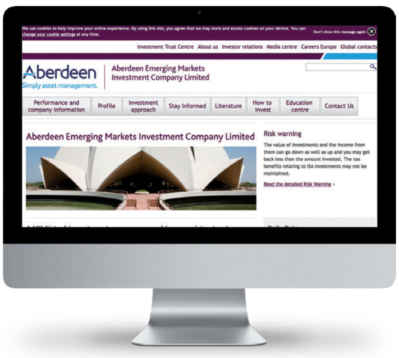
Aberdeen Emerging Markets Investment Company Limited

A UK-listed investment company, seeking consistent returns from a diversified portfolio of emerging market funds

Annual Report and Accounts
For the year ended 31 October 2017

Contents



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To find out more about Aberdeen Emerging Markets Investment Company Limited, please visit **aberdeenemergingmarkets.co.uk**

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If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Emerging Markets Investment Company Limited, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Highlights

Aberdeen Emerging Markets Investment Company Limited ("AEMC" or the "Company") is a closed-end investment company with its Ordinary shares listed on the premium segment of the London Stock Exchange. It offers investors exposure to some of the best investment talent within the global emerging markets of Asia, Eastern Europe, Africa and Latin America.

The Company is governed by a board of directors, the majority of whom are independent, and has no employees. Like most other investment companies, it outsources its investment management and administration to an investment management group, Aberdeen Standard Investments (the investment arm of the Standard Life Aberdeen plc group of companies).

Net asset value ("NAV") per ordinary share total return*	
+14.9%	
2016	+36.4%

Share price total return*	
+17.0%	
2016	+36.1%

MSCI Emerging Markets Net Total Return Index in Sterling terms	
+16.6%	
2016	+37.7%

Gearing***	
+6.0%	
2016	nil

Dividends per share****	
10.0p	
2016	nil

NAV per ordinary share**	
706.0p	
2016	618.8p

Ordinary share price – mid market	
632.5p	
2016	545.0p

Net Assets	
£361.5 million	
2016	£320.2 million

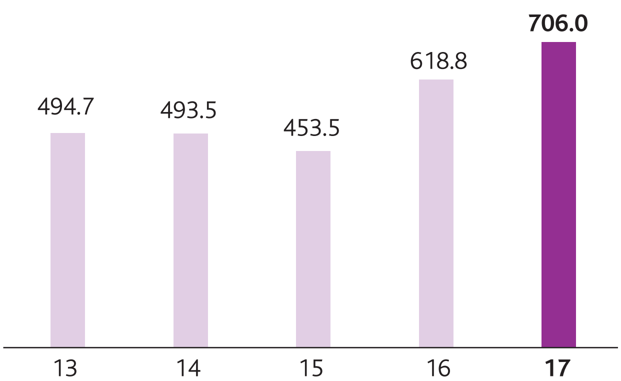
Ongoing charges ratio ('OCR')	
+1.07%	
2016	1.10%

Revenue return per share	
-0.68p	
2016	-0.45p

* Performance figures stated above include reinvestment of dividends on the ex-date
** See note 14 in the Notes to the Financial Statements for basis of calculation
*** Based on the net of the drawn down loan value and cash, as a percentage of NAV
**** Dividends declared for the year in which they were earned

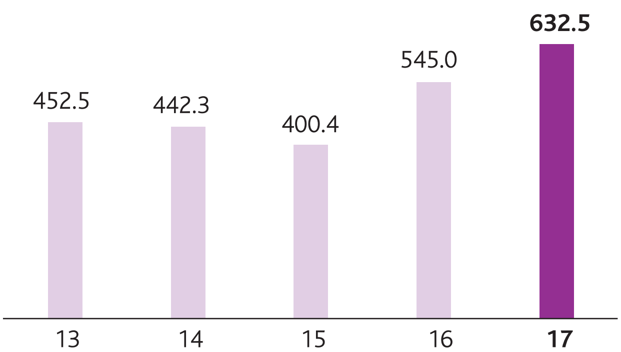
NAV per ordinary share

At 31 October – pence



Ordinary share price–mid market

At 31 October – pence



Investment Objective

The Company's investment objective is to achieve consistent returns for Shareholders in excess of the MSCI Emerging Markets Net Total Return Index in Sterling terms (the 'Benchmark').

Investment Policy

The Company's investment policy is included on page 13.

Benchmark

MSCI Emerging Markets Net Total Return Index in Sterling Terms.

Management

The Company's Alternative Investment Fund Manager ("AIFM") and Investment Manager is Aberdeen Fund Managers Limited ("AFML", "Manager", "Investment Manager" or "AIFM"), a wholly owned subsidiary of Aberdeen Asset Management PLC (the "Aberdeen Group") which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc.

The Company's portfolio is managed by Aberdeen's highly experienced Closed End Fund Opportunities ("CEFO") team, which is amongst the most experienced of any operating globally with a similar strategy. Further details of the team and the investment strategy and process are included on page 51.

Financial Calendar

29 March 2018	First interim dividend payable for year ended 31 October 2018
12 April 2018	Annual General Meeting (Guernsey)
June 2018	Second interim dividend payable for year ended 31 October 2018
June 2018	Announcement of Half-Yearly Financial Report for the six months ending 30 April 2018
September 2018	Third interim dividend payable for year ended 31 October 2018
December 2018	Fourth interim dividend payable for year ended 31 October 2018
January/February 2019	Announcement of Annual Report and Accounts for the year ending 31 October 2018

Chairman's Statement

Overview

Over the year to 31 October 2017, the Company's net asset value ("NAV") total return was 14.9% and the share price total return was 17.0% (all in Sterling terms). Over the same period the Company's benchmark, the MSCI Emerging Markets Net Total Return Index (in Sterling terms), recorded a total return of 16.6%.

Stock markets fell sharply at the beginning of the financial year following Donald Trump's victory in the US presidential election campaign, driven by concerns of protectionist policies and the implications of a strengthening US Dollar. These fears proved to be short-lived. Markets recovered quickly and made steady progress during the rest of the year, benefitting from improving corporate profitability and increasing inflows from global investors.

The strongest performing region during the year was Emerging Asia, in particular China and South Korea. The returns from these countries were largely driven by the performance of a small number of technology and internet companies. The portfolio's underweight exposure to China and the technology sector were the main detractors from relative performance for the year. However, on the positive side, there were a number of strong performing holdings in the portfolio, with many of the closed-end fund holdings benefitting from narrowing of the discounts to NAV at which their shares trade.

A more detailed explanation of the year's performance is provided in the Investment Manager's Report.

The Board is pleased with the progress made by the Company with regard to revised management arrangements, the diligent implementation of the investment process and the improved performance that has resulted. In the three years to 31 October 2017 the Company has:

- Outperformed its benchmark index, with a NAV total return of 44.2% compared to the 42.3% return from the benchmark index
- Outperformed its Direct Peer Group* of global emerging market investment companies with the NAV total return of 44.2% being comfortably ahead of the peer group average of 33.7%
- Delivered a share price total return in excess of any of its Direct Peer Group (share price total return of 45.1% compared to the Direct Peer Group average of 28.0%)

The Company's shares ended the year trading on a discount of 10.4%, compared to 11.9% at the beginning of the year. Although the discount is not out of line with most of the Direct Peer Group, the Board is cognisant of the discount to the NAV at which the Company's shares trade, despite the improving trend in performance. Accordingly, the Board has taken a number of measures with the objective of fully utilising the benefits of the closed-end structure whilst also ensuring the Company is made appealing and accessible to as wide an audience of investors as possible. The measures adopted are as follows, and are described in more detail in the paragraphs below.

- Introduction of a dividend policy
- Use of gearing through the introduction of a £25 million credit facility
- Reduction in the rate of the basic management fee
- Removal of performance fee arrangements
- Use of share buyback powers in accordance with the Company's stated discount management policy
- Participation in the Aberdeen Investment Plans and promotional programme

In addition, the Board is today announcing proposals for a tender offer for up to 10% of the Company's ordinary shares in issue at a price reflecting a discount of 3.5% to NAV.

Dividends

During the year, the Board announced its intention to commence making distributions by way of dividends to be funded from a combination of income and capital. This measure was adopted in the belief that the level of dividends paid by emerging market companies over the long term is an increasingly important attraction for investors seeking to invest in the emerging market asset class. Consultation with existing and prospective shareholders on this topic was supportive of this view.

A first interim dividend of 5.0p per share in respect of the year ended 31 October 2017 was paid on 29 September 2017 and a second interim dividend of 5.0p per share was paid on 29 December 2017. In respect of future financial years, it is anticipated that four interim dividends will be paid on a quarterly basis, in March, June, September and December.

The Board is mindful of the desirability to investors of growth in the absolute level of the dividend over time. Accordingly, the Board declares a first interim dividend in respect of the year ended 31 October 2018 of 5.25p per share and, in the absence of unforeseen circumstances, anticipates declaring three further interim dividends of at least 5.25p per share. It is therefore anticipated that the total dividend for the year will be no less than 21p per share.

The first interim dividend for the current financial year, of 5.25p per share, will be paid on 29 March 2018 to shareholders on the register on 2 March 2018.

The Board will put a resolution to shareholders at the Annual General Meeting in respect of its policy to declare four interim dividends each year, and will include this as a resolution at future Annual General Meetings.

The payment of any dividends will be subject to compliance with all necessary regulatory obligations of the Company, including the Companies (Guernsey) Law solvency test, compliance with its loan covenants, and will also be subject to the Company retaining sufficient cash for its working capital requirements.

** The "Direct Peer Group" referred to above includes the Company, Fundsmith Emerging Equities Trust plc, Genesis Emerging Markets Fund Limited, JPMorgan Emerging Markets Investment Trust plc, JPMorgan Global Emerging Markets Income Trust plc and Templeton Emerging Markets Investment Trust plc. All numbers quoted are in Sterling terms and sourced from Bloomberg.*

Loan Facility and Gearing

During the year the Board was pleased to announce that the Company had entered into a one year £25 million unsecured multicurrency revolving loan facility. The Board believes that the use of gearing, which is one of the advantages of a closed ended structure, within pre-determined ranges and at times when the Investment Manager sees attractive investment opportunities, will be beneficial to the longer term performance of the Company. £25 million of the facility was drawn down at the year-end, representing gearing, net of cash, of 6.0%.

The Company has commenced discussions with its bankers and the Board expects to renew the facility on similar terms when it matures in March this year.

Management Fee Arrangements

Basic Management Fee

Throughout the year, the management fee payable by the Company was charged at an annualised rate of 1.0% of adjusted market capitalisation, reduced by the proportion of its net assets invested in funds which are managed by Aberdeen Standard Investments ("Aberdeen Standard Funds").

As referred to above, and previously announced, with effect from 1 November 2017 the annual management fee was decreased to an annualised rate of 0.8% of net assets, reduced in the same manner for any investments in Aberdeen Standard Funds. At 31 October 2017, 7.1% of the Company's net assets were invested in Aberdeen Standard Funds. Based on the value of the Company's net assets at the year end, it is estimated that the revised fee structure will result in an annualised management fee of 0.7% of net assets (allowing for such Aberdeen Standard Funds), compared to an actual rate of 0.8% of net assets for the year ended 31 October 2017.

The Board believes the revised arrangements represent good value for shareholders. The revision was considered in the context of the overall expenses of the Company in absolute terms and relative to peer group funds.

Performance Fee

Following consideration of fee arrangements and the Company's level of ongoing charges, the Manager and the Board have agreed that the performance fee arrangements should be removed, to take effect from 1 November 2017. The Board believes this change enhances the attractiveness of the Company to both existing and potential investors.

Discount and Share Buy Backs

The discount of the share price to NAV at the end of the year was 10.4%. The Board monitors the discount on an ongoing basis. During the year, and in accordance with its stated discount management policy that, in normal market conditions, the shares should trade at a price which on average represents a discount of less than 10% to the NAV, the Company bought back 551,450 ordinary shares to hold in treasury, representing 1.1% of the shares in issue at the start of the year.

The Board will continue to consider the use of share buybacks when, in its opinion, and taking into account factors such as market conditions and the discounts of comparable companies, the Company's discount is higher than desired and shares are available to purchase in the market. Shares held in treasury may only be resold at a price that represents a premium to the prevailing NAV per share.

Aberdeen Investment Plans

Following the acquisition of the Company's previous investment manager by Aberdeen Asset Management PLC in December 2015, the Board agreed that the Company would participate in the investment plans provided by Aberdeen, which include an Investment Plan for Children, a Share Plan and an Individual Savings Account ("ISA"). In addition to other promotional activities carried out by the Company, the Board hopes that this will help to generate additional demand for the Company's shares. Details are provided on pages 52 to 54.

Continuation Vote and Tender Offer

Under the terms of the Company's Articles of Incorporation, the Board is required to propose an ordinary resolution at the forthcoming Annual General Meeting that the Company continues in existence (the "Continuation Resolution").

