are secured by collateral or other credit enhancements, apart from the derivatives.

The maximum credit risk exposure as at 31 March 2019 was £5,260,000 (31.03.18: £5,136,000). This was due to trade receivables and cash as per notes 9 and 10.

Fair values of financial assets and financial liabilities

All financial assets and liabilities are recognised in the financial statements at fair value, with the exception of short-term assets and liabilities, which are held at nominal value that approximates to fair value, and loans that are initially recognised at the fair value of the consideration received, less directly attributable costs, and subsequently recognised at amortised cost.

Note 15:
Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital as at 31 March 2019 comprised:

	31 March 2019 £000	31 March 2018 £000
Equity share capital	**19,753**	19,753
Retained earnings and other reserves	**133,823**	138,398
Total	**153,576**	158,151

The Board, with the assistance of the investment manager and the AIFM, monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the planned level of gearing, which takes account of the manager's views on the market;
- whether to buy back equity shares for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- whether to issue new shares, or re-issue treasury shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period. The Company had 100% net gearing at the year end (31.03.18: 100%).

Note 16:
Fair value hierarchy

Under FRS 102, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc).
- Level 3: significant unobservable input (including the Company's own assumptions in determining the fair value of investments).

The financial assets measured at fair value through profit and loss in the financial statements are grouped into the fair value hierarchy as follows:

	As at 31 March 2019			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets at fair value through profit or loss				
Quoted equities	**154,039**	**–**	**–**	**154,039**
Net fair value	**154,039**	**–**	**–**	**154,039**

	As at 31 March 2018			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Quoted equities	158,466	–	–	158,466
Financial liabilities at fair value through profit or loss				
Derivative instruments	(232)	–	–	(232)
Net fair value	158,234	–	–	158,234

Note 17:
Related party transactions

With the exception of directors' fees (disclosed on page 28) and directors' shareholdings (disclosed on page 26), there were no related party transactions to report throughout the financial year.

Note 18:
Post balance sheet events

As at 13 June 2019 the Company bought back a further 421,537 ordinary shares and at a total cost of £1,599,589.

On 4 June 2019 the Company indicated its intention to publish proposals to effect a scheme of reconstruction of the Company under section 110 of the Insolvency Act 1986, which, in effect would result in the voluntary liquidation of the Company and a tax efficient roll over of its assets into an open ended vehicle managed by Martin Currie Investment Management Limited within the Legg Mason Investment Funds ICVC umbrella. It is intended that this open ended investment company will follow the Asia Long-Term Unconstrained strategy currently pursued by the Company and have a similar investment objective. Please refer to the Chairman's statement for further details.

The share price has appreciated following the announcement on 4 June 2019, the share price as at 13 June 2019 was 418p.

The European Securities and Markets Authority ('ESMA') published it's guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines aim to improve comparability, reliability and/or comprehensibility of APMs. The Company uses the following APMs throughout the annual report, financial statements and notes to the financial statements:

Discount/Premium

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Premium

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

The figure is inclusive of income in line with the Association of Investment Companies ('AIC') guidance. As at 31 March 2019 the share price was 382.0p and the net asset value per share (cum income) was 431.6p, the discount was therefore 11.5%.

Gearing

At its simplest, gearing means borrowing money to buy more assets in the hope the company makes enough profit to pay back the debt and interest and leave something extra for shareholders. However, if the investment portfolio does not perform well, gearing can increase losses. The more an investment company gears, the higher the risk. Net gearing is calculated as market value / (market value + cash + loan).

As discussed in the strategic report on page 12, the Company is currently geared.

NAV per share

The underlying value of a share in an investment company.

In basic terms, the net asset value ('NAV') is the value of the investment company's assets, less any liabilities it has. The NAV per share is the NAV divided by the number of shares in issue. This will very often be different to the share price. The difference is known as the discount or premium.

As shown in note 7 the NAV cum income per share was 431.6p as at 31 March 2019.

NAV (ex income) per share

The net asset value (ex income) per share is excluding any current year income. The NAV (ex income) is calculated by deducting undistributed current year income from the NAV (cum income). To determine the NAV (ex income) the following calculation is applied: Net assets £153,576,000 [per Statement of Financial Position] less undistributed current year income (£3,100,000 [per Statement of comprehensive income] plus dividends paid for the current year [per note 6] £975,000 = £151,451,000. This figure is then divided by the shares in issue as at 31 March 2019 /35,584,959 to give the NAV (ex income) per share of 425.6p as at 31 March 2019.

