Asian Total Return Investment Company plc

Report and Accounts for the year ended 31 December 2014

Schroders

Investment Objective, Investment Policy and Advisers

Investment Objective

Asian Total Return Investment Company plc seeks to provide a high rate of total return through investment in equities and equity related securities of companies trading in the Asia Pacific region (excluding Japan). The Company seeks to offer a degree of capital preservation through tactical use of derivative instruments.

Investment policy

The Company will invest principally in a diversified portfolio of 40-70 companies operating primarily in Asia, including Australasia but excluding Japan. It is intended that the Company will have a bias to investing in small and mid cap companies.

Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region. The Company will focus on investing in companies with sound balance sheets, professional management and capital allocation policies that are aligned with the interests of minority shareholders.

The use of derivatives to protect the capital value of the portfolio or for efficient portfolio management is fundamental to the strategy of the Company's Portfolio Managers. Such derivatives may include listed futures, call options, long puts, OTC instruments and instruments to hedge currency exposure. The Board will monitor the effectiveness of the underlying process and the use of derivatives.

In order to obtain further exposure to equity indices or individual stocks, the Company may enter into contracts for difference where the underlying investments are not delivered and settlement is made in cash. In extreme circumstances, and subject to Board approval, the majority, or even all, of the Company's assets could be held in cash or near cash instruments, with appropriate diversification of cash held on deposit.

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value.

The Company does not tie its portfolio construction to the constituents of any benchmark; instead, the size of stock positions are set on an absolute basis reflecting where the best potential risk adjusted returns are to be found.

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the web at www.schroders.co.uk/its.

Advisers

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London EC2V 7QA

Investment Manager and Company Secretary
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West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk

*Calls to this number are free of charge from UK landlines

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Independent Auditors
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Financial Highlights

	2014	2013	% Change
Total returns (including dividends reinvested) for the year ended 31 December			
Net asset value ("NAV") per share[1]	**15.8%**	(8.4)%	
Share price[1]	**12.3%**	(3.4)%	
Reference index[2]	**9.2%**	(1.6)%	
Peer group NAV per share[1,3]	**13.9%**	1.7%	
Shareholders' funds, NAV per share, share price and share price discount at 31 December			
Shareholders' funds (£'000)	**152,342**	135,240	+12.6
Shares in issue, excluding shares held in Treasury	**73,199,141**	74,381,141	(1.6)
NAV per share[4]	**208.1p**	181.8p	+14.5
Share price[4]	**194.0p**	176.0	+10.2
Share price discount to NAV per share	**6.8%**	3.2%	
Revenue for the year ended 31 December			
Net revenue return after taxation (£'000)	**2,272**	1,793	+26.7
Revenue return per share	**3.07p**	1.98p	+55.1
Dividends per share	**3.25p**	3.25p	–
Net cash[5]	**1.3%**	1.4%	
Ongoing Charges[6]	**1.1%**	0.7%	

Ten Year Financial Record

At 31 December	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shareholders' funds (£'000)	213,952	248,987	312,560	181,687	290,451	357,570	269,417	298,076	135,240	152,342
NAV per share (pence)	114.8	135.5	183.5	112.5	179.9	221.5	167.5	201.2	181.8	208.1
Share price (pence)	99.5	122.0	161.3	101.0	165.5	201.3	152.3	185.0	176.0	194.0
Gearing/(net cash) (%)[5]	10.8	9.5	14.8	8.5	7.8	14.1	4.1	(0.2)	(1.4)	(1.3)
Year ended 31 December										
Net revenue after taxation (£'000)	3,653	2,557	3,904	3,976	3,517	5,372	5,760	4,526	1,793	2,272
Net revenue return per share (pence)	1.92	1.38	2.18	2.41	2.18	3.33	3.57	2.92	1.98	3.07
Dividends per share (pence)	1.85	1.30	2.00	2.40	1.90	2.90	3.25	3.25	3.25	3.25
Ongoing Charges (%)[6]	1.2	0.9	0.9	0.5	0.9	0.9	0.6	0.9	0.7	1.1

Performance[7]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NAV total return[8]	100.0	132.0	159.3	217.5	133.8	218.7	272.0	208.7	254.9	233.8	270.8
Share price total return	100.0	131.9	164.4	219.7	139.8	234.7	288.6	221.9	274.5	265.3	298.0
Reference index total return[2]	100.0	138.0	161.6	223.3	147.7	226.8	280.6	234.4	275.0	270.5	295.4
Peer group NAV per share total return[3,8]	100.0	135.8	161.2	223.6	138.8	220.0	278.9	236.6	281.9	286.0	325.9

[1]Source: Morningstar.
[2]Source: Thomson Financial Datastream. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (sterling adjusted). Prior to that date it was the MSCI Asia ex-Japan Index (sterling adjusted).
[3]The performance of a group of nine investment trust competitors (arithmetic average).
[4]The percentage change for these numbers includes no adjustment for reinvested dividends.
[5]Borrowings used for investment purposes less cash, expressed as a percentage of net assets. At the current and comparative year end, cash exceeded borrowings (the Company had no borrowings) and this is shown as a "Net cash" position. If borrowings were to exceed cash, this would be shown as "Gearing".
[6]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year. The figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average opening and closing net asset values in the year.
[7]Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 31 December 2004.
[8]Calculated using capital net asset values plus income reinvested for the period to 31 December 2008 and cum income net asset values plus income reinvested, thereafter.

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Chairman's Statement

Performance

I am pleased to be able to report a substantial improvement in your Company's absolute and relative performance during the last year. In total return terms, the Company's share price outperformed the market, rising by 12.3%, whilst the net asset value ("NAV") advanced by 15.8% in the year to 31 December 2014. This compared with a rise of 9.2% in the Reference Index in sterling terms and an average NAV return of 13.9% from the peer group.

Further comment on performance and investment policy may be found in the Portfolio Managers' Review.

Promotion and discount management

The Board continues to believe that successful promotion of the Company is key, and supports this through a discount management policy. During the year, the Company has been promoted through marketing to discretionary wealth managers, private investors, financial advisers and institutions. The Board, Manager and Corporate Broker have been in regular contact with current and potential shareholders and have developed relationships with adviser and execution only platforms, along with advertising in the trade press and provision of information on the Company's website. The focus of the promotional work this year and in the future is on the distinctive characteristics of the Company's strategy: the focus on total return, with a bias towards small and medium sized companies and a degree of downside protection through the use of derivatives. This differentiates it from the peer group, and the investment opportunity that it therefore offers.

This promotional activity is supported by a discount management policy, which continues to target a discount to net asset value of 5% in normal market conditions, through use of the Company's share buyback authorities. In the year to 31 December 2014 a total of 1,182,000 shares were purchased by the Company to be held in Treasury, in support of the discount policy. Nevertheless, as emerging markets remained out of favour for much of the year, the average discount widened to 6.6% despite the buybacks, although this compared with an average discount of 9.4% for the peer group.

Dividend

The Board has decided to declare an unchanged dividend of 3.25p per share.

The revenue return from the portfolio for the year increased substantially when compared to the previous year, from 1.98p per share in 2013 to 3.07p per share for the year under review. Thus, while the Company will again use its revenue reserves brought forward to fund the uncovered portion of the dividend, the amount of reserves used will be much less than in the previous year.

In order to provide shareholders with the opportunity to vote on the quantum of dividend, the Board is proposing that the dividend will be payable as a final dividend, subject to shareholder approval at the Annual General Meeting, on 30 April 2015 to shareholders on the register on 10 April 2015.

Gearing

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value. The Board has agreed a disciplined framework for gearing, based on a number of valuation indicators.

Whilst the Portfolio Managers did not use gearing during the course of 2014 as their valuation indicators did not warrant such activity, they did begin to gear the Company in January 2015, such that by the end of February, gearing stood at 6.1%. Gearing is obtained through a combination of a revolving credit facility and an overdraft.

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. Full details of this leverage limit may be found on the Manager's website at www.schroders.co.uk/its and in the Strategic Report on page 17.

Fees and expenses

Ongoing charges represented 1.1% of net assets (as defined in the Financial Highlights) in 2014, in line with the average for the Company's peer group. This is an increase of 0.4% compared with 2013, which was due to the expiry of the Manager's six month fee holiday in 2013 and the addition of fees relating to the appointment of a depositary in accordance with the AIFM Directive in July 2014, as reported in the Half Year Report.

Despite the good performance of the Company during the year, the high water mark for payment of the Performance Fee was not achieved and therefore no Performance Fee was paid. The Board continues to keep the level of charges under review, particularly as many investment trusts are dropping their performance fees and reverting solely to Management Fees.

Board refreshment

As part of the long term succession plan of the Board, a number of changes to the Board's composition took place during the year and further changes are planned in 2015.

I am pleased to welcome two new independent non-executive Directors to the Board, Mr Mike Holt and Ms Caroline Hitch. Mr Holt joined the Board on 1 July 2014 and Ms Hitch on 26 February 2015.

Full biographical details of Mr Holt and Ms Hitch may be found on page 22 of this Annual Report. The elections of Mr Holt and Ms Hitch as Directors of the Company will be proposed at the forthcoming Annual General Meeting. The Board supports their elections and recommends that shareholders vote in favour of the relevant resolutions.

As part of the planned refreshment, Mr Hugh Aldous retired as a Director with effect from 22 October 2014. I would like to take this opportunity, on behalf of the Board, to thank Mr Aldous for his invaluable contribution to the Company during his 11 year tenure as a Director and for his sterling work as Chairman of the Audit Committee. Following Mr Aldous's retirement, Mr Holt was appointed as Chairman of the Audit Committee.

In the last Annual Report, I observed that at least one additional long serving Director would retire at the 2015 Annual General Meeting. Therefore, in keeping with the long term succession plan agreed by the Board, as the longest serving Director on the Board, I will retire at the Annual General Meeting and will not seek re-election as a Director of your Company. I am pleased to confirm that my fellow Director, Mr David Brief, will succeed me as Chairman, subject to his re-election at the Annual General Meeting. It has been my great pleasure to serve as a Director of your Company for over 12 years, including the last 11 years as Chairman.

During this period, there has been significant change in the Company's profile, its investment policy and objectives and, of course, its manager. I believe that these changes have been overwhelmingly positive and that your Company is now well placed to deliver favourable results in the future.

New Zealand Listing

The Company has today announced that it has requested approval from NZX Limited ("NZX") for the listing of its ordinary shares on the NZX Main Board ("NZSX") to be cancelled. NZX has accepted this request and has agreed that the last day of trading of the Company's shares on NZSX will be 5 May 2015, with the shares ceasing to be listed at the close of business on 8 May 2015.

The Company's shares have been listed on the NZSX since 28 November 1994. The Board decided to seek approval to cancel the NZSX listing because the administrative and compliance costs of maintaining a secondary listing in New Zealand have become disproportionate to the net assets of the Company, which reduced by 50% following the tender offer in 2013. There is a small and decreasing number of shareholders remaining on the New Zealand register as well as a reduced number of trades being undertaken on the NZSX.

Following the cancellation of the NZSX listing, the shares held on the Company's New Zealand branch register will be transferred to the Company's UK register and the Company's ordinary shares will only be quoted on the London Stock Exchange.

A letter explaining the details of the transition will be sent to shareholders on the New Zealand branch register with this Annual Report.

Annual General Meeting

The Annual General Meeting will be held at 11.30 a.m. on Wednesday 29 April 2015 at 31 Gresham Street, London EC2V 7QA, the offices of Schroders. One of the Portfolio Managers will attend to give a presentation on the Company's investment strategy and the prospects for Asia. The Annual General Meeting will be followed by a buffet lunch.

Outlook

Despite the quantitative easing undertaken by the USA and UK, and the more recent expansion of money supply by both the EU and Japan, the prospects for global growth remain relatively anaemic, and concerns continue to be expressed regarding deflation, actual or potential, in a number of countries. Until such time as growth recovers more strongly or inflation picks up, it seems, therefore, that the global interest rate environment will remain benign. Indeed, within Asia, there is scope for further interest rate reductions in a number of countries.

Given this background, the search for income will no doubt continue.

Meanwhile, despite the relative fiscal and monetary health of much of the Asian region, with perhaps the exception of China, investment flows into the region remained relatively subdued for much of the year. Nevertheless, your Portfolio Managers have identified companies which have outperformed markets, by focusing on well managed companies with strong balance sheets, excellent earnings prospects and in many cases decent dividend yields. This will continue to be the strategy and we hope that shareholders will continue to endorse it at the continuation vote in 2016. It is to be hoped that Asian markets may become more in demand in this Chinese year of the Goat as global growth and the prospects for regional economies gradually improve. If so, your Company should be well placed to benefit with downside protection having been reduced and gearing now in place.

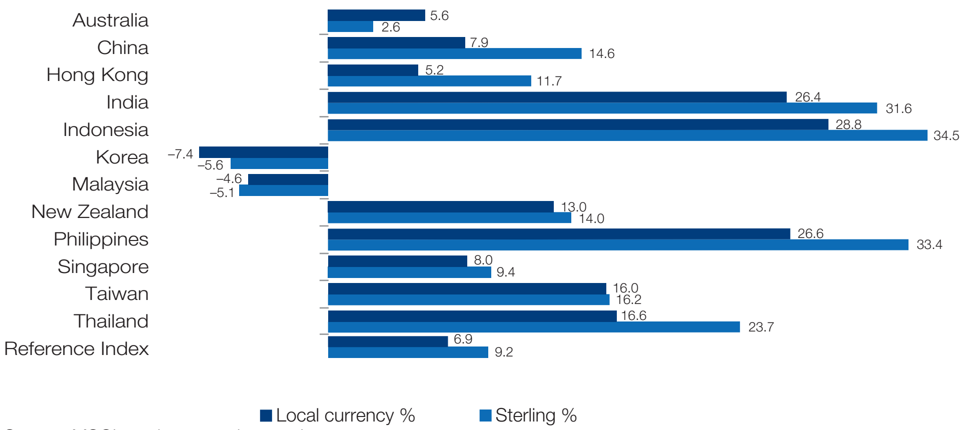
David Robins
Chairman
30 March 2015

Portfolio Managers’ Review

Market background

The performance of Asian equity markets was mixed in 2014 as a confluence of external macro headwinds and domestic politics led to a wide dispersion of returns across the region. Following a tumultuous 2013 during which fears of quantitative easing being reduced by the Fed triggered an exodus of capital from emerging markets, most Asian markets rebounded sharply on the back of continued accommodative monetary policies by central banks globally. Positive sentiment from further quantitative easing by the ECB and Bank of Japan, as well as the push back of interest rate hikes by a dovish Federal Reserve, helped Asian equities extend their upward climb to end the year in positive territory.

Country returns 2014



Source: MSCI, net income reinvested.