In accordance with the Articles, if the continuation vote is passed by shareholders then there will be a further continuation vote in 2023 and at every fifth Annual General Meeting thereafter. If the continuation vote is not passed then, within four months of the vote failing, the Directors shall formulate and put to shareholders proposals relating to the future of the Company having had regard to, *inter alia*, prevailing market conditions and applicable regulations and legislation.

The Board understands that, whilst the large majority of shareholders by total number of shares held are supportive of the measures taken to make investment in the Company's shares more appealing, and of the continuation of the Company, there is potentially some appetite for liquidity that can be provided by a tender offer. Accordingly, in conjunction with the Continuation Resolution, shareholders will also be asked to approve a tender offer for up to 10% of the Company's ordinary shares in issue at a price reflecting a discount of 3.5% to NAV. Shares tendered above the basic entitlement of 10% will be satisfied (on a pro rata basis) to the extent that other shareholders tender less than their aggregate basic entitlement.

Assuming it is fully subscribed, the costs of the tender are anticipated to be more than offset by the uplift in NAV once the relevant shares have been purchased by the Company.

The record date for participation in the tender will be 20 February 2018 and the Company expects to publish a circular containing the notice of the Annual General Meeting and the notice of the Extraordinary General Meeting required to approve the tender offer in the coming weeks. The resolution to approve the tender will be conditional on the approval by shareholders of the Continuation Resolution.

It is expected that the Annual General Meeting and the Extraordinary General Meeting will both be held on 12 April 2018. Further details will be included in the circular.

Board Composition

Following the retirements of Terry Mahony and Richard Bonsor earlier in the year, the Board was pleased to announce the appointment of Mark Barker as an independent non-executive Director on 21 July 2017. Mark is Managing Partner of Strategic Capital Investors, a boutique investment company, and has over thirty years of investment experience specific to fund of funds. His understanding of risk, portfolio construction and his success in building funds in terms of assets and performance will prove very valuable to Board deliberations.

Manager

The Board notes the recent completion of the merger between Aberdeen Asset Management PLC ("Aberdeen"), which is the parent company of the Manager, and Standard Life PLC whereby Aberdeen has become a wholly owned subsidiary of Standard Life Aberdeen plc. The Board will continue to monitor developments closely to ensure that satisfactory arrangements are in place for the continued effective management of the Company.

Outlook

Strong corporate earnings growth and a marked improvement in sentiment towards the asset class have supported the significant gains seen in emerging markets over the past two years. The asset class has, and continues, to benefit from an improved global macro-economic environment, with recovering growth combined with moderate inflation, healthy trade flows and stable currencies. With emerging market equities trading at reasonable valuations we believe the prospects remain encouraging and the risks of less accommodative global monetary policies, ongoing trade negotiations and a busy political calendar do not undermine the fundamentally positive case for investing in emerging markets.

As we have stated before, the Board believes that shareholders benefit from the diversification provided by the Company's approach of investing through a portfolio of specialist funds run by talented managers with strong investment propositions. When combined with the measures adopted during the year as described above, the Board believes that the Company is an attractive means for investors to benefit from the long term attractions of emerging markets.

Mark Hadsley-Chaplin
Chairman
19 February 2018

Investment Manager's Report

During the financial year the Company's net asset value ("NAV") per ordinary share total return was 14.9%, while the MSCI Emerging Markets Net Total Return Index (the "Benchmark") gained 16.6%. The share price total return was 17.0%, with the discount to NAV at which the Company's shares trade narrowing to 10.4% at year end, compared with 11.9% at the start of the financial year.

The Company's NAV return trailed the gain seen in the Benchmark Index by 1.7%. We consider this as a reasonable outcome given the significant contribution of a small number of large e-commerce, social networking and technology companies to the benchmark return over the year. For example, in China, Tencent and Alibaba comprise 32% of the MSCI China Index and were responsible for 46.3% of the overall index gain, while in Korea and Taiwan, Samsung Electronics and Taiwan Semiconductor comprise 34% and 32% respectively of the relevant MSCI indices and contributed 57.1% and 57.4% of the index gains. Our strategy results in a diversified portfolio that avoids the kind of stock specific risks presented by concentrated indices.

As a result of the extremely strong performance of the small number of companies noted above, the portfolios of certain of the Company's Asian investments failed to match their benchmarks. These included, The China Fund Inc, Fidelity China Special Situations PLC, Weiss Korea Opportunity Fund Limited, Korea Value Strategy Fund Ltd and Schroder International Selection Taiwanese Equity Fund. Notwithstanding this, a number of underlying managers performed admirably, most notably Neuberger Berman - China Equity Fund (which closed to new money post the year end), Schroder Asia Pacific Fund PLC, BlackRock Emerging Europe PLC and Russian specialist Verno Capital Growth Fund Limited.

Discount narrowing in the Company's closed end fund investments was materially positive during the period. This is consistent with improving sentiment towards the asset class but was also the result of pending liquidity events on specific holdings. BlackRock Emerging Europe PLC's discount narrowed from 11.2% to 5.0%, in part driven by the fact that it will provide shareholders with an opportunity to realise the value of their investment in the trust at NAV less applicable costs in 2018. BlackRock Latin American Investment Trust PLC's discount narrowed from 13.8% to 9.5% and The China Fund Inc saw its discount narrow from 13.8% to 9.5%.

A negative contribution from Asset Allocation was driven by an underweight exposure to China, where those same internet-related stocks drove the overall market returns. China now accounts for 29.7% of the emerging market index and was the best performing of the major emerging markets over the course of the financial year, gaining 30.0%. The Company's overweight position in Russia was also a detractor. Positive contributions came from the decisions to run underweight allocations to Brazil, South Africa and Qatar.

NAV performance attribution for the year ended 31 October 2017

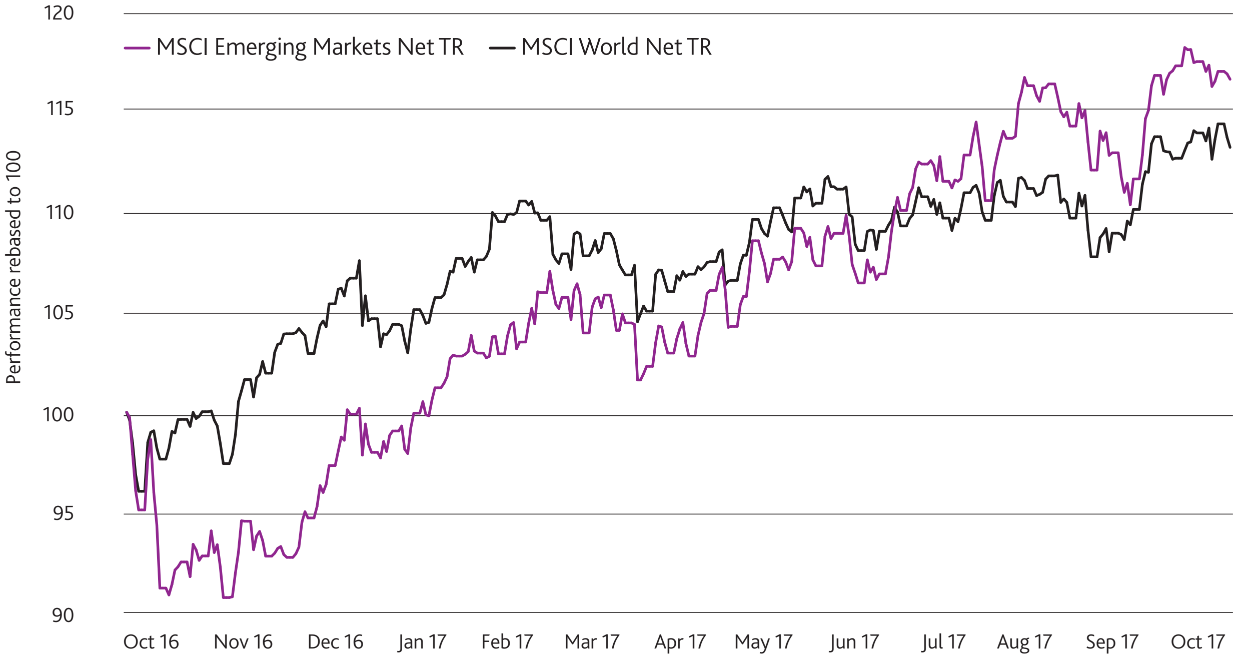
Fund Selection	**(1.6%)**
Asia	(2.3%)
EMEA	0.5%
Latin America	0.2%
Asset Allocation	**(0.9%)**
Asia	(0.8%)
EMEA	(0.3%)
Latin America	0.2%
Cash (direct and underlying)	0.0%
Discount Narrowing	**1.6%**
Fees and Expenses	**(0.8%)**
Net asset value under performance*	**(1.7%)**

* The above analysis has been prepared on a total return basis.

Market environment

The financial year proved rewarding for emerging market investors. The surge in the dollar and bond yields following the US presidential election proved short-lived, with concerns related to protectionist and anti-immigration policies receding rapidly. The rally was supported by generally buoyant economic growth and currency stability in emerging markets combined with an improving trend in corporate earnings. Presented with such a positive backdrop, global investors returned to the asset class in force. The 17.0% share price return of the Company represents material outperformance of developed markets (MSCI World Index +13.1%).

Chart 1. Emerging and developed market performance during the year to 31 October 2017



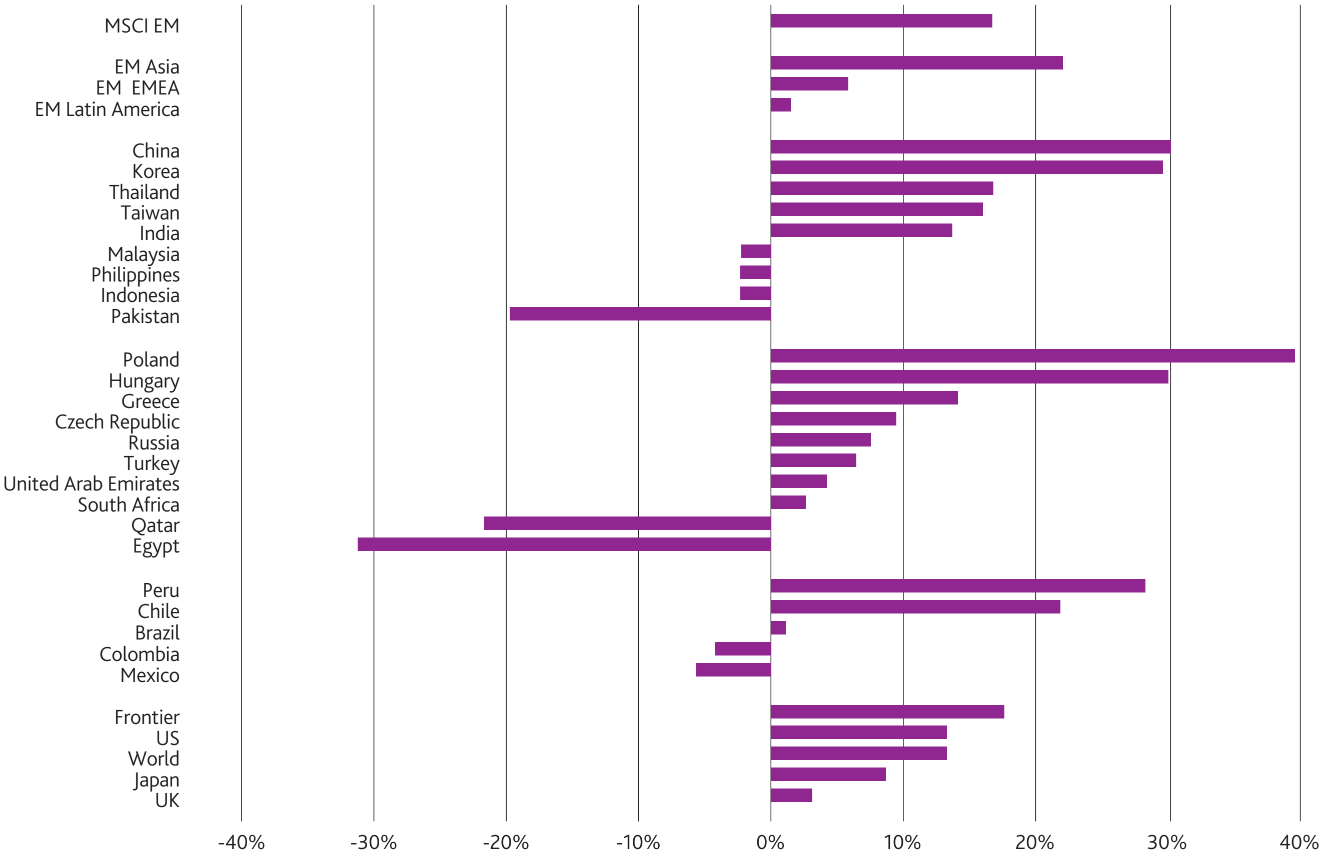
Source: Bloomberg. GBP returns for the period from 31 October 2016 to 31 October 2017

In a regional context, Emerging Asia was the best performing area, gaining 16.6% with all the larger markets in the region posting double digit gains. Chinese equities rose by 30.0% with sentiment towards the market supported by index provider MSCI's announcement that domestic Chinese stocks would be included in its China index in mid-2018. The final month of the financial year saw President Xi Jinping set out a vision for his second term at the 19th Communist Party Congress and local equities reacted positively. South Korean stocks posted a gain of 29.4% as the performance of Samsung Electronics propelled the market higher despite tensions over North Korean missile tests. The country saw the election of Moon Jae-in as South Korean president in early May which was well received. South Korea's relations with China improved towards the end of the period after the resolution of differences over the deployment of the US THAAD anti-missile system. The Taiwanese market returned 15.9% with Taiwan Semiconductor leading the way. The Indian market gained 13.6%, recovering strongly after the unexpected removal of large denomination notes from circulation in late 2016 and the implementation of the Goods and Services Tax over the summer. The final month of the period saw the announcement of a significant recapitalisation plan for state controlled banks and news of a major transport infrastructure initiative. Pakistan entered the emerging market index at the start of June and declined 19.6% over the remainder of the period as the anticipated inflows from global investors failed to materialise, political uncertainties saw President Sharif removed from office in July and investors began to question the stability of the Pakistani Rupee. South East Asian markets also fared poorly with Malaysia, Indonesia and the Philippines all declining.