NAV total return performance

A measure showing how the net asset value ('NAV') per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders.

The AIC shows NAV total return based on a hypothetical investment of £100. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

NAV total return shows performance which is not affected by movements in discounts and premiums. It also takes into account the fact that different investment companies pay out different levels of dividends.

The NAV total return performance, calculated using the cum-income NAV for the year end 31 March 2019 was 2.43%, details of the calculation are shown below.

Ongoing charges

Ongoing charges are the total of the company's expenses including both the investment management fee (excluding performance fees) and other costs expressed as a percentage of NAV.

Ongoing charges are calculated as a percentage of shareholders' funds using average net assets over the year and calculated in line with AIC's recommended methodology. All expenses are included in the ongoing charges calculation. The calculation of the ongoing charges is provided below.

Share price total return

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders.

Total return

The total return per share for the Company is the combined effect of the rise and fall in the share price or NAV together with the reinvestment of the dividends paid.

The tables below provide the NAVs and share prices of the Company on the dividend reinvestment dates for the year ended 31 March 2019 and 31 March 2018.

2019	Dividend rate	NAV	Share price
31 March 18	n/a	437.80	384.00
19 July 18	14.00	444.63	391.00
29 November 18	2.70	416.84	358.00
31 March 19	n/a	431.60	382.00
Total return		**2.43%**	**3.82%**

2018	Dividend rate	NAV	Share price
31 March 17	n/a	427.00	364.50
20 July 17	13.68	443.84	391.00
30 November 17	2.70	446.84	392.25
31 March 18	n/a	437.80	384.00
Total return		6.29%	9.79%

Nav total return

The NAV total return is calculated assuming that dividends paid out are re-invested into the NAV on the ex-dividend date. This is accounted for in the 'impact from re-investing dividends' line.

		31 March 2019	31 March 2018	
Closing NAV per share (p)	page 36	**431.6**	437.80	a
Dividends paid out	note 6	**16.70**	16.38	b
Impact from reinvesting dividends		**0.13**	(0.34)	c
Adjusted NAV per share (p)		**448.43**	453.84	d=a+b+c
Opening NAV per share (p)	page 36	**437.80**	427.00	e
Nav total return		**2.43%**	6.29%	=(d/e)-1

Share price total return

The share price total return is calculated assuming that dividends paid out are re-invested into the share price on the ex-dividend date. This is accounted for in the 'impact from re-investing dividends' line.

	31 March 2019	31 March 2018	
Closing share price per share (p)	**382.00**	384.00	a
Dividends paid out	**16.70**	16.38	b
Impact from reinvesting dividends	**(0.03)**	(0.19)	c
Adjusted share price per share (p)	**398.67**	400.19	d=a+b+c
Opening share price per share (p)	**384.00**	364.50	e
Nav total return	**3.82%**	9.79%	=(d/e)-1

Ongoing Charges	Year ended 31 March 2019 Revenue £000	Capital £000	Total £000	Year ended 31 March 2018 Revenue £000	Capital £000	Total £000
Ongoing charges are calculated with reference to the following figures:						
Investment management fee	(385)	(771)	(1,156)	(395)	(790)	(1,185)
Other expenses	(661)	–	(661)	(557)	–	(557)
Total expenses	(1,046)	(771)	(1,817)	(952)	(790)	(1,742)
Average net assets over the year			155,105			160,997
Ongoing charges			1.17%			1.08%

GLOSSARY OF TERMS

Assets

Anything owned or controlled that has value. For investment companies, this might include shares and securities, property, cash, etc.

Benchmark

An index or other measure against which the performance of an investment company is compared or its objectives are set.

The financial statements will include an explanation of how a company has performed against its benchmark over the year and the reasons for any under or over performance.

Bid price

The price at which you sell your shares when two prices are quoted. This is sometimes shown as the 'sell' price and will be the lower of the two prices shown.

Dividend

Income from an investment in shares. Dividends are usually paid twice a year but can also be paid quarterly or monthly. Not all investment companies pay dividends. Dividend income is not guaranteed and may fall as well as rise.

Environmental, social and corporate governance (ESG)

Assessment of material environmental, social and corporate governance (ESG) factors and the potential impact on that company's cash flows, statement of financial position, reputation and, ultimately, corporate value in the long term.