Political news flows dominated headlines for most of 2014, with India and Indonesia driving renewed investor interest on expectations that the election of reform-minded leaders would help push through much needed reforms to revive growth. Indian equities enjoyed a broad-based re-rating as a surprisingly strong political mandate for change spurred increased optimism about the longer term potential for the market. In Thailand, a military coup that brought an end to the political impasse helped remove short-term uncertainty in the market, raising hopes that the military-endorsed economic plan would drive a cyclical recovery in domestic growth.

In contrast, the Chinese market was mostly directionless for the first half of the year due to worries over potential defaults and increasing signs of stress in the property market. A weaker macro outlook, coupled with concerns the clamp down on corruption would dent high-level consumption, led to profit taking in most consumer and healthcare stocks. Expectations of monetary easing and State Owned Enterprise (SOE) reforms, however, supported sentiment towards laggard SOEs, with financials and industrial stocks extending a late rally in the last quarter after the People’s Bank of China cut benchmark interest rates for the first time since 2012. Investor optimism spilled over to Hong Kong amid the launch of the much-vaunted HK-Shanghai Stock Connect, though initial trading volumes failed to live up to the hype as operational issues remained a concern for most investors.

The Korean market was the worst performing market over the year as weaker than expected earnings results and worries over the impact of the Japanese yen’s steep depreciation on export competitiveness led to further earnings downgrades. The market was also weighed down by sharp falls by the Hyundai and Samsung groups (which make up almost half of the local index) as a series of disappointing corporate announcements dampened hopes of any improvement to poor corporate governance practices that continue to plague Korea.

Portfolio Managers' Review

Towards the end of 2014, macro headwinds from plunging oil prices and US dollar strength reignited fears of a global slowdown, with the resource-heavy Australian and Malaysian markets coming under pressure on worries that falling export revenues would weigh on the countries' trade balances. For the broader region, expectations of a start to an easing monetary cycle on the back of moderating inflationary pressures supported sentiment for most markets.

Performance analysis

In 2014, the Company's net asset value gained 15.8% in total return terms, compared to the Reference Index which returned 9.2%.

Holdings across most markets delivered positive absolute returns, with stocks in Hong Kong, Thailand and India recording the strongest gains. Chinese stocks saw mixed performance as robust returns from IT stocks were offset by profit-taking in select consumer and healthcare names.

Amongst the top contributors, ASEAN stocks staged a strong rebound as receding fears over quantitative easing tapering helped drive renewed inflows into the region. Domestic names in Thailand, including Kasikornbank and Hemaraj Land & Development, advanced on the back of improved consumer confidence and solid earnings growth. The Philippine market extended gains amid a robust macro backdrop and the buoyant property sector, driving a strong run in share prices of Ayala Land and GT Capital on expectations of upgrades to their land bank NAVs.

Similarly, Hong Kong stocks recovered from the sell-off in 2013 as interest-rate sensitive stocks rebounded sharply on easing concerns over the impact of rising interest rates. Holdings in the property sector, led by Swire Properties and Hongkong Land, regained ground as earnings growth remained steady, supported by robust occupancy rates in the office sector. Conglomerates Jardine Matheson and Jardine Strategic also outperformed as positive sentiment in Indonesia helped drive a share price recovery in Astra International.

Across other markets, Indian stocks enjoyed a broad-based rally, with domestic names Phoenix Mills, Zee Entertainment and HDFC Bank benefiting from hopes of sustained economic growth recovery amid falling oil prices and a lower inflation outlook. In Taiwan, technology stocks and consumer export names continued their strong momentum driven by solid earnings growth and global market share gains.

Commodity-related stocks were the laggards as Keppel Corporation and Australian-based BHP Billiton retreated on the back of falling oil prices and worries over a weaker global demand backdrop. Chinese consumer names China Lodging Group and Shenzhou International pared gains as investors took profits on concerns over a sluggish macro environment, while health care stocks Mindray Medical and Wuxi Pharmatech fell amid regulatory uncertainty and overhang from the ongoing anti-corruption drive. Amongst stock specific drivers, Hyundai Motor saw its share price plunge as news of its US$12bn land purchase for a new HQ led to renewed concerns about corporate governance.

Overall, capital protection (in the form of put options and short futures on the Australian, Korean and Taiwan markets) pared some gains as equities continued to be supported by loose liquidity conditions globally. For currency hedges, the hedge on the portfolio's Australian dollar exposure recorded gains following a 13% decline in the Australian dollar versus the US dollar over the year. On the whole, given low volatility and cheap put prices, there was only a marginal drag on performance from the hedging strategies.

2014 performance attribution

	Contribution to return (sterling, %)	Main contributors/detractors
Australia	+1.1	Brambles, Resmed, Recall Holdings
China	-0.7	Minth Group, Mindray Medical, China Lodging Group
Hong Kong	+4.5	Jardine Strategic/Matheson, Swire Properties, Techtronic Industries
India	+3.0	Phoenix Mills, Zee Entertainment, HDFC Bank
Indonesia	+1.3	Bank Mandiri, Semen Indonesia
Korea	-0.1	Hyundai Motor, Samsung Electronics
Malaysia	+0.7	Silverlake Axis
Philippines	+1.6	Ayala Land, GT Capital
Singapore	+0.2	Great Eastern
Taiwan	+2.7	TSMC, Giant Manufacturing
Thailand	+4.3	Kasikornbank, Hemaraj Land & Dev, Bumrungrad Hospital
Derivatives	-1.1	Puts and short futures on regional market indices
Currency forwards	+0.4	Hedging the Australian dollar exposure
Cash	+0.0	
Fees/costs	-1.1	
Residual	-1.0	
Total return	**+15.8**	

Source: Schroders

2014 Principal contributors

	£ Return (%)	Contribution to return (%)
Kasikornbank	+56.1	1.4
Taiwan Semiconductor Manufacturing	+36.9	1.2
Hemaraj Land & Development	+66.9	1.0
Phoenix Mills	+70.5	1.0
Ayala Land	+45.4	0.9

2014 Principal detractors

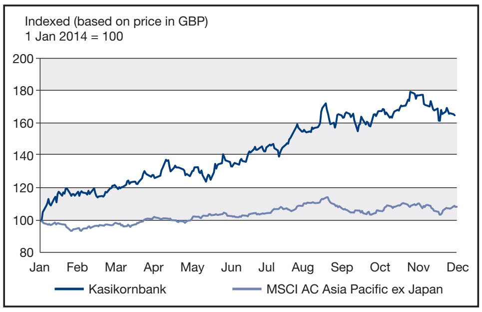
	£ Return (%)	Contribution to return (%)
International Housewares Retail	-36.5	-0.4
Keppel Corporation	-16.8	-0.4
Minth Group	-22.1	-0.4
Hyundai Motor	-15.4	-0.3
BHP Billiton	-22.2	-0.3

Source: Schroders

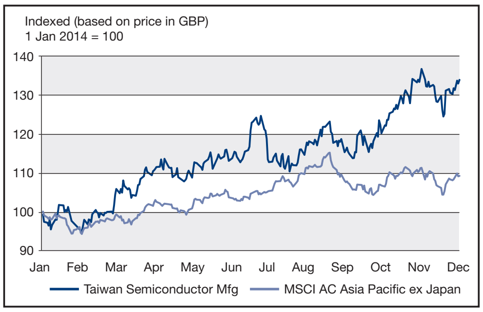
Portfolio Managers' Review

Principal contributors (Source of Charts: Bloomberg)

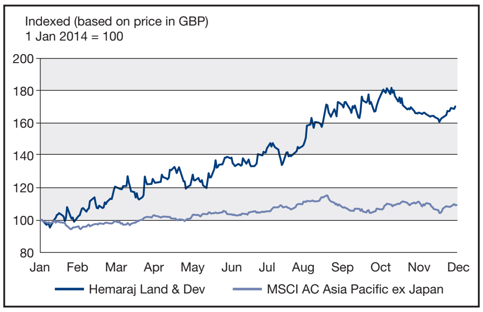
Kasikornbank is one of Thailand's largest banks offering a full range of services, though focusing primarily on commercial banking services to SMEs. The company delivered one of the strongest FY14 results amongst its peers, with revenue growth of 15% and solid profit growth of 12%. The bank's earnings outlook remains robust, supported by its diversified revenue base and overall healthy asset quality.



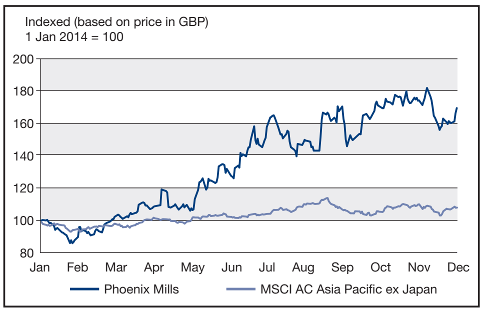
Taiwan Semiconductor Manufacturing is a global leader in the semiconductor foundry industry involved in the manufacturing of integrated circuits and related services. The share price has outperformed strongly on the back of consistent solid earnings results, with strong profitability driven by market share gains and efficiency improvements. Slowing capital expenditure and strong free cash flow generation have increased scope for a higher dividend payout.



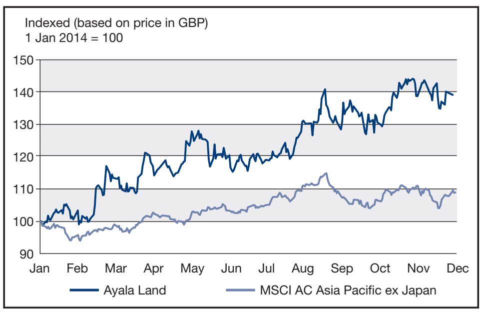
Hemaraj Land & Development is a Thai real estate developer involved in the development and management of industrial estates and infrastructure projects. The share price delivered solid gains over the year driven by strong recurring earnings growth. Receding concerns over political instability and a stabilising macro backdrop have also supported investors' confidence towards a recovery in land sales demand.



Phoenix Mills is the largest owner and manager of prime retail assets in India. The share price has re-rated on the back of a solid growth outlook, with high earnings visibility coming through from structural growth in consumption across its malls. Operational performance continues to deliver driven by steady rental growth and rising occupancy rates



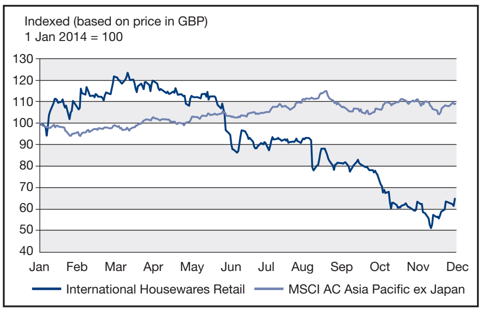
Ayala Land is the Philippine's largest property developer with a diversified portfolio of residential, commercial and industrial assets. The share price has appreciated strongly over the year driven by solid management execution and consistent earnings delivery. Robust macro fundamentals and a booming BPO (Business Process outsourcing) industry continue to drive strong growth of the country's property market.



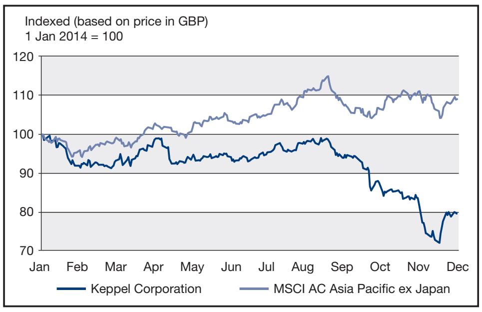
The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Principal detractors (Source of Charts: Bloomberg)

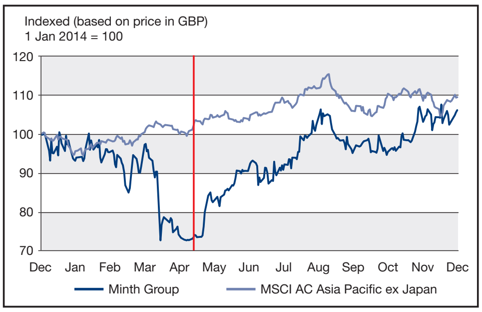
International Housewares Retail is a major Hong Kong based retail chain that sells houseware products. This stock was de-rated due to a weak operational performance in Singapore amid a sluggish retailing environment and higher expense from store expansion plans. We continue to hold the stock as valuations are attractive, with improving risk-reward ratio on the back of potential turnaround in the Singapore business.



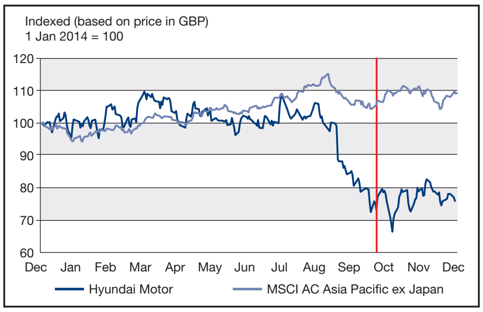
Keppel Corporation has its core business in offshore marine, property and infrastructure. Its share price came under pressure on the back of plunging oil prices and concerns over an earnings downgrade. We have since exited the position (in January 2015) given the difficult industry outlook, and see better opportunities and recovery potential in Australian resources stocks.



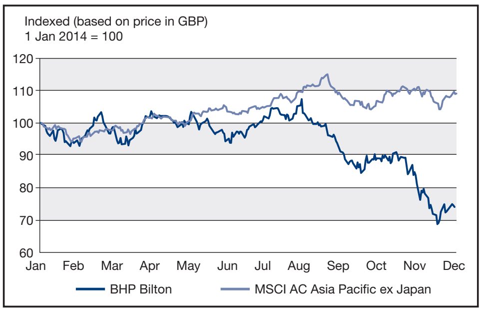
Minth Group is the largest OEM (original equipment manufacturer) of exterior auto body parts in China, supplying mostly to international brands. The stock price plunged after the Hong Kong regulator filed a petition against the company for failing to make timely disclosures pertaining to a related transaction. We sold out of our holdings (in April 2014) due to concerns over corporate governance and the management's lack of credibility.



Hyundai Motor is a Korean multinational automotive manufacturer. The company's share price corrected sharply following news of its massive US$12bn land purchase for a new headquarters. While we remain positive on the company's operational outlook, we exited the position (in September 2014) due to concerns over corporate governance and its poor track record for shareholder value creation.



BHP Billiton is a global resources company and producer of major commodities including iron ore, coal, copper etc. Its share price has been weighed down by declining commodity prices and concerns over slowing demand growth from China. We remain invested in the stock as we like the company as a low-cost producer with strong cash flow generation. Scaling back of capital expenditure and spin-off of non-core assets suggest scope for increased return of capital to shareholders.