The Emerging Europe, Middle East and Africa index returned 5.8%. The Russian market rose by 7.5% moving in lockstep with oil prices for much of the year. Polish and Hungarian equities fared well, posting gains of 39.3% and 29.8% respectively as economic activity strengthened and both markets saw strong flows into blue-chip stocks. The Egyptian market declined 31.0%, a consequence of the devaluation of the Egyptian pound at the beginning of the period. The South African market gained 2.6% which was driven by a 34.5% gain in Naspers, which accounts for around one third of the local index and whose underlying value driver is its investment in Chinese internet stock Tencent. The remainder of the South African market remained challenged as ongoing political turbulence and a weak economic backdrop contributed to poor investor sentiment. Qatar (-21.5%) made headlines as a political rift developed over the summer between it and a number of Arab states, led by Saudi Arabia. In Turkey (+6.4%) the most notable development was President Erdogan winning sweeping new powers following a constitutional referendum in April.

The Latin American regional index rose by 1.5%. Mexican equities lost 5.6% as the Mexican peso bore the brunt of swings in sentiment, most notably in the immediate aftermath of the US presidential election and again towards the end of the period with increasing uncertainty surrounding the North American Free Trade Agreement renegotiation process. The region's other major market, Brazil, gained 1.1%, with politics returning to the fore as corruption allegations emerged over the summer against President Temer which will likely delay the reform process.

Chart 2. Market performances during the year to 31 October 2017



Source: Bloomberg. GBP returns for the year from 31 October 2016 to 31 October 2017

Portfolio

At the end of the period, the portfolio comprised 34 positions with the top 10 accounting for 57.3% of net assets. During the period a £25 million gearing facility was introduced and deployed, making the portfolio fully invested, even when accounting for look through cash in underlying investments. The facility benefitted performance over the period it was in place.

The investment of the gearing facility combined with a general trend towards reflecting greater conviction in the portfolio resulted in an increase in exposure to open ended funds, where we benefit from superior liquidity and a greater universe of managers from which to choose. The balance between closed and open ended exposure will vary over time, dependent on a broad range of factors.

The average discount on the closed end portion of the portfolio at the end of the period was 10.7%, marginally narrower than the 11.5% at the start. The overall composition of the portfolio by type of vehicle is shown below.

	31 October 2017	31 October 2016
Closed end investment funds	54.3%	60.7%
Open ended investment funds	47.2%	36.4%
Market access products	4.5%	2.5%
Cash and other net assets	-6.0%	0.4%

The most significant new addition during the year was the initiation of a holding in Laurium Capital International Cayman Feeder SP ('Laurium Limpopo Fund'), an Africa ex-South Africa focused vehicle run by Laurium Capital, a Johannesburg-based investment manager. We had researched the Laurium team for a number of years and followed the evolution of this vehicle. We selected the fund for its opportunistic and value driven approach to investing in markets that include Egypt, Kenya, Nigeria and Morocco. At the time of investment in August, Africa was firmly out of fashion. The travails of the last few years (commodity price declines, currency devaluations, fund outflows and closures) had, once again, convinced investors that Africa is not a compelling investment destination. We are attracted by this negativity, which is reflected in depressed valuations and undervalued currencies. The pricing of African assets is often inefficient and we believe Laurium Capital to be an excellent partner through which to access these inefficiencies and the long term growth potential of the continent. Laurium Limpopo Fund accounted for 2.8% of net assets at the year end.

Elsewhere in the portfolio we continued to add to existing "best-of-breed" open ended positions in favoured parts of the world, including Findlay Park Latin American Fund ('Findlay Park'), Avaron Emerging Europe Fund and Neuberger Berman-China Equity Fund ('Neuberger'). Neuberger announced

Investment Manager's Report continued

in November 2017 the closure of this strategy to new investors. We view such a decision favourably as it indicates the manager's discipline in maintaining performance as opposed to growing assets under management. In a similar vein, Ton Poh Tailand Fund, the Company's core holding in Thailand and the Mekong delta region also closed at the end of 2017 for similar reasons. In the closed end fund space we purchased additional shares in the deeply discounted Romanian fund, Fondul Proprietatea ('Fondul'). Despite political volatility in Romania, the economy continues to perform well, benefitting from its proximity to the Eurozone, and Fondul continues to rotate its portfolio and return capital to shareholders.

The Company's geographic allocation is shown on page 12. The deployment of the gearing facility saw the Company move from being 96.3% invested at the end of the previous financial year to 103.8% at the end of this year. The most significant country level change in the portfolio was in China, where exposure increased by 5.1% to reach 25.7% of net assets at year end. Indian exposure was reduced from 8.3% to 4.9% over the period as marginal holdings were sold consistent with our declining conviction in the top down case for India. The Europe, Middle East and Africa region increased by 3.4% to 24.3%, as a consequence of the purchases noted above. Latin America benefitted from additional purchases of Findlay Park Latin American Fund which led to the overall regional allocation reaching 14.0%. In addition to boosting the weights of Brazil and Mexico, Findlay Park provides access to a number of interesting Andean opportunities in markets such as Colombia and Peru. The Company's exposure to frontier markets increased over the period to 8.0% of net assets. We believe many frontier markets offer compelling valuations as they remain overlooked by mainstream emerging market investors.

Market outlook

From emerging markets' low point in February 2016 to the end of the current financial year the Company has delivered a share price total return of 74.9%. This reflects a marked improvement in the fundamental outlook for emerging markets combined with a turnaround in investor sentiment, as reflected by significant inflows in 2017. After such a rally, the question facing investors is whether this positive momentum can continue through 2018. We believe it can continue and anticipate that as the rally matures, narrow market leadership will broaden out which should play to the strengths of the Company's more value-focused approach.

Emerging economies are benefitting from an improved global macro environment, with recovering growth supported by moderate inflation and healthy trade flows allowing current account positions to improve. This is, in turn, supportive of emerging market currencies, which were, in aggregate, flat in USD terms over the period as measured by the JPM Emerging Market Currency Index. The underlying companies to which the Company is exposed are, on the whole, in robust shape, with top line revenue growth and increasing margins feeding through to earnings, returns on equity and healthier balance sheets. We expect the on-going broad-based economic and earnings recovery being experienced across our investment universe to continue through 2018 and we take comfort from the attractive relative valuation of emerging market equities despite their strong performance since 2016.

Major central banks are embarking on a path towards policy normalisation with interest rates expected to rise and central bank balance sheets to shrink over the coming years. While monetary tightening has historically been perceived as a negative for emerging markets, we believe the process will be very gradual and should not disrupt sentiment. Geo-politics will most likely continue to cause occasional market panics but in our experience these bouts of risk aversion are generally short lived and the worst case scenarios seldom materialise. Such was the case following North Korea's missile and nuclear tests in 2017 and the protectionist scare following President Trump's election victory in late 2016. Observers also point to risks emanating from China as a country and economy of ever increasing scale and importance. We believe that President Xi's consolidation of power at the recent party congress should facilitate a continuation of the reform process already embarked upon. We believe that debt levels in China, particularly at the corporate (in-particular state controlled corporate) level remains worrying but are manageable within the confines of a largely closed capital account. On balance, we believe that the risks discussed above should not be ignored but they do not undermine the fundamentally positive case for investing in emerging markets and we would not be surprised to see global allocators increase their allocations to the asset class further during 2018.

Within the portfolio, we believe the underlying managers with whom the Company is invested are strong, and we are encouraged by the sensible steps being taken by certain funds to limit further inflows. We continue to run a concentrated portfolio of well-structured funds managed by talented stock pickers in those markets that our top-down analysis indicates to be attractive. We believe this simple strategy, executed well, will deliver attractive risk adjusted returns for investors over the coming years as it has done over recent financial years.

Aberdeen Fund Managers Limited
19 February 2018

Portfolio

Investments

As at 31 October 2017 Company	Country of establishment	Value (£'000)	% of net assets
Neuberger Berman - China Equity Fund	Ireland	31,859	8.8%
Schroder International Selection Taiwanese Equity Fund	Luxembourg	25,425	7.0%
Schroder AsiaPacific Fund PLC	United Kingdom	22,638	6.3%
Weiss Korea Opportunity Fund Limited	Guernsey	22,309	6.2%
Findlay Park Latin American Fund	Ireland	21,349	5.9%
Fidelity China Special Situations PLC	United Kingdom	19,904	5.5%
BlackRock Emerging Europe PLC	United Kingdom	18,125	5.0%
Genesis Emerging Markets Fund Limited	Guernsey	16,661	4.6%
Edinburgh Dragon Trust PLC	United Kingdom	15,863	4.4%
iShares J.P. Morgan $ EM Bond UCITS ETF	Ireland	13,034	3.6%
Top ten holdings		**207,167**	**57.3%**
Steyn Capital SA Equity Fund SP	Cayman Islands	12,728	3.5%
JPMorgan Emerging Investment Trust PLC	United Kingdom	12,164	3.4%
Avaron Emerging Europe Fund	Estonia	11,670	3.2%
Ton Poh Thailand Fund - Class C	Cayman Islands	11,590	3.2%
Lazard Emerging World Fund - Retail	Ireland	10,893	3.0%
Korea Value Strategy Fund Ltd - Class B	British Virgin Islands	10,571	2.9%
Laurium Capital International Cayman Feeder SP	Cayman Islands	9,970	2.8%
BlackRock Latin American Investment Trust PLC	United Kingdom	9,693	2.7%
Verno Capital Growth Fund Limited	Cayman Islands	8,486	2.3%
Korean Preferred Share Certificate	Curacao	7,776	2.2%
Next ten holdings		**105,541**	**29.2%**
Top twenty holdings		**312,708**	**86.5%**

As at 31 October 2017 Company	Country of establishment	Value (£'000)	% of net assets
Schroder Oriental Income Fund Limited	Guernsey	7,408	2.0%
The China Fund Inc	United States	7,294	2.0%
Komodo Fund Class S	Cayman Islands	7,251	2.0%
Fondul Proprietatea	Romania	6,772	1.9%
JPMorgan Russian Securities PLC	United Kingdom	6,338	1.8%
Morgan Stanley India Investment Fund	United States	5,906	1.6%
Baring Vostok Investments PCC Limited	Guernsey	5,468	1.5%
Aberdeen Asian Smaller Companies Investment Trust PLC	United Kingdom	5,403	1.5%
Aberdeen Latin America Equity Fund Inc	United States	4,456	1.2%
Taiwan Fund Inc	United States	3,820	1.1%
Vanguard FTSE Emerging Markets Index Fund	United States	3,359	0.9%
The Mexico Fund Inc	United States	3,122	0.9%
Templeton Emerging Markets Investment Trust PLC	United Kingdom	2,825	0.8%
Tarpon All Equities Cayman (Series B) L.P.	Cayman	1,133	0.3%
Total holdings		**383,263**	**106.0%**
Cash and other net assets		(21,792)	-6.0%
Total		**361,471**	**100.0%**

Asset Allocation

As at 31 October 2017 Country split	AEMC	Benchmark
Asia	**65.6%**	**73.7%**
China	25.7%	29.7%
India	4.9%	8.7%
Indonesia	3.0%	2.2%
Korea	13.4%	15.7%
Malaysia	0.6%	2.2%
Pakistan	0.1%	0.1%
Philippines	0.7%	1.1%
Taiwan	10.7%	11.8%
Thailand	3.8%	2.2%
Singapore	1.7%	–
Other	1.0%	–
EMEA	**24.3%**	**14.0%**
Czech Rep	0.4%	0.2%
Egypt	0.7%	0.1%
Greece	0.4%	0.3%
Hungary	0.2%	0.3%
Poland	1.1%	1.3%
Qatar	0.0%	0.5%
Russia	9.0%	3.2%
South Africa	4.6%	6.3%
Turkey	2.1%	1.1%
UAE	–	0.7%
Other	5.8%	–

As at 31 October 2017 Country split	AEMC	Benchmark
Latin America	**14.0%**	**12.3%**
Brazil	6.2%	7.1%
Chile	0.6%	1.3%
Colombia	0.8%	0.4%
Mexico	4.1%	3.1%
Peru	1.0%	0.4%
Other	1.3%	–
Non-specified	-0.1%	–
Indirect cash	2.2%	–
Portfolio Cash	-6.0%	–
Total	**100.0%**	**100.0%**

The above analysis has been prepared on a portfolio look-through basis.