Internal and external AIFM

Under the AIFM Directive, the AIFM of a company may be either (a) another person appointed by or on behalf the company and which, through that appointment, is responsible for managing the company (an 'external AIFM'); or (b) where the legal form of the company permits internal management and the Board chooses not to appoint an external AIFM, the company itself (an 'internal AIFM'). An AIFM will be able to take advantage of lighter touch regulation where the total assets of the companies it manages do not exceed: (a) €500 million (in cases where no leverage is used); or (b) €100 million (where leverage is used). This regime will also apply to small companies which are internal AIFMs. The advantage of falling under these thresholds is that not all of the requirements of the AIFM Directive will apply and thus compliance obligations can be reduced. However, sub-threshold firms will not benefit from any rights granted under the AIFM Directive.

Investment company

A closed-ended fund which invests in a diversified portfolio of assets. Investors buy and sell their shares in the investment company on a stock exchange.

Investment trust

An investment company which is based in the UK and which meets certain tax conditions so that it does not pay tax on capital gains made within the portfolio.

Net assets – cum income

A measure of the size of an investment company. The total value of all assets held, less liabilities and prior charges, including income for the current year.

Net assets – excluding income

A measure of the size of an investment company. The total value of all assets held, less liabilities and prior charges, excluding income for the current year.

Offer price

The price at which you can buy shares when two prices are quoted. This is also shown as the 'buy' price and will be the higher of the two prices.

Share buy backs

Describes an investment company buying its own shares and reducing the number of shares in existence.

Share buy backs can be used to return money to shareholders, but are also often used to tackle a company's discount. Discounts may reflect an imbalance between the demand for shares and the number of shares in existence. The hope is that, by reducing the number of shares in existence, the buy back will help to prevent the discount widening or even reduce it.

Share price

The price of a share as determined by the stock market.

If you see a single share price shown, it is likely that this is the mid-market price. This is different to the price at which you buy and sell the shares, which are known as the bid price (sell) and offer price (buy).

Treasury shares

Shares in a company's own share capital which the company itself owns and which can be sold to investors to raise new funds.

Treasury shares come into existence only when a company buys back shares. Instead of cancelling the shares (i.e. they cease to exist) they are held 'in treasury' by the company and can be sold at a later date to raise new funds. The Company would only sell treasury shares at a premium to NAV.

Volatility

A measure of how much a share moves up and down in price over a period of time.

The Board works closely with its advisers and the investment trust industry, as appropriate, to ensure it is aware of any regulatory changes. Under AIFMD the Company was required by 22 July 2014 to appoint an external depositary and an Alternative Investment Fund Manager ('AIFM') to be supervised by the Financial Conduct Authority. The AIFM has delegated portfolio management responsibilites to the investment manager. Accordingly a tripartite agreement to novate the Investment Management Agreement was executed to appoint Martin Currie Fund Management Limited ('MCFM') as the Company's AIFM in July 2014, with State Street Bank Trustees Limited as depositary.

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Martin Currie Fund Management ('MCFM'), is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available from MCFM on request (see contact details on the back cover).

The Company's maximum and actual leverage levels at 31 March 2019 are shown below:

Leverage Exposure	Gross method	Commitment method
Maximum permitted limit	275%	175%
Actual	98%	101%

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

DIRECTORS AND ADVISERS

Directors
Harry Wells (Chairman)
Anja Balfour
Craig Cleland
Martin Shenfield
Gregory Shenkman

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Martin Currie Fund Management Limited is authorised and regulated by the Financial Conduct Authority.

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Saltire Court, 20 Castle Terrace
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Telephone 0131 229 5252
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Martin Currie Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

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Martin Currie Asia Unconstrained Trust plc
Saltire Court, 20 Castle Terrace
Edinburgh EH1 2ES
Registered in Scotland, registered number SC092391
www.martincurrieasia.com

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London EC2M 7SH

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Edinburgh EH1 2EG

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Registrars
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The Registry
34 Beckenham Road
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Telephone 0371 664 0300
www.linkassetservices.com

Bankers
The Royal Bank of Scotland plc
24-25 St Andrew Square
Edinburgh EH2 1AF

State Street Bank and Trust Company
20 Churchill Place
Canary Wharf
London E14 5HJ