The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Portfolio positioning and key transactions

Portfolio activity was fairly even over the year as we took advantage of market volatility to take profits in stocks that have outperformed to reinvest into names that offer greater upside to fair value. In terms of country allocation, there was a notable decline in Korea, as we exited all holdings in Korean stocks (Hyundai Motor, Samsung Electronics and Halla Visteon Climate) due to concerns over poor corporate governance standards. We also trimmed exposure in Indonesian stocks following the market's strong outperformance, paring our positions in Bank Mandiri and Semen Indonesia given rich valuations amid a weaker macro growth outlook. Exposure to the Jardine Group was also gradually reduced as we took the opportunity to lock in some profits in Jardine Matheson and Jardine Strategic after their share prices rebounded to trade close to our fair value targets.

Several new holdings were introduced, with some of the largest purchases in India and Thailand, as well as the technology sector where we are able to find more attractive stock ideas. In India, we added to HDFC Bank and Cognizant Technology Solutions. We invested in the unit trust SISF Indian Opportunities, which offers broad exposure to the domestic economy where we see potential for strong recovery in consumption and investment growth. We also initiated new positions in small to mid-cap companies in Thailand, including Aeon Thana Sinsap and Bumrungrad Hospital, which we like for their solid earnings outlook driven by rising domestic income growth. From a sector perspective, we continue to find good opportunities in the technology space, where we added selectively to Tencent, Delta Electronics and Siliconware Precision on share price weakness.

Overall, there was little change to our preferred areas of investment, with portfolio positions largely focused on globally competitive Asian industrials, technology companies benefiting from the 'Big Data' trends, ASEAN and Indian retail banks and healthcare, as well as Hong Kong property and conglomerate names trading at attractive valuations. As at 31 December 2014, 31.6% of the portfolio was held in companies with a market capitalisation of less than US$3 billion (2013: 13.8%), compared with 5.6% of the Reference Index.

Top 10 positions

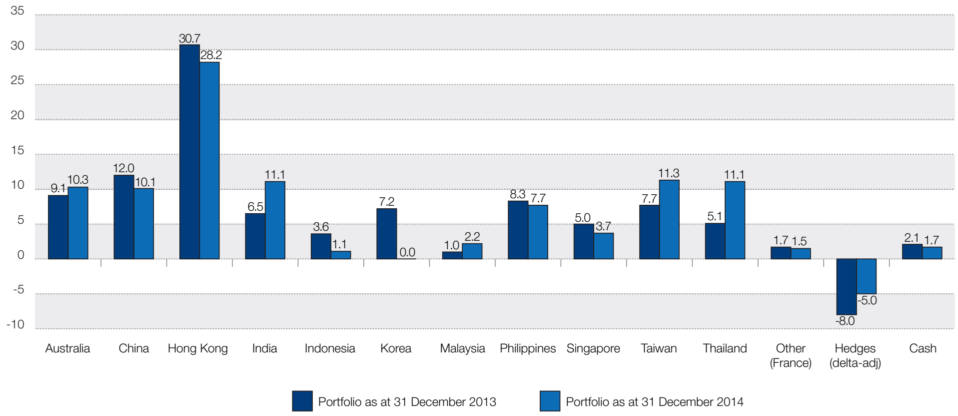
Top 10 stocks	As at 31 December 2014 (% of portfolio)
Taiwan Semiconductor Manufacturing	3.8
Jardine Strategic	3.2
Techtronic Industries	3.1
Kasikornbank	3.0
AIA	3.0
Wuxi Pharmatech	2.7
Brambles	2.6
Swire Properties	2.5
Ayala Land	2.4
Hongkong Land	2.4

Source: Schroders

Top 10 stocks	As at 31 December 2013 (% of portfolio)
Jardine Strategic	3.8
Hyundai Motor	3.3
Taiwan Semiconductor Manufacturing	3.3
Jardine Matheson	3.2
Wuxi Pharmatech	3.2
AIA	3.1
Brambles	3.0
Techtronic Industries	2.9
Keppel Corporation	2.7
Kasikornbank	2.4

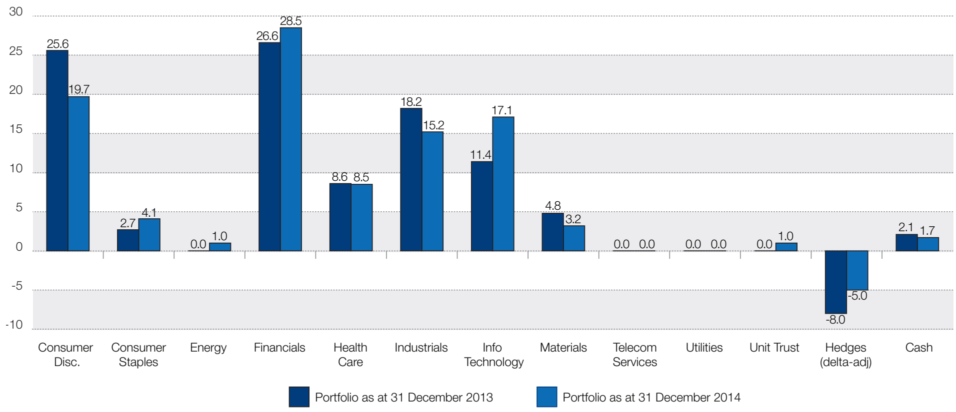
Source: Schroders

Geographical Analysis



Source: Schroders

Sector Distribution



Source: Schroders

Investment trends and outlook

Going forward, we maintain our view that global growth will remain sluggish amid moderate growth in the US (with little prospect of a major acceleration), a difficult backdrop for Europe and Japan, and a subdued economic outlook for emerging markets. With commodity prices weak and most currencies falling against the US dollar, our base case is that the Fed is unlikely to raise rates by more than 50bps, and we see outside risks of QE4 in the US as deflationary forces continue to build.

The key immediate problem for Asian markets, however, is the likely flux from Emerging Market bonds as the conflux of a strong dollar and collapsing commodities leads to potential corporate and sovereign bond defaults, thus triggering chaotic redemptions from emerging market and Asian bond funds. With the property sector in China facing large oversupply, exacerbated by highly leveraged corporates that exhibit questionable accounting practices, we believe the default by Chinese developer Kaisa Group on its offshore bonds is likely to be the first of many to come.

Meanwhile the China A-share market represents another bubble which, in our view, is at risk of bursting. With the Producer Price Index in China running at -3.3%, financial stress and clear signs of non-performing loans rising, we see few fundamentals underpinning the 60% rally in the domestic market. While we do not anticipate a major financial crisis, with stock brokers universally bullish on China and valuations for certain sectors looking downright expensive, the A-share bubble bursting will be a headwind for markets to get through.

The longer term outlook, however, remains more constructive for the region given generally solid sovereign, corporate and household balance sheets – especially relative to most developed markets – while demographics are also supportive in India and most ASEAN economies. Overall we are a little more bullish given poor sentiment towards Asian equities, relatively low valuations and five years of underperformance, and will likely take advantage of any material market falls to close out the Company's hedges and raise the net long position.

Robin Parbrook, King Fuei Lee
for Schroder Investment Management Limited

30 March 2015

Investment Portfolio

As at 31 December 2014

	£'000	%
AUSTRALIA		
Amcor	1,605	1.1
BHP Billiton	1,498	1.0
Brambles	**3,936**	**2.6**
Medibank Private	1,192	0.8
Recall Australia	1,292	0.9
Resmed[1]	**2,875**	**1.9**
Rio Tinto	1,756	1.2
Woodside Petroleum	1,546	1.0
TOTAL AUSTRALIA	**15,700**	**10.5**
CHINA		
AAC Technologies[1]	1,874	1.3
Belle International[2]	341	0.2
China Lodging Group[1]	**2,984**	**2.0**
Haitian International Holdings[2]	1,869	1.2
Hollysis Automation Technologies[1]	933	0.6
Mindray Medical[1]	1,290	0.9
Tencent Holdings[2]	2,132	1.4
Wuxi Pharmatech[1]	**4,075**	**2.7**
TOTAL CHINA	**15,498**	**10.3**
HONG KONG		
AIA	**4,567**	**3.0**
Café De Coral	2,336	1.6
Chow Sang Sang Holdings	2,312	1.5
Hong Kong Land[3]	**3,629**	**2.4**
Hutchison Whampoa	2,520	1.7
Hysan Development	2,519	1.7
International Housewares Retail[1]	1,756	1.2
Jardine Matheson[3]	**3,215**	**2.1**
Jardine Strategic[3]	**4,795**	**3.2**
Johnson Electric Holdings	**2,927**	**1.9**
Mandarian Oriental International[3]	1,781	1.2
Pacific Textiles	2,222	1.5
Swire Properties	**3,721**	**2.5**
Techtronic Industries	**4,711**	**3.1**
TOTAL HONG KONG	**43,011**	**28.6**
INDIA		
Apollo Hospitals Enterprise (JPM) 07/11/17[4]	**3,240**	**2.2**
Cognizant Technology Solutions[1]	**2,888**	**1.9**
HDFC Bank	1,084	0.7
HDFC (JPM) 06/02/17[4]	1,611	1.1
Phoenix Mills (Merrill Lynch) 18/05/18[4]	907	0.6
Phoenix Mills (Merrill Lynch) 18/06/18[4]	2,404	1.6
Schroder Intl Selection Fund – Indian Opportunities	1,540	1.0
Zee Entertainment Enterprises (JPM) 20/03/17[4]	**3,228**	**2.1**
Zee Entertainment Enterprises (JPM) 18/03/19[4]	224	0.1
TOTAL INDIA	**17,126**	**11.3**
INDONESIA		
Bank Permata	437	0.3
Sumber Alfaria Trijaya	1,204	0.8
TOTAL INDONESIA	**1,641**	**1.1**

	£'000	%
MALAYSIA		
Karex Berhad	1,116	0.8
Silverlake Axis[3]	2,234	1.5
TOTAL MALAYSIA	**3,350**	**2.3**
PHILIPPINES		
Alliance Global	1,740	1.2
Ayala Land	**3,631**	**2.4**
GMA Network	1,209	0.8
GT Capital Holdings	**3,416**	**2.3**
RFM Corporation	1,684	1.1
TOTAL PHILIPPINES	**11,680**	**7.8**
SINGAPORE		
Great Eastern Holdings	2,220	1.5
IFast	1,221	0.8
Keppel Corporation	2,255	1.5
TOTAL SINGAPORE	**5,696**	**3.8**
TAIWAN		
Delta Elt Industrial	1,943	1.3
Giant Manufacturing	**3,558**	**2.4**
Mediatek	1,676	1.1
Merida Industry	2,478	1.6
Siliconware Precision	1,980	1.3
Taiwan Semiconductor Manufacturing	**5,691**	**3.8**
TOTAL TAIWAN	**17,326**	**11.5**
THAILAND		
Aeon Thana Sinsap	2,336	1.6
Bumrungrad Hospital	1,544	1.0
Delta Electronics	2,317	1.5
Hemaraj Land & Development	**3,254**	**2.2**
Kasikornbank	**4,568**	**3.0**
Land & Houses	2,106	1.4
Thai Stanley Electric	828	0.6
TOTAL THAILAND	**16,953**	**11.3**
OTHER		
Hermes International[5]	222	0.1
LVMH[5]	2,057	1.4
TOTAL OTHER	**2,279**	**1.5**
TOTAL INVESTMENTS	**150,260**	**100.0**
OPTIONS		
KOSPI 200 Put Option 247.5 January 2015	27	–
KOSPI 200 Put Option 250 January 2015	33	–
KOSPI 200 Put Option 255 February 2015	10	–
S&P/ASX 200 Put Option 5350 January 2015	39	–
S&P/ASX 200 Put Option 5400 February 2015	26	–
TWSE Put Option 8900 January 2015	11	–
TWSE Put Option 9000 February 2015	33	–
TWSE Put Option 9200 February 2015	12	–
TOTAL OPTIONS[6]	**191**	**–**
TOTAL INVESTMENTS AND OPTIONS	**150,451**	**100.0**

Stocks in bold are the 20 largest investments, which by value account for 49.7% (2013: 52.7%) of total investments.

[1]Listed in the USA.
[2]Listed in Hong Kong.
[3]Listed in Singapore.
[4]Participatory notes.
[5]Listed in France.
[6]The combined effect of the options gave downside protection to 5.1% of total investments.

Investments are classified by the Portfolio Manager based on the Company's principal activities.
With the exception of the options and participatory notes shown above, all investments are equities.

Introduction

The Strategic Report contains a review of the Company's business including the business model, the principal risks and uncertainties it faces, Board oversight and the Company's future development. An analysis of its performance during the financial year has been covered in the Portfolio Managers' Review.

Investment objective and policy

The Company's investment objective and policy are set out on the inside front cover of this Annual Report.

As outlined on the inside front cover, the Company's Investment Policy states that the Company "will invest principally in a diversified portfolio of 40-70 companies operating primarily in Asia, including Australasia but excluding Japan." In March 2015, the Board agreed that, in order to provide greater flexibility, the maximum number of companies in the range should be increased from 65 to 70.

Strategy/investment approach

The Company's intent and strategy is to provide investors with exposure to a diverse range (40 to 70) of quality, well managed companies whose success, profitability, shareholder focus and shareholder returns come from the enormous potential of North and South East Asia, India and Australasia ("the region") and to do so with a degree of capital protection over the full market cycle as well as participation in one of the world's most dynamic and changing regions. The Company invests principally in equity and equity related securities of companies operating primarily in the region, wherever they may be listed, with a bias towards small and mid cap companies. With the use of quantitative models, a top-down overlay to stock selection enables the strategic and tactical use of derivatives (principally futures and options on markets and forwards on currencies) so as to reduce volatility and offer a degree of capital preservation. The Company may significantly disinvest from markets and hold high levels of cash.

The Company's Portfolio Managers undertake a fundamental, bottom up analysis which is not constrained by the constituents of any benchmark. The portfolio is therefore constructed on an absolute basis from the Portfolio Managers' view of the best potential risk adjusted returns and this has been the current Portfolio Managers' consistent approach over the life of this strategy.

The Portfolio Managers, Robin Parbrook in Hong Kong and King Fuei Lee in Singapore, incorporate three important features within the Company's investment strategy:

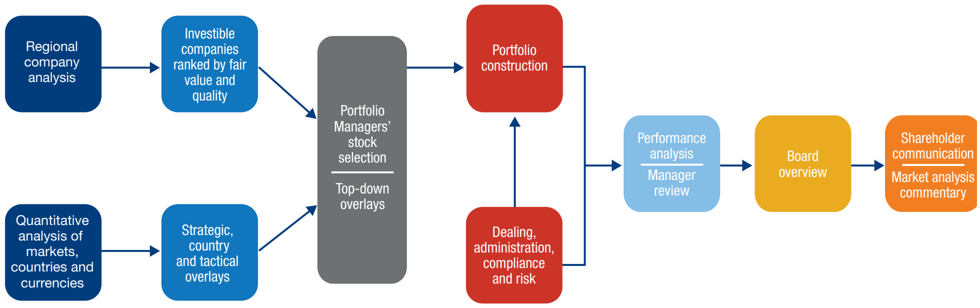
(a) up to 40% of the portfolio is intended to be invested in small to mid cap companies;

(b) whenever practical, hedging will be applied as an overlay to stock selection to provide downside protection; and

(c) guidance on gearing and de-gearing the portfolio is provided by a range of bottom-up market and price indicators. The Portfolio Managers are free to exit markets and go into cash or cash equivalents if they judge markets to be over priced or on the point of collapse.