Benchmark: MSCI Emerging Markets Net Total Return Index in Sterling terms.

Directors' Report

The directors of Aberdeen Emerging Markets Investment Company Limited ("AEMC" or the "Company") present the report and financial statements for the year ended 31 October 2017.

Investment policy

Objectives

The Company's investment objective is to achieve consistent returns for shareholders in excess of the MSCI Emerging Markets Net Total Return Index in Sterling terms (Bloomberg ticker: NDUEEGF Index) (the 'Benchmark').

i) Asset allocation

The Investment Manager invests in a portfolio of funds and products which give a diversified exposure to developing and emerging market economies. The Investment Manager does not seek to replicate the Benchmark's geographical distribution. The Company's geographic asset allocation is derived from the Investment Manager's analysis of prospects for regions and countries and the underlying opportunities for investment.

The Board does not believe that it should impose prescriptive limits on the Investment Manager for the geographic breakdown and distribution by type of fund as this could have a negative impact on the Company's performance and accordingly the Company does not have any prescribed investment limits in this regard.

The Investment Manager has discretion to enter into hedging mechanisms where it believes that this would protect the performance of the Company's investment portfolio in a cost effective manner. To date, the Company has never entered into any such hedging mechanisms.

ii) Risk diversification

Individual investments are selected for their potential to outperform as a result of one or more of the following: the performance of the region, market or asset class in which they invest; the skill of the underlying fund manager; and, in the case of closed end funds, through the narrowing of discounts at which their shares trade to net asset value.

No holding by the Company in any other company will represent, at the time of the investment, more than 15% by value of the Company's net assets. The diversification within investee funds is taken into account when deciding on the size of each investment so the Company's exposure to any one underlying company should never be excessive.

iii) Gearing

The Company entered into an unsecured revolving credit facility with The Royal Bank of Scotland ('RBS') on 31 March 2017, under which loans with a maximum aggregate value of £25 million may be drawn. As at 31 October 2017, £25 million was drawn down from RBS. The directors reserve the right to borrow up to a maximum of 15% of the Net Asset Value of the Company at the time of drawdown.

Business activities

The Company is a closed-ended investment company incorporated and resident in Guernsey and holds a Premium Listing on the London Stock Exchange.

Results and dividends

The Company's total profit and comprehensive income for the year was a gain of £46,726,000 (2016: gain of £85,601,000). The Company's revenue return for the year amounted to £348,000 (2016: loss of £233,000).

A first interim dividend in respect of the year ending 31 October 2017, of 5.0p per ordinary share was paid on 29 September 2017 and a second interim dividend in respect of the year of 5.0p per ordinary share was paid on 29 December 2017. The Board declares a first interim dividend of 5.25p per share in respect of the year ended 31 October 2018, which will be paid on 29 March 2018 to shareholders on the register on 2 March 2018.

In respect of future financial years, it is anticipated that four interim dividends will be paid on a quarterly basis in March, June, September and December. The Board will put a resolution to shareholders at the Annual General Meeting in respect of its policy to declare four interim dividends each year, and will include this as a resolution at future Annual General Meetings.

Investment report and outlook

The Chairman's Statement and Investment Manager's Report incorporate a review of the highlights during the year and the outlook.

Key Performance Indicators ('KPIs')

The Company's success in attaining its objectives is measured by reference to the following KPIs:

(a) The Company seeks to generate consistent relative returns ahead of those generated by its Benchmark Index.

(b) The Company seeks to achieve a positive absolute return over the longer term through its exposure to the emerging market asset class.

Performance

An overview of the Company's performance can be seen in the Chairman's Statement and Investment Manager's Report.

The Benchmark Index in Sterling terms increased by 16.6% over the year against a total return of 14.9% from the Company's Net Asset Value ("NAV") per ordinary share.

Directors' Report continued

Principal risks and uncertainties

Together with the issues discussed in the Chairman's Statement and the Investment Manager's Report, the Board considers that the main risks and uncertainties faced by the Company fall into the following categories:

(i) General market risks associated with the Company's investments

Changes in economic conditions, interest rates, foreign exchange rates and inflationary pressures, industry conditions, competition, political and diplomatic events, tax, environmental and other laws and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities, and there can be no assurance that appreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating the net asset value.

The Company's investments, although not made into developed economies, are not entirely sheltered from the negative impact of economic slowdowns, decreasing consumer demands and credit shortages in such developed economies which, amongst other things, affects the demand for the products and services offered by the companies in which the Company directly or indirectly invests.

A proportion of the Company's portfolio may be held in cash or cash equivalent investments from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stock market movements, but may give some protection against negative stock market movements.

(ii) Developing markets

The funds selected by the Investment Manager invest in developing markets. Investing in developing markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. In particular there may be: (a) the risk of nationalisation or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war and revolution; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyper-inflation); (g) controls on foreign investment and limitations on repatriation of invested capital and a fund manager's ability to exchange local currencies for pounds Sterling; (h) a higher degree of governmental involvement and control over the economies; (i) government decisions to discontinue support for economic reform programmes and imposition of centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about economies and issuers; (k) less extensive regulatory oversight of securities markets; (l) longer settlement periods for securities transactions; (m) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (n) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in developing markets.

(iii) Other portfolio specific risks

(a) Small cap stocks

The underlying investee funds selected by the Investment Manager may have significant investments in smaller to medium sized companies of a less seasoned nature whose securities are traded in an "over-the-counter" market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies, due to shorter operating histories, potentially lower credit ratings and, if they are not listed companies, a potential lack of liquidity in their securities. As a result of lower liquidity and greater share price volatility of these "secondary" securities, there may be a disproportionate effect on the value of the investee funds and, indirectly, on the value of the Company's portfolio.

(b) Liquidity of the portfolio

The fact that a share is traded does not guarantee its liquidity and the Company's investments may be less liquid than other listed and publicly traded securities. The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments. Investors should not expect that the Company will necessarily be able to realise its investments, within a period which they would otherwise regard as reasonable, and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative market prices. The Company has an overdraft facility in place which may be utilised to assist in the management of liquidity. The borrowing facility is described later in this Directors' Report.

Liquidity of the portfolio is further discussed in note 17 to the financial statements.

(c) Foreign exchange risks

It is not the Company's present policy to engage in currency hedging. Accordingly, the movement of exchange rates between Sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the investments made by the Company.

Movements in the foreign exchange rate between Sterling and the currency applicable to a particular shareholder may have an impact upon that shareholder's returns in their own currency of account.

Management or mitigation of the above risks

Risk	Management or mitigation of risk
General market risks associated with the Company's investments	These risks are largely a consequence of the Company's investment strategy but the Investment Manager attempts to mitigate such risks by maintaining an appropriately diversified portfolio by number of holdings, fund structure, geographic focus, investment style and market capitalisation focus.
Developing markets	
Other portfolio specific risks (a) Small cap stock (b) Liquidity of the portfolio (c) Foreign exchange	Liquidity, risk and exposure measures are produced on a monthly basis by the Investment Manager and monitored against internal limits.

The investment management of the Company has been delegated to the Company's Investment Manager. The Investment Manager's investment process takes into account the material risks associated with the Company's portfolio and the markets and holdings in which the Company is invested. The Board monitors the portfolio and the performance of the Investment Manager at regular Board meetings.

(iv) Internal risks

Poor allocation of the Company's assets to both markets and investee funds by the Investment Manager, poor governance, compliance or administration, could result in shareholders not making acceptable returns on their investment in the Company.

Management or mitigation of internal risks

The Board monitors the performance of the Investment Manager and the other key service providers at regular Board meetings. The Investment Manager provides reports to the Board on compliance matters and the Administrator provides reports to the Board on compliance and other administrative matters. The Board has established various committees to ensure that relevant governance matters are addressed by the Board.

The management or mitigation of internal risks is described in detail in the Corporate Governance Statement on pages 19 to 23.

Borrowings

The Company is permitted to borrow, at the point of drawdown, up to 15% of its net assets.

During the year the overdraft facility with the Northern Trust Company was terminated. The Company subsequently entered into an unsecured revolving credit facility with RBS on 31 March 2017, under which loans with a maximum aggregate value of £25 million may be drawn. As at 31 October 2017 £25 million was drawn down.

Market information

The net asset value per ordinary share is calculated for each business day and is published through a regulatory information service.

Ordinary shares in issue

As at 31 October 2017 the Company had 51,196,729 (2016: 51,748,179) ordinary shares in issue (excluding shares held in treasury).

Gearing

The Company's year-end net gearing was 6.0% (2016: nil%). The Directors monitor the Company's gearing on a regular basis in accordance with the Company's investment policy and under advice from the Investment Manager.

Discount management policy

The Board considers it desirable that the Company's shares do not trade at a significant discount to net asset value per share and believes that, ideally, the shares should trade at a price which on average represents a discount of less than 10% to the net asset value. To assist the Board in taking action to deal with a material increase in the discount it seeks authority from shareholders annually to buy back shares. Shares may be repurchased when, in the opinion of the Board and taking into account factors such as market conditions and the discounts of comparable funds, the Company's discount is higher than desired and shares are available to purchase in the market. The Board is of the view that the principal purpose of share repurchases is to enhance net asset value for the remaining shareholders, although it may also assist in addressing the imbalance between the supply of and demand for the Company's shares and thereby reduce the scale and volatility of the discount at which the shares trade in relation to the underlying net asset value.

Purchases of own shares

During the year ended 31 October 2017, the Company purchased 551,450 (2016: 178,050) of its ordinary shares to be held in treasury.

The Company's discount management policy is described above.

The Company's present authority to make market purchases of its own ordinary shares will expire at the conclusion of the Annual General Meeting at which time a new authority to buy back shares will be sought. The timing of any purchase will be decided by the Board. Any shares bought back by the Company will either be cancelled, or if the directors so determine, held in treasury (and may be re-sold). Purchases of own shares will only be made at a price representing a discount to net asset value per share.

Allotment of shares and disapplication of pre-emption rights

At the Annual General Meeting, an ordinary resolution will be proposed to confer an authority on the Directors, in substitution for any existing authority, to allot, either as new ordinary shares or shares from treasury, up to 5% of the issued ordinary share capital of the Company (excluding shares held in treasury) as at the date of the passing of the resolution (up to a maximum of 2,559,836 ordinary shares based on the number of ordinary shares in issue as at the date of this report).

A further resolution will be proposed as a special resolution to provide the directors with the authority to disapply pre-emption rights in respect of issuing shares and/or selling shares from treasury under the general authority granted as described above. Any future issues of ordinary shares, or sales of shares from treasury, will only be undertaken at a premium to the prevailing net asset value per share.

These authorities will expire at the conclusion of the Annual General Meeting in 2019. The directors consider that the authorities proposed to be granted at the Annual General Meeting are necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Significant shareholders

As at 31 October 2017 the Company had been notified of, or has identified, the following interests in the ordinary shares (excluding treasury shares) of the Company.

	Holding	%
City of London Investment Management Company Limited	14,916,181	29.1
Lazard Asset Management LLC	12,698,019	24.8
Wells Capital Management Inc	7,048,094	13.8

Since the end of the year, the Company has been notified that Lazard Asset Management LLC's holding has changed to 11,774,602 ordinary shares. There have been no other changes notified to the Company as at the date of this Report.

Non-mainstream pooled investments ("NMPIs")

Financial Conduct Authority ("FCA") rules determine which investment products can be promoted to ordinary retail investors. As a result of these rules, certain investment products are classified as NMPIs and as a result face restrictions on their promotion to retail investors. The Association of Investment Companies issued guidance in October 2013 recommending that investment companies which conclude that the distribution of their shares will not be restricted as a result of the rules should make a statement to that effect.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers ("IFAs") to ordinary retail investors in accordance with the FCA rules in relation to NMPIs and intends to continue to do so for the foreseeable future.