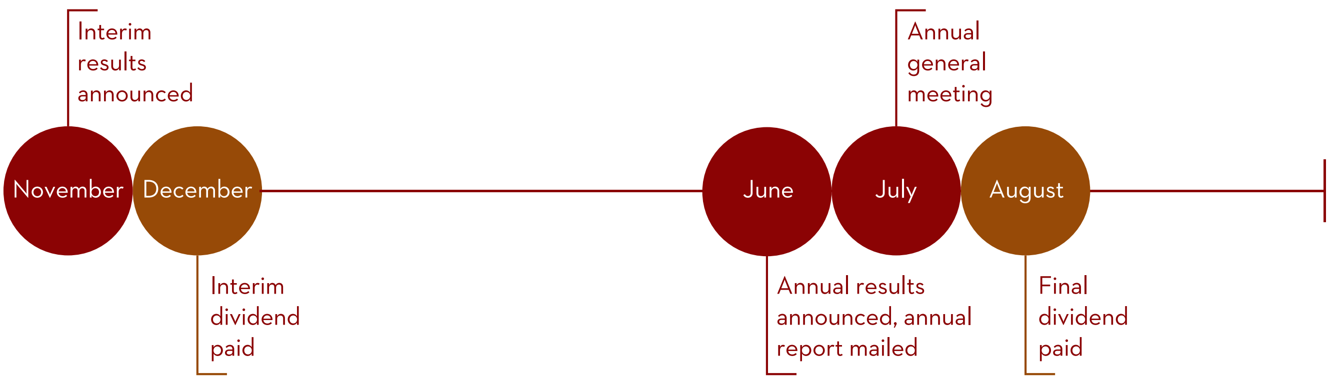
Depositary
State Street Bank Trustees Limited
525 Ferry Road
Edinburgh EH5 2AW

Custodians
State Street Bank and Trust Company
20 Churchill Place
Canary Wharf
London E14 5HJ

Association of Investment Companies
9th Floor
24 Chiswell Street
London EC1Y 4YY
www.theaic.co.uk

Martin Currie Asia Unconstrained Trust is a member of the AIC (the trade body of the investment company industry).

Financial calendar – key dates 2018/19



Shareholder services

The registrars of the Company are Link Asset Services ('Link'). You can buy and sell shares directly by calling the Link Dealing team on 0371 664 0445.

For other services you can contact Link by telephone or online:

Contact details	www.linkassetservices.com	0371 664 0300*
Opening times	24 hour	9:00am – 5:30pm Monday to Friday
Change your address	✓	✓
Request tax vouchers	–	✓
Valuation	✓	✓
Online proxy voting	✓	–
Dividend payment records	✓	✓
Register and change bank mandate instructions for receipt of dividends	✓	✓
Elect to receive shareholder communication electronically	✓	✓
Request/download shareholder forms	✓	✓

*calls cost 12p per minute plus network extras.

Checking the share price

The share price is available through many sources including www.londonstockexchange.com and www.martincurrieasia.com