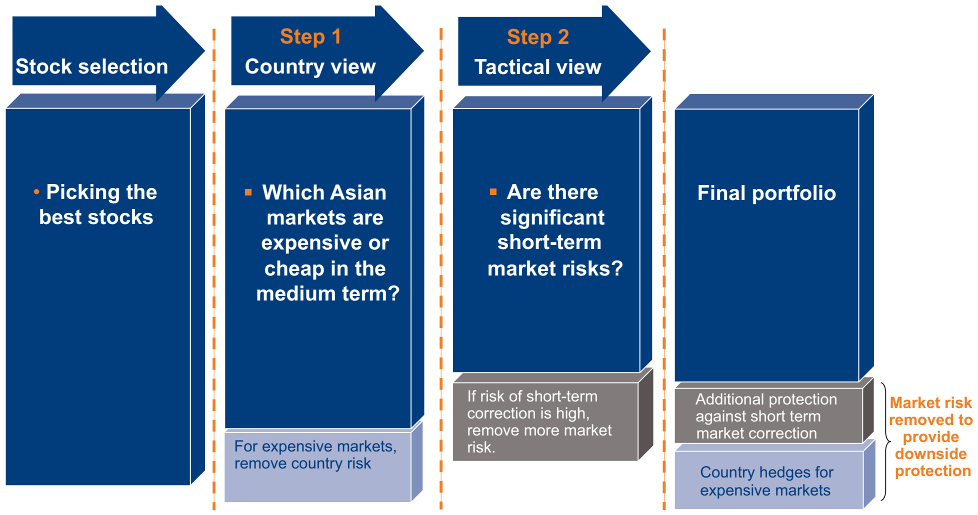
Business model

The Company's business model may be demonstrated by the diagram below.



The process of portfolio construction is illustrated by the following diagram.

Investment process – an overview



Source: Schroders
The above is for illustrative purposes only.

The Portfolio Managers seek fundamental value by bottom-up analysis of companies that look likely to grow shareholder value in the long term. For this they have the support of 36 analysts in the region. The Portfolio Managers' contention, which the Board supports, is that Asian markets are not efficient, are subject to irrational sentiments and many of the best investment ideas are not well researched. Their analysis seeks to identify stocks valued by the market at less than the Portfolio Managers' assessment of fair value but, in making that assessment, both quality of earnings and quality and integrity of management are critical. Investments must also consistently earn a higher return than their weighted average cost of capital and demonstrably grow shareholder value. For the latter reason, your Company has been reluctant to invest in State Owned Enterprises. The Portfolio Managers have wide scope in stock selection and they are not constrained by benchmark composition, geographic or sector allocation – diversity is a strong element of risk management. They have freedom to increase market exposure by bank borrowing and the use of contracts for difference. The Company may use gearing up to 30% of net asset value and the Portfolio Managers are free to move into cash or other defensive holdings in order to decrease market exposure. Portfolio management is strictly segregated from support functions, with dealing, administration, compliance and risk management handled for the region and for your Company from Singapore.

Resolutions relevant to the changes in investment policy and a return of capital to shareholders were passed at a General Meeting on 15 March 2013. The prospectus put to that General Meeting set out the consequent scope for the Portfolio Managers under the amended strategy and described the overlay as follows, "the use of derivatives to protect the capital value of the portfolio, or for efficient portfolio management, is fundamental to the strategy....such derivatives may include listed futures, call options, long puts, OTC instruments and instruments to hedge currency exposure". This means that assessment of markets and currencies by the Company's Portfolio Managers is a separate discipline from the selection of stocks.

This strategy, with its top-down hedging overlay, differentiates the Company from others in the peer group. The Company's ability to manage its balance sheet (to gear and de-gear, to buy back shares and issue new shares) should, over time, enhance that strategy whilst further containing volatility for shareholders.

Borrowings

The Company's borrowings are obtained via an overdraft facility of £25 million provided by HSBC and a revolving credit facility with Scotiabank in the amount of £25 million which allow the Company to borrow as and when it is appropriate.

At 31 December 2014 the Company had no borrowings (2013: nil). However, drawings have been made since the end of the financial year. The Board monitors the use of gearing in the light of market conditions and ensures that the Company is at all times in compliance with the covenants attached to its borrowings at each of its meetings. Borrowings are limited to 30% of the net assets of the Company.

Leverage

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. The "Leverage Ratio" represents the sum of the leverage generated by all financial instruments held by the Company, as calculated in accordance with the detailed requirements of the AIFM Directive, divided by the Company's net asset value. Details on how the amount of leverage is calculated for each class of financial instrument may be found by referring to the Directive or to the detailed guidance published by the Association of Investment Companies in September 2013. The Directive requires that ratios are calculated in accordance with two methodologies, the "Gross Method" and the "Commitment Method". The essential difference between the two is that the Commitment Method allows netting off for the effect of hedges under certain strict conditions.

The Manager has set maximum limits of 2.5 for the Gross method and 2.0 for the Commitment Method but expects that, under normal market conditions, the figures will be substantially lower than this. At 31 December 2014, the Company's Gross ratio and its Commitment ratio were 1.2 and 1.1 respectively.

The Manager may change the maximum limits from time to time. Any change would be disclosed to shareholders in accordance with the Directive.

Performance measurement, management fees and key performance indicators

The Board measures the development and success of the Company's business through achievement of the Company's investment objective which is considered to be the most significant key performance indicator for the Company. The Board also monitors the performance of the Company against the peer group average.

The performance objective is also reflected in the Manager's fee which rewards performance above an absolute hurdle. Further details of the fees paid to the Manager may be found in the Report of the Directors on page 25.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. Management and performance fees are reviewed at least annually.

Board oversight

The Board oversees strategy not only in Board meetings but also through regular reports and frequent ad hoc exchanges between the Board and the Portfolio Managers. Every Board meeting covers the Portfolio Managers' market assessment through their detailed reports, trip notes and conclusions. It reviews any policy changes, where the Portfolio Managers see opportunities and risks, their composite valuation indicators, tactical and country views and consequent hedging (the net long position increased from 71.6% to 82.1% during 2014) and includes a risk report, a management controls report and performance indicators including attribution analysis (using a Reference Index) style and risk analyses. The Board spends the major part of Board meetings in discussion with the Portfolio Managers focusing on the constituents of the portfolio, its construction and performance and the Portfolio Managers' current thinking and strategy. The Board last visited the region in October 2014, visiting companies relevant to the portfolio, and spending time with the analysts and the team in Hong Kong.

In addition to its oversight detailed above, the Board continues to be active in seeking to improve the Company's communication with current and potential shareholders and in developing an active, regular, direct and constructive communication with the Portfolio Managers, given their geographical location.

The Board operates its governance in full accord with the AIC Guidance on Corporate Governance, available from the AIC website.

As at 31 December 2014, the Board comprised four men and one woman. The Board considers each of the Directors to be independent. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the Board examines its overall balance, skill set and experience.

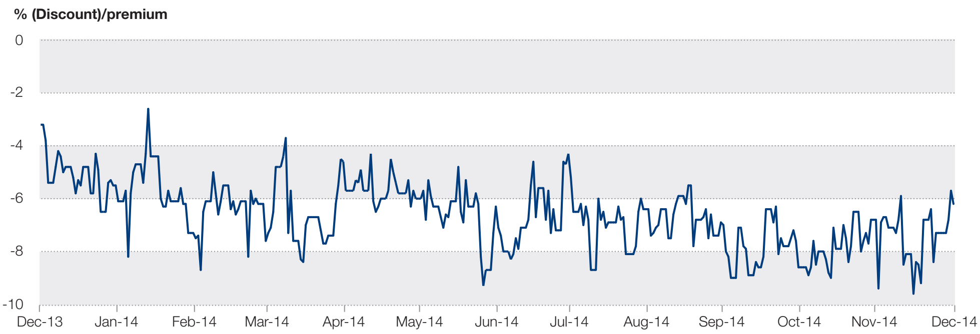
Risk management

The Board is active in overseeing and concerning itself with risk management. However, outside the extensive, regular routine of risk assessment for portfolio construction referred to above, there are strategic considerations relevant to this particular Company. The Board, with the Portfolio Managers, considers a wide range of economic and analytic commentary on the region. Partly as a consequence of that, the Board supports the Portfolio Managers' reluctance to invest in State Owned Enterprises. The Portfolio Managers' country and market analyses keep the Board aware of potential regional economic news, but global influences, deleveraging and swings in sentiment still have an exaggerated impact on regional markets. Regulatory or mandate non-compliance is covered by regular reports. Operational errors, counterparty failures, fraud, and systems deficiencies are mitigated by constant monitoring by segregated teams whom the Board have met and have probed their presentations and from whom regular reports are received.

Share value, discount management and share issues

The Board seeks to keep the discount within 5% (as far as difficult markets may allow). It is the Board's intention to keep the share price as close as possible to the NAV by the judicious use of buy-backs and, when sentiment improves and if the shares return to NAV or a premium once more, to issue further shares from Treasury. The Board believes that if it issues shares then it is duty bound to buy back shares, in normal markets at least. In the year to 31 December 2014, a total of 1,182,000 shares were purchased by the Company to be held in Treasury.

Share price discount/premium to net asset value per share in 2014



Source: Morningstar

Investment restrictions and spread of risk

In accordance with its investment objective, the Company invests in a diversified portfolio with the aim of spreading investment risk, which is monitored by the Portfolio Managers.

The key restrictions imposed on the Manager are that:

(a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company, or group of companies;

(b) subject to the approval of the Board, the Company may invest in collective vehicles. If it was to do so, however, no more than 10% of the Company's total net assets, at the date of acquisition, may be invested in UK listed closed-ended investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other UK listed closed-ended investment companies;

(c) the Company will not invest more than 15% of its gross assets in UK listed closed-ended investment companies;

(d) no more than 50% of the Company's total net assets may be invested in equities listed on a single stock exchange; and

(e) the Manager will not invest in unlisted equities other than with the approval of the Board or when entitlements are received or immediately prior to a listing.

The Investment Portfolio on page 14 demonstrates that, as at 31 December 2014, the Company had holdings in 63 companies spread over a range of industry sectors. The largest investment, Taiwan Semiconductor Manufacturing, represented 3.8% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

Principal risks and uncertainties

The Board has adopted a matrix of key risks which affect its business and has put in place a robust framework of internal control which is designed to monitor those risks and to enable the Directors to mitigate them as far as possible. The matrix and the monitoring system, which have been in place throughout the year and which are reviewed annually by the Board, assist in determining the nature and extent of the risks the Board is willing to take in achieving its strategic objectives. The principal risks are considered to be as follows:

Investment activity and performance

An inappropriate investment strategy (for example in terms of asset allocation or the level of gearing) may result in underperformance against the market and the companies in the peer group. The Board monitors at each Board meeting the Manager's compliance with the Company's investment restrictions.

Financial and currency risk

The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in regional equity markets or substantial currency fluctuations could have an adverse impact on the market value of the Company's underlying investments. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets.

The Company invests in underlying assets which are denominated in a range of currencies and therefore has an exposure to changes in the exchange rate between sterling and other currencies, which has the potential to have a significant effect on returns. While the Directors consider the Company's hedging policy on a regular basis, the Company has not hedged any of the portfolio's currency exposure back to sterling to reduce the risk of currency fluctuations and the volatility of returns which might result from such currency exposure. The Manager uses hedging as part of its investment strategy and hedged a portion of the Company's Australian dollar exposure into US dollars during the year.

The Company utilises a credit facility and an overdraft, currently amounting to £50 million, which increases the funds available for investment through borrowing. Therefore, in falling markets, any reduction in the net asset value and, by implication, the consequent share price movement is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that gearing does not exceed 30% of the net assets of the Company.

The Company may invest in put options and futures on indices in the region, to protect part of the capital value of the assets against market falls.

A full analysis of the financial risks facing the Company is set out in note 21 on pages 55 to 58.

Strategic risk

Over time investment vehicles and asset classes can fall out of favour with investors or may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. The Directors periodically review whether the Company's investment remit remains appropriate and continually monitor the success of the Company in meeting its stated objectives.

Accounting, legal and regulatory risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Should the Company not comply with these requirements, it might lose investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers, including the Manager, could also lead to reputational damage or loss. The Company must also ensure compliance with the listing rules of the New Zealand Stock Exchange, until such time as its listing is removed.

Corporate social and environmental policy

As an investment company, the Company has no direct social, environmental or human rights responsibilities; its policy is focused on ensuring that its portfolio is properly managed and invested. The Company has however adopted a Corporate Social and Environmental policy, details of which are set out in the Report of the Directors on page 26.

Future development and long term strategic view

The future performance of the Company depends on the success of the Company's investment strategy in the light of economic factors, regional equity market developments and the performance of individual investments.

Additional comment on the outlook for regional markets may be found in the Chairman's Statement and the Portfolio Managers' Review on pages 5, 12 and 13.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

30 March 2015

Directors

David Robins* (Chairman) was appointed to the Board in 2002 and became Chairman in April 2004. He began his career as an economist covering the Pacific Region and has a wide experience of Asian financial markets. After a series of senior management roles for the UBS Group in Tokyo, New York and Zurich, he became CEO of UBS Ltd in London and subsequently Head of Europe, Africa and the Middle East. Following the merger of UBS and SBC in 1998, he became CEO and then Chairman of ING Barings until 2000. A former Chairman of LCH Clearnet Ltd and director of RWC Partners LLP, he is currently Chairman of Fidelity Japanese Values PLC, and a director of SVG Capital PLC, NHBS Ltd and SerraLux Limited.

David Brief*† was appointed to the Board in November 2007. He has worked in investment management since 1979. He was Chief Investment Officer of BAE Systems Pension Fund Investment Management Limited from 2001 to 2011, having previously been Chief Investment Officer at both TRW (Lucas) and Courtaulds Pension Scheme. He is a non-executive director of The City of London Investment Trust plc and acts as an independent adviser to J Sainsbury Pension Scheme. He was formerly an independent adviser to the British Coal Staff Superannuation Scheme and Rio Tinto Pension Schemes.