The Board has been advised that the Company's shares are excluded from the FCA's restrictions which apply to NMPIs because they are shares issued by a non-UK company which would qualify as an investment trust if resident in the UK.

Continuation vote

The Company does not have a fixed life but the directors consider it desirable that shareholders have the opportunity to review the future of the Company at appropriate intervals. At the 2013 Annual General Meeting, a resolution was approved by shareholders that the Company will continue in existence in its current form until the Annual General Meeting to be held on 12 April 2018. If the resolution is not passed at its Annual General Meeting then, within four months of the vote to continue failing, the directors will be required to formulate and put to shareholders proposals relating to the future of the Company, having had regard to, inter alia, prevailing market conditions and the applicable regulations and legislation. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to shareholders every fifth Annual General Meeting thereafter.

Automatic Exchange of Information ("AEOI")

Foreign Account Tax Compliance Act ("FATCA")

FATCA legislation, which was introduced in the United States, places obligations on foreign financial institutions such as the Company. In Guernsey, local law has been introduced that gives effect to the FATCA requirements and certain reporting obligations are placed on financial institutions as defined by this act. The Company has registered as a reporting financial institution and is subject to ongoing reporting obligations under the legislation.

The Common Reporting Standard ("CRS")

CRS is the result of the drive by the G20 nations to develop a global standard for the automatic exchange of financial account information, developed by the Organisation for Economic Co-operation and Development ("OECD"). Guernsey has introduced local legislation to give effect to CRS. Guernsey financial institutions are required to identify, review and report on accounts maintained by them which are held by account holders resident in jurisdictions with which Guernsey has agreed to exchange information.

Depositary and custody services

Northern Trust (Guernsey) Limited has been appointed to provide depositary and custody services to the Company.

Management

Since 1 June 2016, the management of the Company's investments has been contracted to AFML, which is a wholly owned subsidiary of Standard Life Aberdeen plc and is authorised and regulated by the FCA.

Further details on the key terms of the agreement and fees payable to the Investment Manager can be found in Note 5 to the financial statements.

Alternative Investment Fund Managers Directive ("AIFMD")

The Company appointed Aberdeen Fund Managers Limited as its Alternative Investment Fund Manager ('AIFM') with effect from 1 June 2016.

An AIFM must ensure that an annual report for the Company is made available to investors for each financial year, provide the annual report to investors on request and make the annual report available to the FCA. The investment funds sourcebook of the FCA details the requirements of the annual report. All the information required by those rules and relevant AIFM remuneration disclosures are or will be available on the Company's website (aberdeenemergingmarkets.co.uk).

Management engagement

In accordance with the requirements of the Listing Rules of the London Stock Exchange, the Management Engagement Committee has reviewed whether to retain Aberdeen as the Investment Manager of the Company. The Management Engagement Committee has agreed that, given the performance of the Company and the specialist knowledge of Aberdeen, it is in the best interests of shareholders as a whole to continue with Aberdeen's appointment as Investment Manager to the Company.

Company secretary and administrators

Vistra Fund Services (Guernsey) Limited ("Vistra") is appointed as Administrator and Secretary to the Company.

PraxisIFM Fund Services (UK) Limited ("PraxisIFM") is appointed by Vistra to act as administration agent in the United Kingdom.

Further details on the fees payable under these agreements can be found in Note 5 to the financial statements.

Payment of suppliers

It is the Company's payment policy to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. The Company contracts with its suppliers setting out the terms on which business will take place and abides by such terms. A high proportion of expenses, including investment management and administration fees, are paid within the month when invoiced. There were no overdue amounts owing to trade creditors at 31 October 2017.

Settlement of share transactions

Transactions in the Company's ordinary shares are settled by the CREST share settlement system.

Donations

The Company did not make any donations during the year under review.

Going concern

The directors have adopted the going concern basis in preparing the financial statements. The Board formally considered the Company's going concern status at the time of the publication of these financial statements and a summary of the assessment is provided below.

The Company will put forward a resolution for its continuation at the Annual General Meeting on 12 April 2018. Following consultations with shareholders the directors have a reasonable expectation that the continuation vote will be passed. The financial statements have therefore been prepared on the basis that the continuation vote will be passed by shareholders. If the resolution is not passed, then within four months of the vote to continue failing the directors will be required to formulate and put to shareholders proposals relating to the future of Company, having had regard to, inter alia, prevailing market conditions and the applicable regulations and legislation.

The directors have a reasonable expectation that the continuation vote will be passed and that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of this document. In reaching this conclusion, the directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 31 October 2017, the Company held £3.4 million in cash and £383.3 million in investments. It is estimated that approximately 60% of the investments held at the year end could be realised in one month. The total operating expenses for the year ended 31 October 2017 were £3.6 million, which represented approximately 1.07% of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover. The Company's net assets at 31 December 2017 were £364.9 million.

The Company has a £25 million loan facility with RBS which matures on 31 March 2018. The Company has commenced discussions with RBS and the Board expects to renew the facility on similar terms when it matures.

The directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements and, after due consideration, the directors consider that the Company is able to continue for a period of at least twelve months from the date of approval of the financial statements.

Viability statement

The continuation of the Company is subject to the approval of shareholders every five years, with the next vote at the Annual General Meeting on 12 April 2018. Following consultations with shareholders the directors have a reasonable expectation that the continuation vote will be passed.

In accordance with Principle 21 of the AIC Code of Corporate Governance published in July 2016, the directors have assessed the prospects of the Company over the period from the date of this report up until 31 October 2020 (the 'Period'). The directors believe that the Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy.

In their assessment of the prospects of the Company, the directors have considered each of the principal risks and uncertainties set out on pages 14 and 15 of this report. Developments in emerging markets and portfolio changes are discussed at quarterly meetings and the internal control framework of the Company is subject to formal review on at least an annual basis. The Company's portfolio consists of a range of funds and other products which provide exposure to emerging markets. Under

Directors' Report continued

normal market conditions, the majority of the investments held by the Company could be sold within one month. However, there are circumstances which could lead to a reduction in market liquidity and, therefore, the ability of the Company to realise its investments.

The directors do not expect there to be any material increase in the annual ongoing charges of the Company over the Period. The Company's income from investments and cash realisable from the sale of its investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the Period.

Taking the above into account, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the Period.

Auditor

KPMG Channel Islands Limited was re-appointed as auditor of the Company at the Annual General Meeting held on 10 April 2017. A resolution for the re-appointment of KPMG Channel Islands Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual general meeting

The Annual General Meeting will be held on 12 April 2018. The notice of Annual General Meeting is expected to be sent to shareholders in March 2018, together with proposals for a tender offer of the Company's ordinary shares.

Corporate governance

The corporate governance statement on pages 19 to 23 forms part of this report.

Statement of directors' responsibilities

The statement of directors' responsibilities on page 25 forms part of this report.

Helen Green
Director

William Collins
Director
19 February 2018

Corporate Governance

This Corporate Governance statement forms part of the Directors' Report.

The Board of Aberdeen Emerging Markets Investment Company Limited (the "Company") has considered the principles and recommendations of the Association of Investment Companies' ("AIC") Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") as issued in July 2016. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The Guernsey Financial Services Commission revised its Code of Corporate Governance (the "Guernsey Code") in February 2016. Companies which report under the AIC Code are deemed to meet the requirements of the Guernsey Code.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

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

For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The Board aims to provide effective leadership so the Company has the platform from which it can achieve its investment objective. Its role is to guide the overall business strategy for the benefit of shareholders and stakeholders, ensuring that their interests are its primary consideration. The intention is to create a supportive working environment which allows the Investment Manager the opportunity to manage the portfolio in accordance with the investment policy, through a framework of effective controls which enable risks to be assessed and managed.

Composition

Mr Bonsor, Mr Hawkins and Mr Mahony were appointed as directors of the Company with effect from its commencement on 16 September 2009. Mr Hadsley-Chaplin was appointed by the Board on 26 April 2012 and Mr Collins was appointed by the Board on 14 June 2012. Mrs Helen Green was appointed by the Board with effect from 1 July 2016. Mr Mark Barker was appointed by the Board with effect from 21 July 2017. All the directors hold their office in accordance with the Company's Articles of Incorporation.

During the year, Mr Mahony retired as a Director on 30 January 2017 and Mr Bonsor retired as Chairman and a director on 10 April 2017. Mr Hadsley-Chaplin was appointed Chairman of the Board upon the retirement of Mr Bonsor. In addition, the Board conducted a review of its composition and Mr Barker was appointed as a director. The Board did not employ the services of an external search consultant or openly advertise in relation to this appointment. As disclosed below, Mr Barker has significant investment experience relevant to the Company and complementary to the skills and experience of the other Directors.

The Company's policy is that the Board should have a broad range of skills and diversity. The Board performs an annual review of its performance and these factors form part of that review process.

The Board has given careful consideration to the recommendations of the AIC Code and other guidance on boardroom diversity. The Board considers these recommendations when reviewing Board composition.

Mark Hadsley-Chaplin (Chairman) (aged 56) – United Kingdom resident - He founded RWC Partners Ltd, a London based fund management firm in 2000, was CEO until 2006 and Chairman until 2010. Prior to this he was Vice Chairman of UBS Securities (East Asia) Ltd, based in Singapore and responsible for the management and development of the bank's Asian equity business worldwide.

Mr Hadsley-Chaplin held one other public company directorship in Aberdeen Asian Smaller Companies Investment Trust plc (also managed by the Standard Life Aberdeen plc group) during the year and retired from this board on 29 November 2016 making him an independent Director from that date.

John Hawkins (aged 75) - United Kingdom resident - is a Fellow of the Institute of Chartered Accountants of England and Wales. He was formerly Executive Vice President and a member of the Corporate Office of The Bank of Bermuda Limited. He was with The Bank of Bermuda for 25 years, of which approximately 15 years were based in Hong Kong. He is also a director of The Prospect Japan Fund Limited and Raffles Asia Investment Company Limited.

Mr Hawkins holds another public company directorship in US-listed Aberdeen Greater China Fund Inc (also managed by the Standard Life Aberdeen plc group). He is therefore considered to be non-independent. However, subject to the shareholders of Aberdeen Greater China Fund Inc approving proposals that have been put before them, Mr Hawkins will cease to be a director of that company as a result of its consolidation, currently anticipated to close prior to the end of April 2018. Upon the closing of the consolidation, he would no longer be regarded as non-independent under the UK Listing Rules.

Corporate Governance continued

William Collins (Senior Independent Director) (aged 68) – Guernsey resident - has over 45 years' experience in banking and investment. From September 2007 he was employed by Bank J Safra Sarasin (formerly Bank Sarasin) in Guernsey as Director - Private Clients, retiring at the end of 2014. Prior to that he worked for Barings in Guernsey for over 18 years. In 1995 he was appointed a director and from 2003 until August 2007 was Managing Director of Baring Asset Management (CI) Ltd.

Mr Collins holds no other public company directorship.

Helen Green (aged 55) - Guernsey resident - is a chartered accountant and has been employed by Saffery Champness, a top 20 firm of chartered accountants, since 1984. She qualified as a chartered accountant in 1987 and became a partner in the London office in 1997. Since 2000 she has been based in the Guernsey office where she is client liaison director responsible for trust and company administration. Mrs Green serves as a non-executive director on the boards of a number of companies in various jurisdictions.

Mrs Green holds other public company directorships in UK Mortgages Limited, Landore Resources Limited, John Laing Infrastructure Fund Limited, City Natural Resources High Yield Trust plc and Acorn Income Fund Limited, of which she is Chairman.

Mark Barker (aged 50) – United Kingdom resident - has 30 years of experience in the asset management industry. He is currently managing partner of Strategic Capital Investors LLP, a specialist asset manager providing acceleration capital to early stage asset managers. Mr Barker was previously founder and Chief Investment Officer at Hermes BPK Partners, a Hedge Fund solutions provider that he co-founded in 2008. Prior to founding Hermes BPK, Mark was Co-Chief Investment Officer at Pioneer Alternative Investments, having worked at Momentum Asset Management since 1986, which was acquired by Pioneer in 2002. Momentum Asset Management was one of the early pioneers of the Fund of Hedge Funds industry.

Mr Barker does not hold any other public company directorships.

The Chairman is independent in accordance with principle 1 of the AIC Code. Mr Hadsley-Chaplin has extensive knowledge of the investment management industry and backgrounds which provide the foundation for the role of Chairman and the basis on which to make judgements as head of the Board, on behalf of shareholders.

Mr Hawkins is a director of Aberdeen Greater China Fund Inc which is also managed by the Standard Life Aberdeen plc group. As explained above, Mr Hawkins is therefore considered to be non-independent at the date of this report. All other directors are independent of the Investment Manager at the date of this report.

An insurance policy covering directors' and officers' liabilities is maintained by the Company.