Trading codes

TIDM code: MCP Sedol: 0569512

Reuters code: MCP.L ISIN: GB0005695126

Ten year record

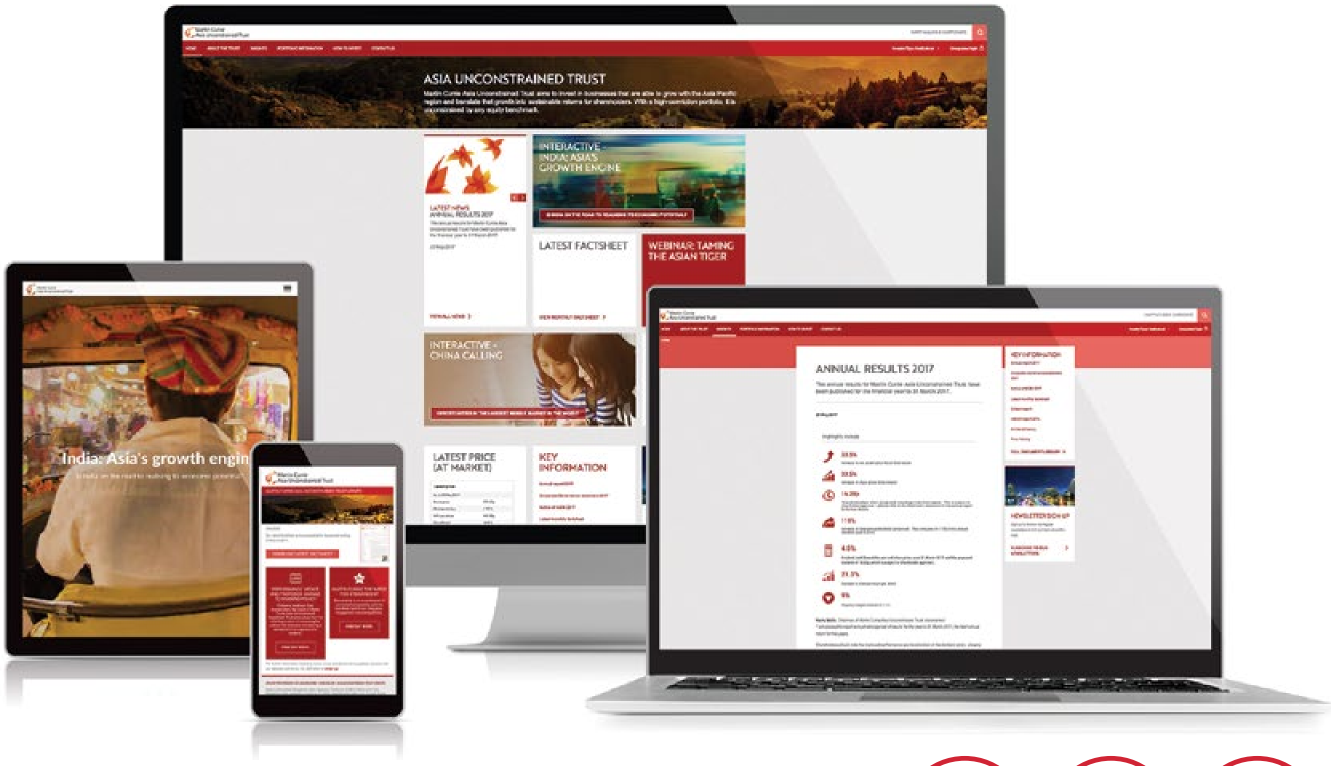
As at year end*	Revenue return per share	Dividend per share	Net asset value per share	Share price	(Discount)/ premium %	Investments £000	Net assets £000
2010	4.29p	3.70p	291.1p	236.5p	(18.8)	122,341	124,428
2011	3.87p	4.50p	320.7p	274.3p	(14.5)	136,635	136,815
2012	4.18p	5.50p	330.0p	276.5p	(16.2)	136,619	140,040
2013	5.59p	6.50p	359.4p	298.5p	(17.0)	149,993	151,999
2014	8.31p	7.50p	313.4p	263.8p	(15.8)	135,617	132,421
2015	4.82p	7.50p	361.2p	320.8p	(11.2)	129,094	137,340
2016	6.68p	7.75p	326.8p	280.0p	(14.3)	123,602	119,758
2017	8.10p	16.28p	427.0p	364.5p	(14.6)	157,537	154,263
2018	8.58p	16.70p	437.8p	384.0p	(12.3)	158,234	158,151
2019	8.60p	16.70p	431.6p	382.0p	(11.5)	154,039	153,576

*As at 28/29 February until 2013 and 31 March thereafter

Martin Currie Asia Unconstrained Trust has its own dedicated website at www.martincurrieasia.com.

This offers shareholders, prospective investors and their advisers a wealth of information about the Company. You can also subscribe for monthly email updates that offer the following:

- latest prices
- manager videos
- performance data
- portfolio information
- latest monthly update
- research
- press releases and articles
- annual and interim reports



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Subscribe and stay in touch

Subscribe to our monthly email updates and we'll notify you of any important announcements or key market insights that relate to your Company.

Visit our website at www.martincurrieasia.com

Enquiries

If you have an enquiry about Martin Currie Asia Unconstrained Trust, please get in touch.

0131 229 5252 | enquiries@martincurrie.com

The Chairman
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Edinburgh
EH1 2ES

This part of the report has been approved by Martin Currie Investment Management Limited ('MCIM'), the investment manager of Martin Currie Asia Unconstrained Trust plc. MCIM is authorised and regulated by the Financial Conduct Authority. The value of shares and the income from them may go down as well as up as a result of market and currency movements. Investors may not get back the amount invested. MCIM is not authorised to give advice and generally provides information on its own services and products. This information is provided for information only and is not an invitation to acquire Martin Currie Asia Unconstrained Trust plc shares nor is this a personal recommendation to use any source described above. Calls may be recorded.

Martin Currie
Asia Unconstrained Trust

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www.martincurrieasia.com

Calls to the above may be recorded.

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A Legg Mason Company