Caroline Hitch*† was appointed to the Board in February 2015. She is currently Head of Wealth Portfolio Management (Retail) at HSBC Global Asset Management (UK) Ltd and is responsible for multi asset portfolios including HSBC's flagship retail World Selection range. Prior to this, Caroline held several different investment roles including managing institutional global fixed income portfolios. Most of her career has been with the HSBC Group and she has worked in various locations including Jersey and Hong Kong.

Mike Holt*† was appointed to the Board in July 2014. He is currently Group Finance Director of Low & Bonar PLC, an international performance materials group. He is also a trustee (and treasurer) of Target Ovarian Cancer. Prior to joining Low & Bonar in 2010, he was Group Finance Director of Vp plc for six years and had previously held a number of senior financial positions with Rolls-Royce Group plc in the UK, the USA and Hong Kong. He is a Fellow of The Institute of Chartered Accountants in England & Wales.

Christopher Keljik OBE*† was appointed to the Board in November 2007. He was a group executive director of Standard Chartered plc with responsibilities for Africa, the Middle East, South Asia, North and South America, Europe and the UK. During his 29 year career with Standard Chartered he held a number of leadership positions in general management, corporate finance, treasury and risk management working in London, Singapore, Hong Kong and New York. He is the Senior Independent Director of Foreign & Colonial Investment Trust plc, a non-executive director of Sanditon Investment Trust plc and Waverton Investment Management Limited. He was a former non executive director of Jardine Lloyd Thompson Group plc and Millennium & Copthorne Hotels plc. He is a Chartered Accountant.

Alexandra Mackesy*† was appointed to the Board in November 2008. She is a non-executive director of The Scottish Oriental Smaller Companies Trust Plc and Empiric Student Property plc. Since 2000, she has worked as a part-time consultant in Asia. Prior to this, she held posts in Hong Kong with Credit Suisse as Director, Head of Hong Kong and China Equity Research, JP Morgan as Director, Asian Equity Research and with SBC Warburg/SG Warburg as Director, Hong Kong Equity Research.

*Independent Director and member of the Management Engagement Committee and the Nominations Committee, of which David Robins is Chairman.
†Member of the Audit Committee, of which Mike Holt is Chairman.

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 2014.

Tax status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010. The Company will continue to conduct its affairs in a manner which will enable it to retain this status, which exempts the Company from liability for capital gains tax on the revaluation or disposal of investments.

Revenue and Dividend

The net revenue return for the year, after finance costs and taxation, was £2,272,000 (2013: £1,793,000), equivalent to a revenue return per Ordinary share of 3.07 pence (2013: 1.98 pence).

For the year ended 31 December 2014, the Directors have recommended a final dividend of 3.25 pence per Ordinary share which, subject to approval by shareholders at the forthcoming Annual General Meeting, will be paid on 30 April 2015 to shareholders on the register on 10 April 2015.

Directors and their interests

The Directors of the Company and their biographical details and gender can be found on page 22 of this Report. With the exception of Mr Holt, who was appointed as a Director on 1 July 2014, Mr Aldous, who retired as a Director on 22 October 2014 and Mr Robertson who retired as a Director on 30 April 2014, all Directors held office throughout the year under review and up to the date of signing this Report and all are considered to be independent. On 26 February 2015, Ms Hitch was appointed as a Director of the Company.

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown below.

	Ordinary shares of 5p each at 31 December 2014*	Ordinary shares of 5p each at 1 January 2014*
David Robins	**26,000**	26,000
Hugh Aldous[1]	**N/A**	50,741
David Brief	**31,171**	31,171
Mike Holt[2]	**Nil**	N/A
Christopher Keljik	**84,748**	70,188
Alexandra Mackesy	**5,290**	5,290
Struan Robertson[3]	**N/A**	20,000

*Audited
[1] Mr Aldous retired as a Director on 22 October 2014
[2] Mr Holt was appointed as a Director on 1 July 2014
[3] Mr Robertson retired as a Director on 30 April 2014

At the date of her appointment and up to the date of this Report, Ms Hitch did not hold any shares in the Company.

Since the end of the financial year, Mr Keljik has acquired an additional 2,896 ordinary shares in the Company. There have been no other changes in the Directors' interests.

The Portfolio Managers and their family and connected interests in the Company were approximately 280,000 Ordinary shares as at the date of this Report.

In accordance with the Company's Articles of Association, Mr Holt and Ms Hitch will seek election at the forthcoming Annual General Meeting, this being the first Annual General Meeting since each of their appointments.

The Company's Articles of Association and the UK Corporate Governance Code provide that Directors retire from office at least at every third Annual General Meeting following their appointment by shareholders. Whilst the Board does not believe that length of service, by itself, necessarily affects a Director's independence of character or judgment, Directors are also required to retire each year if they have served more than nine years on the Board, but may then offer themselves for re-election. Mr Brief will retire at the forthcoming AGM and offers himself for re-election. The Board, having reviewed the performance of individual Directors during the year under review, considers that Mr Brief continues to demonstrate commitment to his role and provides a valuable contribution to the deliberations of the Board. It therefore recommends that shareholders vote in favour of the re-election of Mr Brief. The Board also recommends that shareholders vote in favour of the elections of Mr Holt and Ms Hitch.

Mr Robins will retire at the Annual General Meeting and will not seek re-election. From the date of the Annual General Meeting, Mr Brief will be appointed as Chairman of the Board, the Management Engagement and the Nominations Committee. Mr Brief will, at the same time, step down from the Audit Committee.

Share capital

As at the date of this Report, the Company had 73,199,141 ordinary shares of 5p shares in issue. A total of 12,005,671 shares were held in Treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 73,199,141. Details of changes to the Company's share capital during the year under review and its policies on share issuance and buy-backs are set out in the Chairman's Statement on page 3 and note 13 to the accounts on page 53 of this Report.

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of Ordinary shares	Percentage of total voting rights
Lazard Asset Management LLC	6,582,117	8.99
Investec Wealth & Investment Limited	3,652,058	4.98
F&C Asset Management plc	3,547,705	4.84

Manager

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an AIFM Agreement. The Manager has, with the approval of the Company, delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. The Board reviewed the performance of the Manager during the year under review and continues to consider that the Manager has the appropriate depth of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's continued appointment under the terms of the AIFM Agreement, further details of which are set out below, is in the best interests of shareholders.

The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on six months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. The annual management fee is 0.65% of gross assets less cash and cash equivalents. A performance fee is payable amounting to 10% of any outperformance of the NAV over an annual hurdle of 7%, provided that the closing NAV per share exceeds the "high water mark" NAV at the date of the change of Manager or the date when any performance fee was last paid. The sum of the base fee and any performance fee payable will be capped at 2% of the closing net assets.

Investments in funds managed or advised by the Manager or any of its associated companies are excluded from the assets for the purpose of the management fee calculation and therefore incur no fee.

The management fee payable in respect of the year ended 31 December 2014 amounted to £915,000. The Manager is also entitled to a secretarial fee amounting to £75,000 per annum. No performance fee is payable for the year.

The Manager agreed to waive its management and secretarial fees for six months from its date of appointment on 15 March 2013. Thus the management, and secretarial fees payable in respect of the comparative year were based on the chargeable period from 15 September 2013 to 31 December 2013 and amounted to £255,000 and £22,000 respectively. No performance fee was payable for that period.

Prior to the Manager's appointment, Henderson Global Investors ("Henderson") had provided investment management, accounting, secretarial and administration services to the Company. A termination fee amounting to £580,000 was paid to Henderson in lieu of these services to the end of the termination notice period on 25 March 2013.

Depositary

HSBC Bank plc, a public limited company incorporated in England and Wales, company registration number 00014259, registered office at 8 Canada Square, London E14 5HQ, has been appointed with effect from 17 July 2014 to carry out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company, as follows:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager.

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of the shareholders of the Company. The Depositary is liable to the Company for the loss of any financial instrument held in custody, unless the Depositary is permitted to and has discharged such liability under the AIFM Directive and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of any financial instrument held in custody. The Depositary is also liable to the Company for all other losses suffered by it as a result of the Depositary's fraud, negligence and/or intentional failure to properly fulfil its duties. Under the Depositary Agreement, the Company has agreed to indemnify the Depositary against certain liabilities for direct losses suffered by the Depositary except in the case of any liability arising from applicable law or from the negligence, fraud or wilful default of the Depositary.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Registrar

The Company has appointed Equiniti Limited to act as its Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling Shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; management of company meetings including registering of proxy votes and scrutineer services as and when required; and corporate action services.

Corporate Social and Environmental Policy

The Company's primary investment objective is to achieve net optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Provided that this objective is not compromised in the process, the Board does, however, believe that it is also possible to develop a framework that, in the interests of shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration by the Manager when selecting or retaining investments.

Greenhouse Gas Emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Charitable projects

The Board supports Prerana, a charity which provides rescue, care and education for the children of women involved in the sex industry in Mumbai.

Prerana received £5,000 during the year (2013: £5,000). The Board has set specific targets for the utilisation of its donations, and has and will continue to monitor the performance of this charity against these targets.

Going concern

The Directors believe that, having considered the Company's investment objective (see inside front cover), risk management policies (see note 21 to the accounts on pages 55 to 58), capital management policies and procedures (see note 22 to the accounts on page 58), expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the financial statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 22, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net profit of the Company;

- the Strategic Report contained in the Report and Accounts 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 it faces; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Provision of information to the Auditors

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Corporate Governance Statement

Applicable Corporate Governance Codes

The Board has elected to follow the principles and recommendations contained in the AIC Code of Corporate Governance produced by the Association of Investment Companies (the "AIC Code"), and believes that reporting against the AIC Code will provide the most appropriate information to shareholders. The AIC Code, as explained by the Corporate Governance Guide for Investment Companies (the "AIC Guide"), addresses all of the principles of the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. Copies of the AIC Code and the AIC Guide can be found on www.theaic.co.uk.

The Board has noted the publication of the revised AIC Code in March 2015, which applies to financial years beginning on or after 1 October 2014, and is considering the Company's governance framework in light of the new provisions.

New Zealand

It should be noted that the UK Codes of Corporate Governance may differ materially from the New Zealand Stock Exchange's Corporate Governance rules and principles of the Corporate Best Practice Code.

Statement of compliance

The AIC Code comprises 21 principles. The Board attaches importance to the matters set out in the AIC Code and lists below how the AIC Code's principles have been applied. The Directors believe that during the year under review they have complied with all relevant provisions of the AIC Code and, insofar as they apply to the Company's business as an investment trust, with the provisions of the UK Code.

Operation and composition of the Board

The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chairman's other significant commitments are detailed on page 22 of this Report. He has no conflicting relationships. With effect from the date of the AGM, Mr Robins will retire as Chairman and as a Director of the Company and will be replaced by Mr Brief. Mr Brief's other significant commitments are detailed on page 22 of this Report and he also has no other conflicting relationships.

Senior Independent Director

Mr Keljik is the Senior Independent Director. The Senior Independent Director leads the evaluation of the performance of the Chairman and is available to the Directors and shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Role of the Board

The role of the Board is set out in the Strategic Report on pages 15 to 21.

A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive in a timely manner relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough appraisal process has been put in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, discussions are held between the Directors and the Senior Independent Director. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors as well as building on and developing individual and collective strengths. The last evaluation took place in December 2014.

Directors' liability insurance and indemnity

Directors' and officers' liability insurance cover was in place in respect of the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review.

Directors' attendance at meetings

Six Board meetings are scheduled for the coming year to deal with matters including the setting and monitoring of investment strategy, the review of investment performance, approval of borrowings, the level of the discount or premium to net asset value and the evaluation of the service providers. In addition, a strategy meeting is held each year. Additional meetings of the Board may be arranged as required.

The number of formal meetings of the Board and its committees held during the financial year and the attendance of individual directors are shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nominations Committee	Audit Committee	Management Engagement Committee
David Robins	6/6	2/2	N/A	1/1
Hugh Aldous[1]	5/5	1/1	2/2	N/A
David Brief	6/6	2/2	2/2	1/1
Mike Holt[2]	2/3	1/1	1/1	1/1
Christopher Keljik	6/6	2/2	2/2	1/1
Alexandra Mackesy	6/6	2/2	2/2	1/1
Struan Robertson[3]	2/2	N/A	1/1	N/A

[1]Mr Aldous retired as a Director on 22 October 2014
[2]Mr Holt was appointed as a Director on 1 July 2014
[3]Mr Robertson retired as a Director on 30 April 2014

Board committees and their activities

The Committees of the Board have defined Terms of Reference which are available on the website www.asiantotalreturninvestmentcompany.com. Membership of the Committees is set out on page 22 of this Report.

Audit Committee

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent.

The Audit Committee met twice during the year to consider the operational controls maintained by the Manager and Depositary and the Half Year and Annual Report and Accounts. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience (see Directors' biographies on page 22 of this Report).

During its review of the Company's financial statements for the year ended 31 December 2014, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during their reporting:

Issue considered	How the issue was addressed
– Overall accuracy of the Annual Report and Accounts	– Consideration of the draft Annual Report and Accounts, letter from the Manager in support of the letter of representation to the Auditors and the audit plan.
– Calculation of investment management and performance fees	– Consideration of methodology used to calculate fees, matched against the criteria set out in the AIFM Agreement.
– Valuation and existence of holdings	– Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
– Compliance with the investment trust qualifying rules of S1158 of the Corporation Tax Act 2010	– Consideration of compliance criteria.
– Internal Controls and risk management	– Consideration of several key aspects of internal control and risk management operating within the Manager and Depositary.

Effectiveness of the independent audit process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on their re-appointment at the forthcoming Annual General Meeting. This evaluation involved an assessment of the effectiveness of the Auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies;

effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditors, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditors without representatives of the Manager present.

Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered. Having reviewed the performance of the external Auditors as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditors are required to rotate the Senior Statutory Audit Partner every five years. This is the fifth and final year that the Partner will conduct the audit of the Company's financial statements. The Audit Committee has noted that under incoming legislation the Company will be required to carry out a tender for audit services by 2020. The Audit Committee is currently considering its options for the future.

Provision of non-audit services

The Audit Committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's Auditors. The Audit Committee has determined that the Company's appointed Auditors will never be considered for the provision of non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The Auditors may, if required, provide non-audit services relating to a review of the Company's half yearly report and a review of the calculation of any performance fee provision. All other non-audit services will be judged on a case-by-case basis.

In compliance with the laws in Taiwan and India, the Company has engaged PricewaterhouseCoopers LLP in Taiwan and Ernst & Young in India for tax compliance services in respect of the Taiwanese and Indian investments respectively.