At 31 October 2017 and at the date of this report the directors had the following shareholdings in the Company.

	Ordinary shares At 31 October 2017 and at the date of this report	**Ordinary shares At 31 October 2016**
M Hadsley-Chaplin	25,000	20,000
W Collins	12,000	12,000
J Hawkins	10,000	10,000
H Green	–	–
M Barker	–	–

Mr Bonsor held 12,000 ordinary shares as at the date of his retirement on 10 April 2017.

Mr Mahony held no ordinary shares as at the date of his retirement on 30 January 2017.

A procedure has been adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. Directors are encouraged to attend industry and other seminars, including courses run by the AIC, covering issues and developments relevant to investment companies.

Board meetings

The actual number of meetings of the Board and Committees for the year under review is given below, together with individual directors' attendance at those meetings. The first number in the table is the meetings attended by the individual director and the second number is the number of meetings that director was eligible to attend.

	Board	Nominations Committee	Audit Committee	Management Engagement Committee	Remuneration Committee
M Hadsley-Chaplin	4/4	1/1	n/a	1/1	1/1
AR Bonsor	2/2	n/a	n/a	n/a	n/a
W Collins	4/4	2/2	3/3	1/1	1/1
J Hawkins	3/4	n/a	1/2	n/a	n/a
T Mahony	1/1	n/a	1/1	n/a	n/a
H Green	4/4	2/2	3/3	1/1	1/1
M Barker	1/1	1/1	1/1	1/1	1/1

In addition there were two Board meetings to deal with matters relating to the appointment of a senior independent director, the appointment of an additional director, the dividend policy and for the approval of share buybacks.

Re-election of directors

The services of each of the directors are provided under the terms of letters of appointment between each of them and the Company. Each director's appointment is for an initial three year period subject to renewal and termination upon three months' notice.

In accordance with the Company's Articles of Incorporation one third of the directors will retire by rotation. A retiring director shall be eligible for re-appointment. Mr Collins will retire and put himself forward for re-election at the Annual General Meeting. Mr Barker, having been appointed as a non-executive director by the Board with effect from 21 July 2017, will stand for election.

As required by the listing rules issued by the FCA, Mr Hawkins will put himself forward for re-election as he is a director of another investment company managed by the Standard Life Aberdeen plc group.

The Board has reviewed the contributions made by Mr Hawkins, Mr Collins and Mr Barker and recommends their continuing appointment as directors of the Company.

Board committees

The Company has established an Audit Committee, a Management Engagement Committee, a Nomination Committee and a Remuneration Committee. Other committees of the Board may be formed from time to time to deal with specific matters.

Audit Committee

A report on page 24 provides details of the role, composition and meetings of the Audit Committee together with a description of the work of the Audit Committee in discharging its responsibilities.

Mrs Green is the Chairman of the Audit Committee. The Audit Committee has formal terms of reference and copies of these are available on request from the Company Secretary.

Management Engagement Committee

The Company has established a Management Engagement Committee which comprises all the independent directors, namely, Mr Hadsley-Chaplin, Mr Collins, Mrs Green and Mr Barker. The Committee meets formally at least on an annual basis to consider the appointment and remuneration of the Investment Manager. The Committee also considers the appointment and remuneration of other suppliers of services to the Company.

Mr Barker is the Chairman of the Management Engagement Committee. The Committee has formal terms of reference and copies of these are available on request from the Company Secretary.

Nomination Committee

The Company has established a Nomination Committee which comprises Mr Collins, Mrs Green, Mr Barker and Mr Hadsley-Chaplin. The Committee has been established for the purpose of identifying and putting forward candidates for the office of director of the Company and meets as and when it is required. The Committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the job. The Nomination Committee considers the resources within the Committee to be sufficient in the process of appointing a chairman or a non-executive director and therefore did not engage an external search consultancy.

Mr Collins is Chairman of the Nomination Committee. The Nomination Committee has formal terms of reference and copies of these are available on request from the Company Secretary.

Corporate Governance continued

Remuneration Committee

The Company has established a Remuneration Committee, which at the year end comprised Mr Collins, Mr Hadsley-Chaplin, Mr Barker and Mrs Green. The Committee meets at least on an annual basis to consider the remuneration of the directors. The Committee reviews the remuneration of the directors and Chairman against the fees paid to the directors of other investment companies of a similar size and nature, as well as taking into account data published by the AIC.

Mr Collins is the Chairman of the Remuneration Committee. The Remuneration Committee has formal terms of reference and copies of these are available on request from the Company Secretary.

Performance evaluation

A formal annual performance appraisal process is performed on the Board, the committees, the individual directors and its main service providers. The appraisal is performed internally and the Board considers that this is appropriate given the nature and size of the Company. A programme consisting of open and closed end questions is used as the basis for the appraisals. The results are reviewed by the Chairman and are then discussed with the Board so that any necessary action can be considered and undertaken. A separate appraisal of the Chairman is carried out and the results are reviewed and reported back to the Chairman. The results of the performance appraisal carried out in the financial year ended 31 October 2017 demonstrated that the structure of the board and the diverse experience of the directors are appropriate to meet the Company's requirements.

The directors are aware that the Board should have an appropriate balance of skills, experience, independence and knowledge. The annual performance evaluation report covers this issue and the Board understands the requirement for this balance to be maintained.

Internal controls

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness and has applied the FRC guidance on internal controls. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. Through these procedures the directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report.

The Board uses a risk assessment matrix to consider the main risks and controls for the Company. The matrix is reviewed and updated on a frequent basis by the Board.

The Board has contractually delegated to external agencies, including the Investment Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company.

Financial aspects of internal control

The directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the Investment Manager, the Administrator and the UK Administration Agent to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include monthly production of management accounts and NAV calculations, monitoring of performance monthly and at regular Board meetings, review by directors of the valuation of securities, segregation of the administrative function from that of securities and cash custody and of both from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. In addition, the Board keeps under its own direct control all material payments out of the Company other than for investment purposes. Payment of management fees is authorised only by directors after they have studied the financial data upon which those fees are based.

The Statement of Directors' Responsibilities in respect of the financial statements is on page 25 and a statement of going concern is on page 17. The Independent Auditor's Report is on pages 28 to 30.

Other aspects of internal control

The Board holds at least four regular meetings each year, plus ad hoc meetings and committee meetings as required. Between these meetings there is regular contact with the Investment Manager, the Administrator, the UK Administration Agent and the external Auditor.

The Company Secretary reports in writing to the Board on operational and compliance issues prior to each meeting, and otherwise as necessary.

Directors receive and consider monthly reports from the UK Administration Agent, giving full details of all holdings in the portfolio and of all transactions and of all aspects of the financial position of the Company. The Administrator and UK Administration Agent report separately in writing to the Board concerning risks and internal control matters within the scope of their services, including internal financial control procedures and secretarial matters. Additional ad hoc reports are received as required and directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

This contact with the Investment Manager, Administrator, UK Administration Agent and the external Auditor enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. These matters are assessed on an ongoing basis through the year.

There are no significant findings to report from the review of internal controls during the year.

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Directors' Report.

Shareholder relations

The Company invites all shareholders to attend the Annual General Meeting and seeks to provide twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the Annual General Meeting and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue.

The Board welcomes feedback from the Company's shareholders. The Board receives shareholder feedback directly and via the Company's Investment Manager and Broker through their programme of meetings with shareholders.

All directors are available to shareholders if they have concerns over issues they feel have not been dealt with through the normal mode of communication with the Chairman.

Exercise of voting powers

The Company is committed to exercise diligently its rights as a shareholder and usually votes on relevant decisions of its holdings. In making a voting decision all relevant factors are taken into account, including the performance of the investee company, its corporate governance where this bears meaningfully upon the responsiveness of its management to shareholders' needs and the readiness of its management to address any areas where improvements might be expected to strengthen its share price or otherwise create real benefit for shareholders. Further information regarding the activities of the Company in pursuing these issues may be found in the Investment Manager's report. The Investment Manager has published on its website its statement of compliance with the principles of best practice of the Stewardship Code issued by the Financial Reporting Council in July 2010 and updated in September 2012.

Social and environmental policy

The Company is a closed-ended investment company and therefore has no staff, premises, manufacturing or other operations. The Investment Manager takes into account the environmental, social and governance policies of potential investee funds as part of its investment process and has implemented an Environmental, Social and Corporate Governance ('ESG') policy.

UK Stewardship Code and proxy voting as an institutional shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on its website.

Report of the Audit Committee

Role, composition and meetings

The Company has established an Audit Committee, which comprises Mrs Green, Mr Collins and Mr Barker. Mr Hawkins was considered as a non-independent director due to his directorship of Aberdeen Greater China Fund Inc and therefore resigned from the Audit Committee on 4 October 2017. As a minimum, the Audit Committee meets on a bi-annual basis and its main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim financial statements and reports from the auditor, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditor and monitoring and reviewing annually the auditor's independence, objectivity, effectiveness and qualifications, and where relevant, compliance with corporate governance changes. The Committee is responsible for the development and implementation of a policy on the supply of any non-audit services provided by the auditor. The Board has also requested that the Audit Committee advise them on whether it believes that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Mrs Green is the Chairman of the Audit Committee and has recent and relevant financial experience. The Audit Committee as a whole has competence relevant to the investment company sector.

In the year ended 31 October 2017 there were three meetings of the Audit Committee. Mrs Green, Mr Barker and Mr Collins attended all of the meetings they were eligible to attend. The Company's external auditor also attends the Audit Committee meetings at the Audit Committee's request and reports on its work procedures and its findings in relation to the Company's statutory audit. The Company's external auditor attended all of the Audit Committee meetings during the year ended 31 October 2017.

Financial statements and significant accounting matters

The Audit Committee considered the following significant accounting issues in relation to the Company's financial statements for the year ended 31 October 2017.

Valuation of investments

The Company, as an investment company, invests virtually all of its assets into funds invested in developing and emerging markets. As at 31 October 2017, investments represented approximately 106.0% of its net assets. The valuation of investments is therefore the most significant factor in relation to the accuracy of the financial statements. The portfolio consists of investments in either quoted investment companies or open ended funds with observable independent values. The estimates, assumptions and judgements required to be made by management in determining the valuation of investments and method of accounting are described in more detail in notes 3(a) and 18 to the financial statements.

The Audit Committee reviewed the portfolio valuation as at 31 October 2017. The Audit Committee obtained confirmation from the Administrator, UK Administration Agent and the Investment Manager that the Company's accounting policies on valuation of investments had been followed. The Audit Committee made enquiries of the Administrator, UK Administration Agent and the Investment Manager with regards to the procedures that are in place to ensure that the portfolio is valued correctly.

The Audit Committee agreed the approach to the audit of the valuation of investments with the external auditor prior to the commencement of the audit. The results of the audit in this area were reported by the external auditor and there were no significant disagreements between management and the external auditor's conclusions.

Effectiveness of external audit

The Audit Committee reviews the effectiveness of the Company's external audit. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. The Audit Committee performed a review of the external auditor following the presentation of the results of the audit. The review included a discussion of the audit process and the ability of the external auditor to fulfil its role. The factors considered by the Audit Committee included the external auditor's resources, the external auditor's independence, the performance of the team employed to conduct the audit, audit planning, communication and scope of the audit.

Following the review, the Audit Committee agreed that the re-appointment of the auditor should be recommended to the Board and the shareholders of the Company.

Audit tenure

KPMG Channel Islands Limited has been appointed as the Company's external auditor since the Company's launch in 2009. Following professional guidelines, the audit partner rotates after five years. The current audit partner is in his second year of appointment. KPMG Channel Islands Limited's appointment will continue to be reviewed annually taking into account all relevant guidelines and best practice.

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent. In the year ended 31 October 2017 there were no non-audit services provided, other than reporting on the Company's half year financial statements. The fee payable to the Auditor for this additional service amounted to £14,000 (2016: £14,000).

Helen Green
Audit Committee Chairman
19 February 2018

Statement of Directors' Responsibilities in Respect of the Annual Report and Accounts

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Guernsey company law requires the directors to prepare financial statements for each financial period. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the IASB 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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

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

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Helen Green
Director

William Collins
Director
19 February 2018

Directors' Remuneration Report

This Directors' Remuneration Report has been prepared on a voluntary basis in accordance with UK regulations governing the disclosure and approval of Directors' remuneration, and comprises three parts:

1. a Remuneration Policy which the Board has decided will be subject to a binding shareholder vote every three years (or sooner if varied during this interval). The first such vote took place at the Annual General Meeting on 10 April 2017;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

A Remuneration Committee has been formed which comprises Mr Collins (Chairman), Mr Hadsley-Chaplin, Mrs Green and Mr Barker.