Nominations Committee

The Nominations Committee met twice formally during the year to consider the balance and composition of the Board and to recommend the appointments of Mr Holt and Ms Hitch to the Board, and also met on a number of occasions to interview candidates following which Mr Holt and Ms Hitch were appointed. Further it considered the succession of the Chairman and the Committee's Terms of Reference. The Chairman of the Board acts as Chairman of the Nominations Committee but does not participate when the Chairman's performance, re-election or successor is being considered.

The Nominations Committee is responsible for succession planning bearing in mind the balance of skills, knowledge, experience and diversity existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Nominations Committee aims to maintain a balance of relevant skills, experience and length of service of the Directors serving on the Board, taking gender into account.

Before the appointment of a new Director, the Nominations Committee prepares a description of the role and capabilities required for a particular appointment. While the Committee is dedicated to selecting the best person for the role, the Board also recognises the importance of diversity. The Board agrees that its members should overall possess a range of experience, knowledge, professional skills and personal qualities as well as independence necessary to provide effective oversight of the affairs of the Company. These qualities are taken into account in considering the appointment of a new Director. The Board does not consider it appropriate or to be in the interests of shareholders as a whole to establish prescriptive diversity targets.

Candidates are drawn from suggestions put forward either from recommendation from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Nominations Committee which makes a recommendation to the Board.

Once appointed as a Director, re-appointment is not automatic and follows a formal process of evaluation of each Director's performance by the Chairman. Any Director who is subject to annual re-election due to length of service is subject to particularly rigorous assessment of their contribution.

During the year and subsequent to the year end, the Committee utilised the services of an external search consultancy in respect of the appointments of Mr Holt and Ms Hitch, as the quality of candidates and specific requirements were better met through a search using an external agency.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other service providers. All Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met once during the year ended 31 December 2014 and considered the performance and suitability of the Manager, the terms and conditions of the management contract, services provided by other service providers and the Committee's Terms of Reference.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half Year Report and the Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the daily calculation and publication of the Company's NAV per Ordinary Share.

The Chairmen of the Board and its Committees attend the Annual General Meeting and are available to respond to queries and concerns from shareholders.

It is the intention of the Board that the Annual Report and Notice of the Annual General Meeting be issued to shareholders so as to provide at least 20 working days notice of the Annual General Meeting. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside front cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

Exercise of voting powers and the UK Stewardship Code

The Company has delegated responsibility for voting to Schroders which votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website. The Board considers the UK Stewardship Code to be an important tool in shareholder engagement. Schroders' compliance with the principles of the UK Stewardship Code, as revised in September 2012, is reported on its website at www.schroders.com.

Anti-bribery policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery policy.

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the Directors annually review whether a function equivalent to internal audit is needed.

Internal control and risk management systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 20 and 21.

Future developments

Information on the future development of the Company may be found in the Chairman's Statement on page 5, the Portfolio Managers' Review on pages 12 and 13 and in the Strategic Report.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

30 March 2015

Remuneration Report

Introduction

This Report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Directors' Annual Report on remuneration set out below is subject to shareholder approval.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs. The Chairman of the Board and the Chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not, and does not intend to, award any share options or long term performance incentives to any Director. No Director has a service contract with the Company however Directors have a letter of appointment with the Company. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the Annual General Meeting at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Directors' annual report on remuneration

This Report sets out how the Directors' remuneration policy was implemented during the year ended 31 December 2014.

Fees paid to Directors

During the year ended 31 December 2014, the Chairman was paid a fee of £30,000 and the other members of the Board were each paid a fee of £20,000. The Chairman of the Audit Committee received a further £3,000 for his additional responsibilities.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 31 December 2014 and the previous financial year:

	Salary/fees	
Director	**2014 £**	**2013 £**
David Robins	30,000	29,000
Hugh Aldous[1]	18,636	20,500
David Brief	20,000	19,000
Mike Holt[2]	10,115	N/A
Christopher Keljik	20,000	19,000
Alexandra Mackesy	20,000	19,000
Struan Robertson[3]	6,644	19,000
Total	**125,395**	**125,500**

[1]Retired on 22 October 2014
[2]Appointed on 1 July 2014
[3]Retired on 30 April 2014

The information in the above table has been audited (see Independent Auditors' Report on pages 39 to 42).

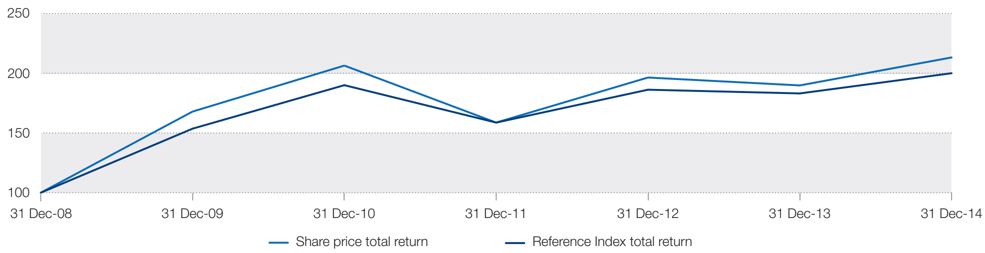
Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Board in December 2014. The members of the Board at the time that remuneration levels were considered were as set out on page 22 of this Annual Report, with the exception of Ms Hitch. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Following the review, the Board decided to increase the current levels of remuneration payable to Directors and with effect from 1 January 2015, fees paid to the Chairman were increased from £30,000 to £32,500 per annum, fees paid to the Chairman of the Audit Committee were increased from £23,000 to £25,500 per annum and those to the other Directors from £20,000 to £22,500 per annum.

Performance graph

A graph showing the Company's share price total return compared with its Reference Index over the last six years is shown below.



Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 31 December 2008.
With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (sterling adjusted). Prior to that date it was the MSCI Asia ex-Japan Index (sterling adjusted).

Distributions to shareholders

The table below compares the remuneration paid to Directors to distributions made to shareholders during the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's investment objective to provide a high rate of total return from companies trading in the Asia Pacific region (excluding Japan).

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	% Change
Remuneration paid to Directors	125	126	(0.8)
Distributions to shareholders			
– Dividends[1]	2,409	4,816	(50.0)
– Share buy-backs[2]	2,182	151,758	(98.6)

[1]The fall in the 2014 dividend was due to shares cancelled following the Tender Offer. The dividend paid per share was the same in both years.
[2]Share buy-backs for the year ended 31 December 2013 includes consideration amounting to £129,184,000 paid for the repurchase of 74,091,140 shares under the terms of the Tender Offer.

Directors' share interests (audited)

The Company's Articles of Association do not require Directors to own shares in the Company. The interests of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out in the Report of the Directors on page 23.

The Company does not operate a share scheme for Directors nor does it award share options to Directors.

Implementation of the Directors' remuneration policy for the year ending 31 December 2015

The Board does not intend to make any significant changes to the implementation of the Directors' remuneration policy as set out in this Report for the year ending 31 December 2015.

Shareholder approval

Directors' remuneration policy

The above remuneration policy is currently in force and is subject to a binding vote every three years. As an ordinary resolution to approve this policy was approved by shareholders at the last AGM, the full policy provisions will continue to apply until the AGM to be held in 2017 unless a revised remuneration policy is approved by shareholders prior to such AGM.

At the Annual General Meeting held on 30 April 2014, 99.67% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' remuneration policy were in favour while 0.33% were against. 27,003 votes were withheld.

Directors' Annual Report on remuneration

The above Report on Directors' remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the Annual General Meeting held on 30 April 2014, 99.92% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Report were in favour while 0.08% were against. 27,003 votes were withheld.

Recommendation

The Board considers that the resolution to approve the Directors' Annual Report on Remuneration to be proposed at the forthcoming AGM is in the best interests of the Company and shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolution, as they intend to do so in respect of their own beneficial holdings.

David Robins
Chairman

30 March 2015

Independent Auditors' Report to the Members of Asian Total Return Investment Company plc

Report on the financial statements

Our opinion

In our opinion, Asian Total Return Investment Company plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Asian Total Return Investment Company plc's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality

- Overall materiality: £1.5 million which represents 1% of net assets.

Audit scope

- The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements at HSBC Securities Services (UK) Ltd (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus

- Valuation and existence of investments.
- Income from investments.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors’ Report to the Members of Asian Total Return Investment Company plc

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Refer to page 31 (Report of the Directors), page 47 (Accounting policies) and Note 10 on page 51 (Notes to the Financial Statements). The investment portfolio at the year-end of £150 million comprised listed equity investments, participatory notes, put options and a fund. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the investment portfolio as follows: – For listed equity investments, put options and for the fund, we agreed the prices used in the valuation to independent third party sources; – For participatory notes we agreed the underlying value of the listed equity investment to independent third party sources as these securities give the holder the right to indirectly hold the underlying asset on predefined terms. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments, other than put options, to an independent custodian confirmation from HSBC Bank plc and the put options to an Independent Broker confirmation. No differences were identified.
Income from investments Refer to page 47 (Accounting policies) and Note 3 on page 49 (Notes to the Financial Statements). We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the “AIC SORP”). This is because incomplete or inaccurate income could have a material impact on the Company’s net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of a sample of special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Company’s accounting is delegated to the Administrator who maintain their own accounting records and controls and report to the Manager.

Independent Auditors' Report to the Members of Asian Total Return Investment Company plc

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and Administrator's control environment and to consider the operating and accounting structure at both the Manager and the Administrator. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.5 million (2014: £1.4 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £75,000 (2014: £68,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 27, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion:

– the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

– information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
– the statement given by the Directors on page 28, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
– the section of the Annual Report on pages 31 and 32, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Asian Total Return Investment Company plc

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 27 and 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through understanding the control environment at the Manager and the Administrator, and substantive procedures.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 March 2015

Income Statement

for the year ended 31 December 2014

	Note	2014			2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	–	20,491	20,491	–	(5,141)	(5,141)
Net losses on derivative contracts		–	(718)	(718)	–	(2,755)	(2,755)
Net foreign currency losses		–	(78)	(78)	–	(71)	(71)
Income from investments	3	3,141	440	3,581	2,741	–	2,741
Other interest receivable and similar income	3	150	–	150	33	–	33
Gross return/(loss)		3,291	20,135	23,426	2,774	(7,967)	(5,193)
Investment management fee	4	(229)	(686)	(915)	(266)	(569)	(835)
Administrative expenses	5	(604)	–	(604)	(581)	–	(581)
Net return/(loss) before finance costs and taxation		2,458	19,449	21,907	1,927	(8,536)	(6,609)
Finance costs	6	–	–	–	(1)	(2)	(3)
Net return/(loss) on ordinary activities before taxation		2,458	19,449	21,907	1,926	(8,538)	(6,612)
Taxation on ordinary activities	7	(186)	(28)	(214)	(133)	(103)	(236)
Net return/(loss) on ordinary activities after taxation		2,272	19,421	21,693	1,793	(8,641)	(6,848)
Return/(loss) per share	9	3.07p	26.28p	29.35p	1.98p	(9.55)p	(7.57)p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 47 to 58 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2014

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2012	7,409	–	8,497	29,182	239,712	13,276	298,076
Repurchase and cancellation of the Company's own shares following a Tender Offer	(3,149)	–	3,149	–	(129,184)	–	(129,184)
Repurchase of the Company's own shares into Treasury following a Tender Offer	–	–	–	–	(22,574)	–	(22,574)
Reissue of shares from Treasury	–	5	–	–	581	–	586
Net (loss)/return on ordinary activities	–	–	–	–	(8,641)	1,793	(6,848)
Dividend paid in the year	–	–	–	–	–	(4,816)	(4,816)
At 31 December 2013	4,260	5	11,646	29,182	79,894	10,253	135,240
Repurchase of the Company's own shares into Treasury	–	–	–	–	(2,182)	–	(2,182)
Net return on ordinary activities	–	–	–	–	19,421	2,272	21,693
Dividend paid in the year	–	–	–	–	–	(2,409)	(2,409)
At 31 December 2014	**4,260**	**5**	**11,646**	**29,182**	**97,133**	**10,116**	**152,342**

The notes on pages 47 to 58 form an integral part of these accounts.

Balance Sheet

at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**150,260**	132,609
Current assets	11		
Debtors		**440**	922
Cash at bank and in hand		**1,983**	1,824
Derivative finanacial instruments held at fair value through profit or loss		**191**	310
		2,614	3,056
Current liabilities	12		
Creditors: amounts falling due within one year		**(478)**	(394)
Derivative financial instruments held at fair value through profit or loss		**(54)**	(31)
		(532)	(425)
Net current assets		**2,082**	2,631
Total assets less current liabilities		**152,342**	135,240
Net assets		**152,342**	135,240
Capital and reserves			
Called-up share capital	13	**4,260**	4,260
Share premium	14	**5**	5
Capital redemption reserve	14	**11,646**	11,646
Special reserve	14	**29,182**	29,182
Capital reserves	14	**97,133**	79,894
Revenue reserve	14	**10,116**	10,253
Total equity shareholders' funds		**152,342**	135,240
Net asset value per share	15	**208.12p**	181.82p

The financial statements on pages 43 to 58 were approved and authorised for issue by the Board of Directors on 30 March 2015 and signed on its behalf by:

Mike Holt
Director

The notes on pages 47 to 58 form an integral part of these accounts.

Company registration number: 02153093

Cash Flow Statement

for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	**16**	**1,727**	1,111
Servicing of finance			
Interest paid		**–**	(20)
Net cash outflow from servicing of finance		**–**	(20)
Taxation			
Overseas taxation paid		**–**	(103)
Investment activities			
Purchases of investments		**(41,596)**	(201,690)
Sales of investments		**44,833**	361,168
Special dividend received allocated to capital		**440**	–
Purchases of derivative financial instruments		**(3,532)**	(3,661)
Sales of derivative financial instruments		**2,956**	627
Net cash inflow from investment activities		**3,101**	156,444
Dividend paid		**(2,409)**	(4,816)
Net cash inflow before financing		**2,419**	152,616
Financing			
Repurchase and cancellation of the Company's own shares following a Tender Offer		**–**	(129,184)
Repurchase of the Company's own shares into Treasury following a Tender Offer		**–**	(22,574)
Reissue of shares from Treasury		**–**	586
Repurchase of the Company's own shares into Treasury		**(2,182)**	–
Net cash outflow from financing		**(2,182)**	(151,172)
Net cash inflow in the year	**17**	**237**	1,444

The notes on pages 47 to 58 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006. United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("the SORP") issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss.

The policies applied in these accounts are consistent with those applied in the preceding year.

(b) Valuation of investments, including participatory notes and derivative instruments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices, as they are all traded in active markets.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and in capital reserves within "holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances are included in the Income Statement and in capital reserves.

The cost of repurchasing the Company's own shares for cancellation or to hold in Treasury, including the related stamp duty and transactions costs is charged to a distributable capital reserve.

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Dividends from overseas companies are included gross of any withholding tax.

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

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

Stock lending income is included in revenue on a time apportionment basis.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement with the following exceptions:

- The management fee is allocated 25% to revenue and 75% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Any performance fee is allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 51.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 25 "Financial Instruments: Presentation" and FRS 26 "Financial Instruments: Measurement".

Finance costs are allocated 25% to revenue and 75% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

(h) Taxation

Current tax is provided at the amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 19: "Deferred Tax".

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to capital on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 23: "The effects of changes in Foreign Currency Exchange Rates" the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that Sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments, denominated in foreign currencies at the year end, are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

In accordance with FRS 21: "Events after the Balance Sheet Date", the final dividend is included in the accounts in the year in which it is approved by shareholders.

(l) Repurchases of the Company's own shares for cancellation

The cost of repurchasing shares for cancellation, including the related stamp duty and transactions costs, is dealt with in the Reconciliation of Movements in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of "called-up share capital" and into "capital redemption reserve".

(m) Repurchases of shares into Treasury and subsequent reissues

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is dealt with in the Reconciliation of Movements in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of "called-up share capital" and into "capital redemption reserve".

The sales proceeds of Treasury shares reissued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to "share premium".

2. Gains/(losses) on investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Gains on sales of investments based on historic cost	**5,187**	58,596
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(3,722)**	(57,170)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**1,465**	1,426
Net movement in investment holding gains and losses	**19,026**	(6,567)
Gains/(losses) on investments held at fair value through profit or loss	**20,491**	**(5,141)**

3. Income

	2014 £'000	2013 £'000
Income from investments		
Overseas dividends	3,136	2,737
Stock dividends	5	4
	3,141	2,741
Other interest receivable and similar income		
Stock lending fees	149	30
Deposit interest	1	3
	150	33
Total included in revenue	3,291	2,774
Capital		
Special dividend allocated to capital	440	–

4. Investment management fee

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Termination fee payable to the previous manager (Henderson)	–	–	–	202	378	580
Investment management fee payable to Schroders	229	686	915	64	191	255
	229	686	915	266	569	835

No performance fee is payable for the year and no provision is required at 31 December 2014 (2013: nil) as the adjusted NAV per share at that date had not exceeded the "high water mark" NAV at the date of the change of Manager, of 212.28p.

The bases for calculating the investment management and performance fees are set out in the Report of the Directors on page 25 and details of all amounts payable to the Manager are given in note 18 on page 54.

5. Administrative expenses

	2014 £'000	2013 £'000
Administration expenses	326	234
Directors' fees[1]	125	126
Secretarial fee	75	22
Custody fees	46	89
Auditors' remuneration for audit services	26	25
Auditors' remuneration for taxation compliance services	1	3
Charitable donations	5	10
Professional fees, for advice regarding the proposed change of manager	–	72
	604	581

[1]Full details are disclosed in the Remuneration Report on page 36 of the Annual Report.

Details of all amounts payable to the Manager are given in note 18 on page 54.

6. Finance costs

	2014			2013		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	**–**	**–**	**–**	1	2	3

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014			2013		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	**186**	**28**	**214**	133	–	133
Overseas capital gains tax	**–**	**–**	**–**	–	103	103
Current tax charge for the year	**186**	**28**	**214**	133	103	236

The Company has no corporation tax liability for the year ended 31 December 2014 (2013: nil).

(b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting year would be taxed at a rate of 21.5%.

The table below reconciles the expected corporation tax due on the net return/(loss) before tax based on current tax rates, to the current year's actual tax charge. The adjustments to arrive at the total current tax charge for the year of £214,000 (2013: £236,000) consist of overseas withholding tax suffered on dividends received of £214,000 (2013: £133,000) and overseas capital gains tax of nil (2013: £103,000). The corporation tax for the year is however nil (2013: nil), primarily due to the fact that dividends and capital gains are not subject to corporation tax.

	2014			2013		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	**2,458**	**19,449**	**21,907**	1,926	(8,538)	(6,612)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 21.5% (2013: 23.25%)	**528**	**4,182**	**4,710**	448	(1,985)	(1,537)
Effects of:						
Capital returns and losses on investments	**–**	**(4,234)**	**(4,234)**	–	1,852	1,852
Non taxable overseas dividends	**(675)**	**(95)**	**(770)**	(637)	–	(637)
Overseas withholding tax	**186**	**28**	**214**	133	–	133
Overseas capital gains tax	**–**	**–**	**–**	–	103	103
Expenses not deductible for tax purposes	**–**	**–**	**–**	–	–	–
Unrelieved expenses	**147**	**147**	**294**	189	133	322
Current tax charge for the year	**186**	**28**	**214**	133	103	236

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £2,386,000 (2013: £2,112,000) based on a prospective corporation tax rate of 20% (2013: 20%). The reduction in the standard rate of corporation tax was substantively enacted in July 2013 and is effective from 1 April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to continue to meet the conditions required to obtain approval as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

Dividends paid and proposed

	2014 £'000	2013 £'000
2013 dividend paid of 3.25p (2012: 3.25p)[1]	**2,409**	4,816

	2014 £'000	2013 £'000
2014 dividend proposed of 3.25p (2013: 3.25p)[2]	**2,379**	2,417

[1]The 2013 dividend proposed amounted to £2,417,000. However the amount actually paid was £2,409,000 due to share repurchases after the balance sheet date but prior to the dividend record date.

[2]The proposed dividend amounting to £2,379,000 (2013: £2,417,000) is the amount used for the basis of determining whether the Company has satisfied the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution by way of dividend for the year is £2,272,000 (2013: £1,793,000).

9. Return/(loss) per share

	2014 £'000	2013 £'000
Revenue return	**2,272**	1,793
Capital return/(loss)	**19,421**	(8,641)
Total return/(loss)	**21,693**	(6,848)
Weighted average number of shares in issue during the year	**73,888,645**	90,510,583
Revenue return per share	**3.07p**	1.98p
Capital return/(loss) per share	**26.28p**	(9.55)p
Total return/(loss) per share	**29.35p**	(7.57)p

10. Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Opening book cost	**135,747**	237,404
Opening investment holding (losses)/gains	**(3,138)**	60,599
Opening valuation	**132,609**	298,003
Purchases at cost	**41,597**	201,698
Sales proceeds	**(44,437)**	(361,951)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**1,465**	1,426
Net movement in investment holding gains and losses	**19,026**	(6,567)
Closing valuation	**150,260**	132,609
Closing book cost	**138,094**	135,747
Closing investment holding gains/(losses)	**12,166**	(3,138)
Total investments held at fair value through profit or loss	**150,260**	132,609

The following transaction costs, comprising stamp duty and brokerage commission, were incurred during the year:

	2014 £'000	2013 £'000
On acquisitions	**71**	276
On disposals	**121**	604
	192	880

11. Current assets

Debtors	2014 £'000	2013 £'000
Securities sold awaiting settlement	**387**	783
Dividends and interest receivable	**28**	111
Taxation recoverable	**6**	7
Other debtors	**19**	21
	440	922

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash at bank and in hand

Cash at bank and in hand comprises bank balances and cash held by the Company, including short term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

Derivative financial instruments held at fair value through profit or loss	2014 £'000	2013 £'000
Index put options	**191**	310

12. Current liabilities

Creditors: amounts falling due within one year	2014 £'000	2013 £'000
Securities purchased awaiting settlement	**–**	4
Other creditors and accruals	**478**	390
	478	394

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

Derivative financial instruments held at fair value through profit or loss	2014 £'000	2013 £'000
Forward foreign currency contract	**54**	31

At 31 December 2014, the Company held a single contract to purchase 16.3 million US dollars for 20.1 million Australian dollars, for settlement on 30 March 2015. Details of the Company's strategy for managing currency risk are given in note 21(a) (i) on page 55.

13. Called-up share capital

	2014 £'000	2013 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 5p each:		
Opening balance of 74,381,141 (2013: 148,182,281) shares	**3,719**	7,409
Repurchase of 1,182,000 (2013: 11,113,671) shares into Treasury	**(59)**	(556)
Repurchase and cancellation of nil (2013: 62,977,469) shares following a Tender Offer	**–**	(3,149)
Reissue of nil (2013: 290,000) shares from Treasury	**–**	15
Subtotal of 73,199,141 (2013: 74,381,141) shares	**3,660**	3,719
12,005,671 (2013: 10,823,671) shares held in Treasury	**600**	541
Closing balance[1]	**4,260**	4,260

[1]Represents 85,204,812 (2013: 85,204,812) shares of 5p each, including 12,005,671 (2013: 10,823,671) held in Treasury. During the year, the Company purchased 1,182,000 of its own shares, nominal value £59,100, to hold in Treasury for a total consideration of £2,182,000 representing 1.6% of the shares outstanding at the beginning of the year.

14. Reserves

				Capital reserves		
	Share premium £'000	Capital redemption reserve[1] £'000	Special reserve[2] £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	5	11,646	29,182	83,623	(3,729)	10,253
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	1,465	–	–
Net movement in investment holding gains and losses	–	–	–	–	19,026	–
Transfer on disposal of investments	–	–	–	3,722	(3,722)	–
Realised losses on derivatives	–	–	–	(741)	–	–
Unrealised gains on open derivative contracts	–	–	–	–	23	–
Realised exchange losses on cash and short term deposits	–	–	–	(78)	–	–
Repurchase of the Company's own shares into Treasury	–	–	–	(2,182)	–	–
Special dividend allocated to capital	–	–	–	440	–	–
Management fee allocated to capital	–	–	–	(686)	–	–
Irrecoverable overseas tax on dividend allocated to capital	–	–	–	(28)	–	–
Dividend paid	–	–	–	–	–	(2,409)
Retained revenue for the year	–	–	–	–	–	2,272
Closing balance	**5**	**11,646**	**29,182**	**85,535**	**11,598**	**10,116**

[1]Represents the accumulated nominal value of shares repurchased and cancelled.
[2]Available to finance the repurchase on the Company's own shares.

15. Net asset value per share

	2014	2013
Total equity shareholders' funds (£'000)	**152,342**	135,240
Shares in issue at the year end	**73,199,141**	74,381,141
Net asset value per share	**208.12p**	181.82p

16. Reconciliation of total return/(loss) on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2014 £'000	2013 £'000
Total return/(loss) on ordinary activities before finance costs and taxation	**21,907**	(6,609)
Less capital (return)/loss on ordinary activities before finance costs and taxation	**(19,449)**	8,536
Stock dividends received as income	**(5)**	(4)
Decrease in prepayments and accrued income	**83**	351
Decrease/(increase) in other debtors	**3**	(17)
Increase/(decrease) in accrued expenses	**105**	(366)
Management fee allocated to capital	**(686)**	(569)
Overseas withholding tax deducted at source	**(231)**	(211)
Net cash inflow from operating activities	**1,727**	1,111

17. Analysis of changes in net funds

	2013 £'000	Cash flow £'000	Exchange movements £'000	**2014 £'000**
Cash at bank and in hand	1,824	237	(78)	**1,983**
Net funds	1,824	237	(78)	**1,983**

18. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive management, secretarial and performance fees.

Details of the basis of these calculations are given in the Report of the Directors on page 25. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the management fee calculation and therefore incur no fee. The management fee payable in respect of the year ended 31 December 2014 amounted to £915,000 of which £242,000 was outstanding at the year end. The secretarial fee payable for the year amounted to £75,000 and the whole of this amount was outstanding at the year end. No performance fee is payable for the year and no provision is required.

The Manager agreed to waive its management, secretarial and performance fees for six months from its date of appointment on 15 March 2013. Thus the management and secretarial fees payable in respect of the comparative year are based on the chargeable period from 15 September 2013 to 31 December 2013 and amounted to £255,000 and £22,000 respectively. The whole of these amounts were outstanding at the comparative year end. No performance fee was payable for that period and no provision was required.

Prior to the Manager's appointment, Henderson Global Investors ("Henderson") had provided investment management, accounting, secretarial and administration services to the Company. A termination fee amounting to £580,000 was paid to Henderson in lieu of these services to the end of the notice period on 25 March 2013.

19. Related party transactions

The Company has no related parties other than its Directors. Details of the remuneration payable to Directors are given in the Remuneration Report on page 36 and details of Directors' shareholdings are given in the Report of the Directors on page 23.

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value include its investment portfolio and derivative financial instruments.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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

Details of the valuation techniques used by the Company are given in note 1(b) on page 47.

At 31 December 2014, the Company's investment portfolio and derivative financial instruments were all categorised as Level 1 (2013: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2013: nil).

21. Financial instruments' exposure to risk and risk management policies

In pursuing its objective, the Company is exposed to a variety of financial risks including market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below.

The process for managing risk is unchanged from the previous year. The Company's financial instruments comprise:

– investments in equities and equity related securities which are held in accordance with the Company's investment objective;

– short term debtors, creditors and cash arising directly from its operations;

– index put options used to protect the capital value of the portfolio; and

– forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk
Market risk comprises three elements – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate.

(i) Currency risk
Certain of the Company's assets, liabilities and income are denominated in currencies other than Sterling, which is the Company's functional currency and the presentational currency of the accounts. As a result, movements in exchange rates will affect the Sterling value of those items.

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board. The Board has authorised the use of hedging of the Company's currency exposure.

The fair value of the Company's monetary items that have foreign currency exposure at 31 December are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2014								
	Hong Kong Dollars £'000	**US Dollars £'000**	**Taiwan Dollars £'000**	**South Korean Won £'000**	**Thai Baht £'000**	**Singapore Dollars £'000**	**Australian Dollars £'000**	**Other £'000**	**Total £'000**
Current assets	**254**	**282**	**129**	**560**	**–**	**–**	**226**	**–**	**1,451**
Derivative financial instrument held at fair value through profit or loss – forward currency contract	**–**	**10,434**	**–**	**–**	**–**	**–**	**(10,488)**	**–**	**(54)**
Foreign currency exposure on net monetary items	**254**	**10,716**	**129**	**560**	**–**	**–**	**(10,262)**	**–**	**1,397**
Investments held at fair value through profit or loss that are equities	**35,807**	**39,828**	**17,326**	**–**	**16,953**	**7,930**	**15,700**	**16,716**	**150,260**
Derivative instruments held at fair value through profit or loss – index put options	**–**	**–**	**56**	**70**	**–**	**–**	**65**	**–**	**191**
Total net foreign currency exposure	**36,061**	**50,544**	**17,511**	**630**	**16,953**	**7,930**	**5,503**	**16,716**	**151,848**

	2013								
	Hong Kong Dollars £'000	US Dollars £'000	Taiwan Dollars £'000	South Korean Won £'000	Thai Baht £'000	Singapore Dollars £'000	Australian Dollars £'000	Other £'000	Total £'000
Current assets	25	445	62	415	537	–	364	15	1,863
Current liabilities	–	–	–	–	–	–	(242)	(4)	(246)
Derivative financial instrument held at fair value through profit or loss – forward currency contract	–	9,428	–	–	–	–	(9,459)	–	(31)
Foreign currency exposure on net monetary items	25	9,873	62	415	537	–	(9,337)	11	1,586
Investments held at fair value through profit or loss that are equities	36,566	30,326	10,471	9,720	6,801	6,725	12,322	19,590	132,521
Derivative instruments held at fair value through profit or loss – index put options	178	–	30	47	–	–	55	–	310
Total net foreign currency exposure	36,769	40,199	10,563	10,182	7,338	6,725	3,040	19,601	134,417

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2013: 10%) appreciation or depreciation in Sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If Sterling had weakened by 10% this would have had the following effect:

	2014 £'000	2013 £'000
Income Statement – return after taxation		
Revenue return	296	261
Capital return	140	159
Total return after taxation	436	420
Net assets	436	420

Conversely if Sterling had strengthened by 10% this would result in losses as shown by the numbers in the table above.