Remuneration policy

The Board's policy is that the remuneration of non-executive directors should be fair and should reflect the experience, work involved, responsibilities and potential liabilities of the Board as a whole. The non-executive directors' fees are determined within the limits set out in the Company's Articles of Incorporation and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits. This policy will continue for the period to 31 October 2019.

The Company's Articles of Incorporation currently limit the maximum amount payable in aggregate to the directors to £200,000 per annum and this may only be changed by the passing of an ordinary resolution of the Company.

No services have been provided by, or fees paid to, advisers in respect of remuneration policy during the year ended 31 October 2017.

Directors' service contracts

The directors do not have service contracts. The directors have appointment letters subject to termination upon three months' notice. The directors are subject to re-election by shareholders at a maximum interval of three years.

Implementation report

Directors' emoluments for the year

Fees payable with effect from 1 July 2016 have been at a rate of £33,000 per annum for the Chairman, £28,000 for the Audit Chair and £25,000 per annum for the other directors. Fees payable between 1 November 2015 and 30 June 2016 were at a rate of £27,500 per annum for the Chairman, £22,500 for the Audit Chair, £25,000 per annum for the Deputy Chairman and £22,500 per annum for the other directors.

During the year ended 31 October 2017, there were no additional fees paid to the directors.

The following emoluments in the form of fees were payable in the year ended 31 October 2017 to the directors who served during the year:

	Fees 2017 £'000	Fees 2016 £'000
Mark Hadsley-Chaplin (Chairman)	29.5	23.3
Richard Bonsor (retired 10 April 2017)	14.6	29.4
John Hawkins	25.0	25.0
William Collins	25.0	23.3
Terence Mahony (retired 30 January 2017)	5.9	23.3
Helen Green	28.0	8.7
Mark Barker (appointed 21 July 2017)	7.1	–
	135.1	**133.0**

Statement of voting at annual general meeting

At the Company's last Annual General Meeting, held on 10 April 2017, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 October 2016. 99.9% of proxy votes were in favour of the resolution and 0.1% were against. Shareholders also approved the Directors Remuneration Policy in respect of the three years ending 31 October 2019. 99.9% of proxy votes were in favour of the resolution and 0.1% were against.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 October 2017 will be proposed at the Annual General Meeting.

Spend on pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown above.

Annual statement

The Board confirms that the above Directors' Remuneration Report summarises, as applicable, for the year ended 31 October 2017:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration; and
- the context in which the changes occurred and decisions have been taken.

William Collins
Remuneration Committee Chairman
19 February 2018

Depositary Report

Northern Trust (Guernsey) Limited (the "Depositary") has been appointed to provide depositary services to Aberdeen Emerging Markets Investment Company Limited (the "Company") with effect from 1 August 2014 in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010 (the "AIFM Directive").

We have enquired into the conduct of Aberdeen Fund Managers Limited (the "AIFM"), for the year ended 31 October 2017, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 collectively (the "AIFMD legislation").

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the constitutional documents, the scheme particulars and the AIFMD legislation. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

Basis of Depositary review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Company, the assets in which a Company invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document; and by the AIFMD legislation; and
(ii) otherwise in accordance with the provisions of the constitutional document and the AIFMD legislation.

For and on behalf of
Northern Trust (Guernsey) Limited
19 February 2018

Independent Auditor's Report

Independent auditor's report to the members of Aberdeen Emerging Markets Investment Company Limited

Our opinion is unmodified

We have audited the financial statements of Aberdeen Emerging Markets Investment Company Limited (the "Company"), which comprise the statement of financial position as at 31 October 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 October 2017, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards (IFRS); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

Key audit matters: our assessment of the risks of material misstatement

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

	The risk	Our response
Valuation of Investments (Investments at fair value through profit or loss) £383,263,000; (2016: £318,713,000) *Refer to page 24 of the Audit Committee Report, notes 2(g), 3(a) and 18*	**Basis:** *As at 31 October 2017 the Company had invested 106% of its net assets in closed and open-ended investment funds and a structured note (together, the "investments")* *The Company's listed or quoted investments, are valued based on prices obtained from third party pricing providers* *The Company's holdings in unlisted funds, which are not quoted or dealt on a recognized stock exchange or other trading facility are valued at the net asset values provided by the underlying funds' administrators* **Risk:** *The valuation of the Company's investments, given that it represents the majority of the Company's net assets, is a significant area of our audit. Of the Company's investments, the holdings in listed or quoted investments represent 82% and those which are subject to estimation risk because they are unlisted represent 18%*	*Our audit procedures included, but were not limited to:* **Internal controls:** *Testing the design and implementation of controls over the valuation of investments including the Investment Manager's oversight controls of the underlying funds' administrators* **Use of KPMG specialists:** *Our valuation specialist independently priced investments with a value of £333,124,000 to a third party pricing source* **Other procedures:** *For holdings in unlisted funds with a value of £50,139,000, we:* • *reviewed the valuation technique applied for appropriateness* • *confirmed the net asset value per share directly with the underlying funds' administrators* • *obtained the latest audited financial statements of the underlying funds in order to consider: the nature of the investments held by the underlying funds; the financial reporting standards applied in the preparation of the underlying funds' financial statements; any modifications to audit reports; and any other disclosures that may be relevant to their valuation* **Assessing disclosures:** *We also considered the Company's disclosures (see note 2(g)) in relation to the use of estimates and judgments regarding the valuation of investments and the Company's investment valuation policies adopted in note 3(a) and fair value disclosures in note 18 for compliance with IFRS*

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

Materiality for the financial statements as a whole was set at £10,794,000, determined with reference to a benchmark of net assets of £361,471,000, of which it represents approximately 3% (2016: approximately 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £539,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2(b) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect.

We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Disclosures of principal risks and longer-term viability

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

- the directors' confirmation within the viability statement (pages 17 and 18) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Principal Risks and Uncertainties disclosures (pages 14 and 15) describing these risks and explaining how they are being managed or mitigated; and
- the directors' explanation in the viability statement as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

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

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 25, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

Auditor's responsibilities

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

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

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barry T. Ryan
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey
19 February 2018

Statement of Comprehensive Income

		Year ended 31 October 2017			Year ended 31 October 2016		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value through profit or loss	13	–	46,978	46,978	–	85,180	85,180
Gains on currency movements		–	96	96	–	654	654
Net investment gains		**–**	**47,074**	**47,074**	**–**	**85,834**	**85,834**
Investment income	4	3,500	–	3,500	2,792	–	2,792
		3,500	**47,074**	**50,574**	**2,792**	**85,834**	**88,626**
Investment management fees	5	(2,695)	–	(2,695)	(2,107)	–	(2,107)
Other expenses	5	(857)	–	(857)	(736)	–	(736)
Operating profit before finance costs and taxation		**(52)**	**47,074**	**47,022**	**(51)**	**85,834**	**85,783**
Finance costs	8	(155)	–	(155)	(46)	–	(46)
Operating profit before taxation		**(207)**	**47,074**	**46,867**	**(97)**	**85,834**	**85,737**
Withholding tax expense		(141)	–	(141)	(136)	–	(136)
Total profit and comprehensive income for the year		**(348)**	**47,074**	**46,726**	**(233)**	**85,834**	**85,601**
Earnings per ordinary share	9	**(0.68p)**	**91.68p**	**91.00p**	**(0.45p)**	**165.37p**	**164.92p**

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared under IFRS. The revenue and capital columns, including the revenue and capital earnings per share data, are supplementary information prepared under guidance published by the Association of Investment Companies.

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

The notes on pages 35 to 50 form part of these financial statements.

Statement of Financial Position

	Note	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Non-current assets			
Investments at fair value through profit or loss	11	383,263	318,713
Current assets			
Cash and cash equivalents		3,414	2,110
Sales for future settlement		–	1,526
Other receivables		186	272
		3,600	**3,908**
Total assets		**386,863**	**322,621**
Current liabilities			
Interest payable	8	35	–
Purchases for future settlement		–	2,027
Other payables		357	379
Loans payable	8	25,000	–
Total liabilities		**25,392**	**2,406**
Net assets		**361,471**	**320,215**
Equity			
Share capital	12	183,930	186,840
Capital reserve	13	184,593	140,079
Revenue reserve		(7,052)	(6,704)
Total equity		**361,471**	**320,215**
Net assets per ordinary share	14	**706.04p**	**618.79p**
Number of ordinary shares in issue (excluding shares held in treasury)		**51,196,729**	**51,748,179**

Approved by the Board of Directors and authorised for issue on 19 February 2018 and signed on its behalf by:

Helen Green – Director

William Collins – Director

The notes on pages 35 to 50 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 October 2017	Note	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 November 2016		**186,840**	**140,079**	**(6,704)**	**320,215**
Profit/(loss) for the year		–	47,074	(348)	46,726
Dividends paid	10	–	(2,560)	–	(2,560)
Share buybacks	12	(2,910)	–	–	(2,910)
Balance at 31 October 2017		**183,930**	**184,593**	**(7,052)**	**361,471**

For the year ended 31 October 2016	Note	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 November 2015		**187,725**	**54,245**	**(6,471)**	**235,499**
Profit/(loss) for the year		–	85,834	(233)	85,601
Share buybacks	12	(885)	–	–	(885)
Balance at 31 October 2016		**186,840**	**140,079**	**(6,704)**	**320,215**

The notes on pages 35 to 50 form part of these financial statements.

Statement of Cash Flow

	Note	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Cash flows from operating activities			
Cash inflow from investment income and bank interest		3,544	2,642
Cash outflow from management expenses		(3,522)	(2,685)
Cash inflow from disposal of investments*		75,404	90,430
Cash outflow from purchase of investments*		(93,478)	(89,591)
Cash outflow from taxation		(141)	(136)
Net cash flow (used in)/from operating activities	15	**(18,193)**	**660**
Cash flows from financing activities			
Proceeds from bank borrowings	8	25,000	–
Borrowing commitment fee and interest charges	8	(155)	(46)
Dividend paid	10	(2,560)	–
Share buy backs	12	(2,910)	(885)
Net cash flow from/(used in) financing activities		**19,375**	**(931)**
Net increase/(decrease) in cash and cash equivalents		**1,182**	**(271)**
Effect of foreign exchange		122	385
Cash and cash equivalents at 1 November		2,110	1,996
Cash and cash equivalents at 31 October		**3,414**	**2,110**

The notes on pages 35 to 50 form part of these financial statements.

* Receipts from the disposal and purchase of investments have been classified as components of cash flows from operating activities because they form part of the Company's operating activities.

Notes to the Financial Statements For the Year Ended 31 October 2017

1 Reporting entity

Aberdeen Emerging Markets Investment Company Limited (the "Company") is a closed-ended investment company, registered in Guernsey on 16 September 2009. The Company's registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF. The Company's shares have a premium listing on the London Stock Exchange and commenced trading on 10 November 2009. The Company changed its name to Aberdeen Emerging Markets Investment Company Limited on 14 April 2016. The financial statements of the Company are presented for the year ended 31 October 2017.

The Company invests in a portfolio of funds and products which give diversified exposure to developing and emerging markets economies with the objective of achieving consistent returns for shareholders in excess of the MSCI Emerging Markets Net Total Return Index in Sterling terms.

Investment Manager

The investment activities of the Company were managed by Aberdeen Fund Managers Limited ("AFML") during the year ended 31 October 2017.

Non-mainstream pooled investments ("NMPIs")

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to NMPIs and intends to continue to do so for the foreseeable future.

2 Basis of preparation

(a) Statement of compliance

The financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with The Companies (Guernsey) Law, 2008. There were no changes in the accounting policies of the Company in the year to 31 October 2017.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ("AIC") in November 2014 and updated in January 2017 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The total column of the Statement of Comprehensive Income is the profit or loss account of the Company. The "Capital" and "Revenue" columns provide supplementary information.

The financial statements were approved and authorised for issue by the Board on 19 February 2018.

This report will be sent to shareholders and copies will be made available to the public at the Company's registered office. It will also be made available on the Company's website: aberdeenemergingmarkets.co.uk.

(b) Going concern

The directors have adopted the going concern basis in preparing the financial statements. The Board formally considered the Company's going concern status at the time of the publication of these financial statements and a summary of the assessment is provided below.

The Company will put forward a resolution for its continuation at the Annual General Meeting on 12 April 2018. Following consultations with shareholders the directors have a reasonable expectation that the continuation vote will be passed. The financial statements have therefore been prepared on the basis that the continuation vote will be passed by shareholders. If the resolution is not passed, then within four months of the vote to continue failing the directors will be required to formulate and put to shareholders proposals relating to the future of Company, having had regard to, inter alia, prevailing market conditions and the applicable regulations and legislation.