In the opinion of the Directors, the above sensitivity analyses with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments is subsumed into market price risk sensitivity below.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits. The Company had no borrowings at the year end (2013: nil).

The Company had not drawn on its overdraft facility and the interest rate risk arising from the Company's cash balances was not significant at the year end (2013: same). There was therefore no significant exposure to interest rate risk (2013: same).

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity investments.

The Board meets on at least six occasions each year to consider the asset allocation of the portfolio and the risk associated with particular countries and industry sectors. The Board has authorised the Manager to enter derivative transactions as a means of seeking capital preservation, subject to limits on the percentage of the portfolio hedged and the duration of derivatives used.

The Company's total exposure to changes in market prices at 31 December comprises the following investments:

	2014 £'000	2013 £'000
Investments held at fair value through profit or loss	150,260	132,609
Derivative instruments held at fair value through profit or loss – index put options	191	310
	150,451	132,919

The above data is broadly representative of the exposure to market price risk during the year.

An analysis of the Company's investments is given on page 14. This shows that the portfolio mainly comprises investments quoted on Asian stockmarkets. Accordingly there is a concentration of exposure to that region. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

The following table illustrates the sensitivity of net return after taxation for the year and net assets to an increase or decrease of 10% (2013: 10%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's investments, adjusting for the hedging effect of the index put options and including the resulting effect on the management fee, but with all other variables held constant.

	2014		2013	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(21)	19	(21)	18
Capital return	13,130	(11,543)	12,747	(10,739)
Total return after taxation and net assets	13,109	(11,524)	12,726	(10,721)
Percentage change in net asset value	8.6%	(7.6%)	9.4%	(7.9%)

(b) Liquidity risk
This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft and credit facilities.

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2014 £'000	Three months or less 2013 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	**–**	4
Other creditors and accruals	**478**	390
Open forward currency contracts	**54**	31
	532	425

(c) Credit risk
Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

This risk is not significant and is managed as follows:

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement.

Counterparties are subject to daily credit analysis by the Manager. Cash balances are deposited with HSBC.

HSBC Bank plc is the Depositary and responsible for the safekeeping of the Company's assets. The Company's investments are segregated from HSBC's own trading assets and are therefore protected from creditors in the event that HSBC were to cease trading.

The amounts shown in the balance sheet under cash at bank and in hand and debtors represents the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date and none have been provided for.

The value of securities on loan at 31 December 2014 amounted to £5.0 million (2013: £5.1 million). The highest value of securities on loan during the year ended 31 December 2014 amounted to £8.4 million (2013: £36.5 million). Under the Stock Lending Agreement, collateral is called in on a daily basis and may comprise cash, equities, certificates of deposit or sovereign debt to a value of 105% of the value of the securities on loan.

(d) Fair values of financial assets and financial liabilities
All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

22. Capital management policies and procedures
The Company's capital is represented by its net assets and borrowings, which are managed to achieve the Company's investment objective, as set out on the inside front cover.

The Company has overdraft and credit facilities in place which may be used to maximise the return to shareholders through an appropriate level of gearing. The Board would not expect the level of gearing to exceed 30%, where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The overdraft facility has not been utilised during the year.

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

– the planned level of gearing, which takes into account the Manager's views on the market;

– the need to buy back the Company's own shares for cancellation or to hold in Treasury, which takes into account the share price discount;

– the opportunities for issues of new shares or to reissue shares from Treasury; and

– the amount of dividend to be paid, in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 29 April 2015 at 11.30 a.m. The formal Notice of Meeting is set out on page 60.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Special Business to be proposed at the Annual General Meeting ("AGM")

Resolution 9 – Directors' authority to allot shares (Ordinary Resolution) and resolution 10 – power to disapply pre-emption rights (Special Resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £365,995 (being 10% of the issued share capital as at the date of the Notice of the AGM). A special resolution will also be proposed to give the Directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £365,995 (being 10% of the Company's issued share capital as at the date of the Notice of the AGM). This authority includes shares that the Company sells or transfers that have been held in Treasury (if any) pursuant to the authority conferred in Resolution 11 below. The Board has established guidelines for Treasury shares and will only re-issue shares held in Treasury at a price equal to or greater than the Company's net asset value (inclusive of current year income) plus any applicable costs.

The Directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2016 unless renewed, varied or revoked earlier.

Resolution 11: Authority to make market purchases of the Company's own shares (Special Resolution)

At the AGM held on 30 April 2014, the Company was granted authority to make market purchases of up to 11,112,258 ordinary shares of 5p each for cancellation. A total of 832,000 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 10,280,258 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM (excluding Treasury Shares). The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential re-issue. If renewed, the authority to be given at the 2015 AGM will lapse at the conclusion of the AGM in 2016 unless renewed, varied or revoked earlier.

Notice of Annual General Meeting

Notice is hereby given that the twenty-eigth Annual General Meeting of Asian Total Return Investment Company plc will be held at 31 Gresham Street, London EC2V 7QA on Wednesday 29 April 2015 at 11.30 a.m. to consider the following resolutions of which resolutions 1 to 9 will be proposed as Ordinary Resolutions and resolutions 10 and 11 will be proposed as Special Resolutions:

1. To receive the Report of the Directors and the audited Accounts for the year ended 31 December 2014.
2. To approve a final dividend of 3.25 pence per share for the year ended 31 December 2014.
3. To approve the Directors' Annual Report on Remuneration for the year ended 31 December 2014.
4. To approve the election of Mike Holt as a Director of the Company.
5. To approve the election of Caroline Hitch as a Director of the Company.
6. To approve the re-election of David Brief as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company.
8. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors to the Company.
9. To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:
   "THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £365,995 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2016, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
10. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
    "THAT in substitution for all existing authorities and subject to the passing of resolution 9 the Directors be empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 9 above or by way of a sale of Treasury Shares, as if section 561 of the Act did not apply to the allotment. This power shall be limited:
    (a) to the allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary shareholders and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;
    (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to a maximum aggregate nominal value of £365,995 (being 10% of the Company's issued ordinary share capital at the date of this Notice); and
    (c) to the allotment of equity securities at a price not less than the Net Asset Value per share and shall expire at the conclusion of the next Annual General Meeting of the Company in 2016, (unless previously renewed, varied, or revoked by the Company prior to such date) save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired."
11. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
    "THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 5p each in the capital of the Company ("Shares") at whatever discount the prevailing market price represents to the prevailing net asset value per share provided that:
    (a) the maximum number of Shares which may be purchased is 10,972,551, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice (excluding Treasury shares);

(b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of;
   i) 105% of the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and
   ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;
(c) the minimum price (exclusive of expenses) which may be paid for a share shall be 5p, being the nominal value per share;
(d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2016 (unless previously renewed, varied or revoked by the Company prior to such date);
(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and
(f) any ordinary shares so purchased will be cancelled or held in Treasury."

By order of the Board
For and on behalf of
Schroder Investment Management Limited
Registered Number: 02153093
30 March 2015

Registered Office:
31 Gresham Street,
London EC2V 7QA

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 or +44(0) 121 415 0207 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 11.30 a.m. on 27 April 2015. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 (or +44(0) 121 415 0207 for overseas callers).

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.00 p.m. on 27 April 2015, or 6.00 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 27 April 2015 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election or re-election are set out on page 22 of the Company's Annual Report and Accounts for the year ended 31 December 2014.

7. As at 30 March 2015, 73,199,141 Ordinary shares of 5 pence each were in issue (12,005,671 shares were held in Treasury). Therefore the total number of voting rights of the Company as at 30 March 2015 was 73,199,141.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's website, www.asiantotalreturninvestmentcompany.com.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Glossary of Terms

Absolute Return
Portfolios that target an overall positive return rather than linking their performance to a market benchmark. Seen as a useful diversification tool, performance targets are usually expressed over and above cash (with reference to LIBOR), inflation or liabilities.

Examples include market neutral hedge funds or long term equity mandates with the flexibility to invest in other asset classes to protect capital values.

Call Option
An option contract that gives the holder the right, but not the obligation, to buy the underlying asset at the stated strike price on (European style) or anytime before (American style) the expiration date. The option seller is obliged to deliver the underlying asset should the option holder exercise their right to buy.

Contract for Difference (CFD)
A contract for difference (CFD) commits the seller to pay to the buyer the difference between the price of a share at the time the contract is arranged and its price when the contract matures. If the difference is negative, the buyer pays to the seller. As the upfront payment is only a fraction of the total value of the shares involved, CFDs can be used as a way to provide leverage to the buyer.

Currency Forwards
Currency Forwards are foreign exchange rate contracts that settle after a longer period of time than the more usual ('spot') contracts. They can be used to reduce foreign exchange risk by locking in the current rate.

Delta
A measurement of the sensitivity of an option price to changes in the price of the underlying asset. A call option's price is positively correlated with the price of the underlying asset, and its delta will take any value between 0 and +1. Conversely, a put option's price is negatively correlated to the price of the underlying asset and its delta will take any value between 0 and -1. A deep in-the-money option will have a delta approaching -1 (for a put) or +1 (for a call). A deep out-of-the-money option will have a delta approaching 0.

Delta-adjusted hedge
A measure of how much of the underlying assets are protected by options. It adjusts the total exposure of the hedges if they were all theoretically in the money (the "notional") by the extent to which these hedges are at or out of the money at prevailing prices. For example, as the underlying asset price declines towards the strike price, a previously out-of-the-money option moves into the money and protects against the decline in the price of the underlying asset. The delta-adjusted hedge thereby converges to that of the notional hedge.

Derivative
A financial instrument that derives its value from another asset or product. While derivatives can be used for speculative purposes they serve a vital role in risk management with a substantially deeper, more liquid and flexible market than exists for traditional assets such as equities and bonds.

Discount/Premium
The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Exchange Traded Contracts
Derivatives that are listed on an exchange such as NYSE Liffe or the Chicago Board of Trade. Tailored derivative solutions are available on an over-the-counter (OTC) basis.

Gearing
The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market. This figure indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

Index Options
An agreement entered into by the Company that confers the right but not the obligation to sell or buy a specific stock market index within a specified period of time.

Index Futures
An agreement entered into by the Company to sell or buy a specific stock market index at a specific future time and price.

Management Fee
The charge levied by an external investment manager for the management of a company. It is usually charged annually, and may consist of a fixed fee and/or a performance related fee.

Margin
A returnable deposit paid in cash or in collateral terms at the inception (initial margin) and if necessary on an ongoing basis if losses occur (variation margin) on long or short futures positions and short option positions.

Glossary of Terms

Mark to Market
The process of valuing the derivatives at daily intervals as the price of the underlying asset moves and from here establishing if extra variation margin is required from either counterparty.

Market Capitalisation
The market value of the Company as calculated by multiplying the mid-market price per share by the number of shares in issue.

Net Asset Value ("NAV")
The value of total assets less liabilities. Liabilities for this purpose include current and long term liabilities. The NAV divided by the number of shares in issue produces the NAV per share. The NAV per share is published daily.

Official List
A list of securities maintained by the UK Listing Authority. The Official List includes all securities that are approved for trading in the UK.

Ongoing Charges
Ongoing Charges represent the drag on performance caused by all annual operating costs (including administration, management and audit fees).

Option
Confers upon the holder the right but not the obligation to buy (call) or sell (put) an underlying asset, currency, commodity at an agreed price on or before a specified date (American style) or on a given date (European style).

See Call Option and Put Option.

Option Premium
The amount per share paid by the option buyer to the option seller for the rights conferred in the option contract.

Option Seller
The seller (or writer of the option) is required to take delivery of the underlying (for a put) or supply the underlying (for a call) if the option is exercised by the option buyer.

Out-of-the-Money
An option whose strike is either higher than the current market value, for a call, or lower than the current market value, for a put. The holder would therefore experience a loss through the exercise of the option.

Over-the-Counter
Over-the-counter (OTC) derivative contracts are tailored to the requirements of individual clients and are negotiated contracts between two private counterparties, without dealing through an exchange.

Put Option
An instrument which gives the option buyer the right but not the obligation to sell an underlying asset, currency, commodity at an agreed price on or before a specified date (American style) or on a given date (European style). The option seller has an obligation to take delivery of the underlying should the holder exercise their right.

Reference Index
The MSCI AC Asia Pacific ex-Japan Index (sterling adjusted).

Total Return
This is the return on the share price or net asset value per share taking into account both the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for net asset value total return).

Tracking Error
A way of measuring how much returns from a portfolio have differed, or estimating how much they are likely to differ, from an index.

Volatility
Volatility is a measure of the uncertainty of an investment. Every price movement of an investment can be broken down into two parts: one part is the movement we expect, and the other is what we did not expect. Volatility comes from the part we don't expect.

Company Summary and Shareholder Information

The Company

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting of the Company in 2016 and thereafter at three yearly intervals.

Website and Price Information

The Company has a dedicated website, which may be found at www.asiantotalreturninvestmentcompany.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's ordinary share price (subject to a delay of 15 minutes) and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its Net Asset Value on both a cum and ex-income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK Landlines. Other telephone providers' costs may vary.

Equiniti maintains a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers.

Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.

Non-Mainstream Pooled Investments (NPMI) Status

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIFM Directive Disclosures

Preferential Treatment of Investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity Risk Management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

Periodic and Regular Disclosure under the Directive

(a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;

(b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;

(c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and

(d) the total amount of leverage employed by the Company may be found in the Strategic Report.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

(a) any changes to the maximum level of leverage which the Manager may employ on behalf of the Company; and

(b) any changes to the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

AIFM Remuneration Disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.asiantotalreturninvestmentcompany.com

www.schroders.co.uk/its

Dealing Codes

ISIN:	GB0008710799
SEDOL:	0871079
Ticker:	ATR

Global Intermediary Identification Number (GIIN)

TRPJG6.99999.SL.826

Schroders