The directors have a reasonable expectation that the continuation vote will be passed and that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of this document. In reaching this conclusion, the directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 31 October 2017, the Company held £3.4 million in cash and £383.3 million in investments. It is estimated that approximately 60% of the investments held at the year end could be realised in one month. The total operating expenses for the year ended 31 October 2017 were £3.6 million, which represented approximately 1.07% of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Notes to the Financial Statements continued

2 Basis of preparation (continued)

The Company has a £25 million loan facility with RBS which matures on 31 March 2018. The Company has commenced discussions with RBS and the Board expects to renew the facility on similar terms when it matures.

The directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements and, after due consideration, the directors consider that the Company is able to continue for a period of at least twelve months from the date of approval of the financial statements.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments held through profit or loss which are measured at fair value.

(d) Functional and presentation currency

The Company's investments are denominated in multiple currencies. However, the Company's shares are issued in GBP sterling and the majority of its investors are UK based. Therefore, the financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in GBP sterling has been rounded to the nearest thousand pounds.

(e) Capital reserve

Profits achieved by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to profit or loss in the capital column of the Statement of Comprehensive Income and allocated to the capital reserve.

(f) Revenue reserve

The balance of all items allocated to the revenue column of the Statement of Comprehensive Income in each year is transferred to the Company's revenue reserve.

(g) Use of estimates, assumptions and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Use of estimates and assumptions

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below.

Classification and valuation of investments

Investments are designated as fair value through profit or loss on initial recognition and are subsequently measured at fair value. The valuation of such investments requires estimates and assumptions made by the management of the Company depending on the nature of the investments as described in notes 3 (a) and 18 and fair value may not represent actual realisable value for those investments.

Allocation of investments to fair value hierarchy

IFRS 13 requires the Company to measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

2 Basis of preparation (continued)

Use of judgements

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

3 Significant accounting policies

(a) Investments

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as fair value through profit or loss on initial recognition. These investments are recognised on the trade date of their acquisition at which the Company becomes a party to the contractual provisions of the instrument. At this time, the best evidence of the fair value of the financial assets is the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial assets are charged to profit or loss in the Statement of Comprehensive Income as a capital item. Subsequent to initial recognition, investments designated as fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss in the Statement of Comprehensive Income and determined by reference to:

i) investments quoted or dealt on recognised stock exchanges in an active market are valued by reference to their market bid prices;

ii) investments other than those in i) above which are dealt on a trading facility in an active market are valued by reference to broker bid price quotations, if available, for those investments;

iii) investments in underlying funds, which are not quoted or dealt on a recognised stock exchange or other trading facility or in an active market, are valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates and may not be produced in a timely manner. If such information is not provided, or is insufficiently timely, the Investment Manager uses appropriate valuation techniques to estimate the value of investments. In determining fair value of such investments, the Investment Manager takes into consideration the relevant issues, which may include the impact of suspension, redemptions, liquidation proceedings and other significant factors. Any such valuations are assessed and approved by the directors. The estimates may differ from actual realisable values;

iv) investments which are in liquidation are valued at the estimate of their remaining realisable value; and

v) any other investments are valued at the directors' best estimate of fair value.

Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred.

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset. Gains or losses are recognised in profit or loss in the capital column of the Statement of Comprehensive Income. The Company uses the weighted average cost method to determine realised gains and losses on disposal of investments.

(b) Foreign currency

Transactions in foreign currencies are translated into Sterling at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Sterling at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are retranslated into Sterling at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Sterling using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss and, depending on the nature of the gain or loss, are allocated to the revenue or capital column of the Statement of Comprehensive Income. Foreign currency differences on retranslation of financial instruments designated as fair value through profit or loss are shown in the "Gains on currency movements" line.

(c) Income from investments

Dividend income is recognised when the right to receive it is established and is reflected in the Statement of Comprehensive Income as Investment Income in the revenue column. For quoted equity securities this is usually on the basis of ex-dividend dates. For unquoted investments this is usually on the entitlement date confirmed by the relevant holding. Income from bonds is accounted for using the effective interest method.

Notes to the Financial Statements continued

3 Significant accounting policies (continued)

Special dividends and distributions described as capital distributions are assessed on their individual merits and may be credited to the capital reserve if considered to be closely linked to reconstructions of the investee company or other capital transactions. Bank interest receivable is accounted for on a time apportionment basis and is based on the prevailing variable interest rates for the Company's bank accounts.

(d) Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Company's reserves. When such shares are subsequently sold or re-issued to the market any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the share capital account. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 14.

(e) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Investment management fees and finance costs

Investment management fees and finance costs are charged to the Statement of Comprehensive Income as a revenue item and are accrued monthly in arrears. Finance costs include interest payable and direct loan costs. Performance-related fees, if any, are payable directly by reference to the capital performance of the Company and are therefore charged to profit or loss in the Statement of Comprehensive Income as a capital item.

(g) Financial liabilities

Financial liabilities (including bank loans) are classified according to the substance of the contractual arrangements entered into. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss in the Statement of Comprehensive Income.

(h) Taxation

The Company has exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2016: £1,200).

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The tax charges shown in profit or loss in the Statement of Comprehensive Income relate to overseas withholding tax on dividend income.

(i) Operating segments

IFRS 8, 'Operating segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The Board has considered the requirements of the standard and is of the view that the Company is engaged in a single segment of business, which is investing in a portfolio of funds and products which give exposure to developing and emerging market economies. The key measure of performance used by the Board is the Net Asset Value of the Company (which is calculated under IFRS). Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

Further information on the Company's operating segment is provided in note 19.

(j) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are only presented on a net basis when permitted under IFRS.

3 Significant accounting policies (continued)

(k) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Company holds shares, units or partnership interests in the funds or investment products held in the Company's portfolio. The Company does not consider its investments in listed funds to be structured entities but does consider its investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

Changes in fair value of investments, including structured entities, are included in profit or loss in the Statement of Comprehensive Income.

(l) Dividend payable

Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends payable are recognised in the period in which they are paid.

(m) New standards and interpretations effective in the current financial year

In the opinion of the directors, there are no new standards that became effective during the year that had a material impact on the financial statements.

At the date of approval of these financial statements, the following standard, which has not been applied in these financial statements, was in issue but not yet effective:

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.
- IAS 7 'Statement of Cash Flows', was amended by The International Accounting Standards Board ('IASB') with the intention to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

The Board is currently considering the impact of the above standard. Based on their assessment, the standard is not expected to have a material impact on the Company's financial statements.

4 Investment income

	2017 £'000	2016 £'000
Dividends from UK Investments	2,747	1,328
Dividends from Overseas Investments	753	1,464
Total dividend income	3,500	2,792

Notes to the Financial Statements continued

5 Investment management fees and other expenses

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**2,695**	**–**	**2,695**	**2,107**	**–**	**2,107**
Administration fees	178	–	178	176	–	176
Depositary and custody service fees	134	–	134	112	–	112
Registration fees	37	–	37	29	–	29
Directors' fees	135	–	135	133	–	133
Auditor's fees:						
Audit services	39	–	39	39	–	39
Non-audit services	14	–	14	14	–	14
Marketing fees	179	–	179	61	–	61
Broker fees	40	–	40	40	–	40
Miscellaneous expenses	101	–	101	132	–	132
Total other expenses	**857**	**–**	**857**	**736**	**–**	**736**
Total expenses	**3,552**	**–**	**3,552**	**2,843**	**–**	**2,843**

Investment management fees

Details of the investment management fee and agreement are provided below.

The Investment Management Agreement is terminable by either party thereto on not less than six months' written notice at any time, subject to earlier termination in certain circumstances including certain breaches or the insolvency of either party.

The Investment Manager is entitled to receive from the Company for its services as Investment Manager a basic fee and, in certain circumstances, a performance fee.

Basic fee

The Company's basic management fee for the year ended 31 October 2017 was charged at an annualised rate of 1.0% of adjusted market capitalisation, reduced by the proportion of the Company's net assets invested in funds which are managed by Aberdeen Standard Investments ("Aberdeen Funds"). The Investment Management Agreement, in respect of the year ended 31 October 2017, defines the "Company's Adjusted Market Capitalisation" as the aggregate closing mid-market price of the ordinary shares on the last business day of the month or part of a month for which the basic fee is being calculated plus the aggregate amount, if any, paid by the Company in purchasing its own ordinary shares at a discount in the twelve month period ending on such business day.

On 25 July 2017 the Company announced that with effect from 1 November 2017 (the commencement of the Company's financial year ending 31 October 2018) the management fee would decrease to an annual rate of 0.8% of net assets, reduced in the same manner for any investments in Aberdeen Funds.

The basic fee is payable monthly in arrears (and pro rata for part of any month during which the investment management agreement is in force).

Performance fee

The Investment Manager may receive, in addition to the basic fee, a performance fee in respect of each Relevant Period ending 31 October. It is based on the outperformance of NAV per share (before deducting the performance fee) over the Benchmark NAV per share. The Benchmark NAV per share is the Base NAV per share for the Relevant Period, increased or reduced by the percentage, if any, by which the MSCI Emerging Markets Net Total Return Index in Sterling terms (Bloomberg ticker: NDUEEGF Index) has increased or reduced over the Relevant Period. The Base NAV is the NAV at the commencement of business on the first day of such Relevant Period.

As at 31 October 2017 the NAV per share was 706.04p (2016: 618.79p). The performance fee is 10% of the outperformance of the NAV per share over the Benchmark NAV per share, provided that the NAV per ordinary share has increased since the end of the last period where a performance fee was payable, i.e. the High Water Mark of 559.24p per share (2016: 559.24p). The performance fee calculation is based on figures taken from the audited financial statements.

The performance fee in respect of a particular Relevant Period will not exceed 2% of the Company's Net Asset Value at the close of business on the final Business Day of the Relevant Period to which such fees relate. There was no performance fee in the current year (2016: nil).

5 Investment management fees and other expenses (continued)

As explained in the Chairman's Statement on page 5, the performance fee arrangements have been removed with effect from 1 November 2017.

Company Secretary and Administrator fees

Vistra Fund Services (Guernsey) Limited ("Vistra") is appointed as Administrator and Secretary to the Company. Vistra is appointed under a contract subject to ninety days' written notice and receives a fee at a rate of £40,000 per annum plus certain additional fees, as well as the fees payable to the UK Administration Agent.

UK Administration agent fees

PraxisIFM Fund Services (UK) Limited ("PraxisIFM") is appointed by Vistra to act as administration agent in the United Kingdom. PraxisIFM is appointed under a contract subject to not less than ninety days' notice. The UK Administration Agent receives from the Administrator a monthly fee equal to one twelfth of 0.1% of Net Asset Value subject to a maximum fee for the year ended 31 October 2017 of £138,360 (2016: £135,591) per annum. The maximum fee is increased annually, in November, by the change in the UK Retail Price Index (all items) over the preceding 12 months.

Depositary services and custodian fees

Northern Trust (Guernsey) Limited, receives fees for depositary services calculated at the rate of 2.95 basis points per annum subject to a minimum annual fee of £60,000. Northern Trust (Guernsey) Limited also receives a fee for custody services comprising an account fee of £2,500 per account per annum, principal/income split of £1,250 per account per annum and single line items (unit trust) reporting of £500 per line per annum. It also receives an asset based fee equal to between 1.00 basis points and 40.00 basis points of the value of the assets of the Company. Transaction based fees are also payable of between £10 and £125 per transaction. The variable fees are dependent on the countries in which the individual holdings are registered.

The Company's ongoing charges for the year ended 31 October 2017, calculated using the Association of Investment Companies methodology were 1.07% (2016: 1.10%).

6 Directors' fees

The fees payable for the year were £135,100 (2016: £133,100). There were no other emoluments.

7 Transaction charges

	2017 £'000	2016 £'000
Transaction costs on purchases of investments	258	179
Transaction costs on sales of investments	63	37
Total transaction costs included in gains on investments designated as fair value through profit or loss	**321**	**216**

8 Bank loan / finance costs

During the year the overdraft facility with the Northern Trust Company was terminated. In March 2017 the Company entered into a one year £25,000,000 unsecured revolving credit facility with RBS. At the year end, an amount of £25,000,000 was drawndown at an all-in rate of 0.82838% per annum. This draw down matured on 29 November 2017 and was subsequently rolled over at an all-in rate of 1.06125% per annum maturing on 31 March 2018.

	2017 £'000	2016 £'000
Interest payable	110	31
Facility and arrangement fees and other charges	45	15
Total finance costs	**155**	**46**

At 31 October 2017, interest payable of £35,000 (2016: nil) was accrued in the Statement of Financial Position.

Notes to the Financial Statements continued

9 Earnings per share

Earnings per share is based on the total comprehensive income for the year ended 31 October 2017, being a gain of £46,726,000 (2016: £85,601,000) attributable to the weighted average of 51,346,725 (2016: 51,904,033) ordinary shares in issue (excluding shares held in treasury) in the year ended 31 October 2017.

Supplementary information is provided as follows: revenue per share is based on the net revenue loss of £348,000 (2016: £233,000) and capital earnings per share is based on the net capital gain of £47,074,000 (2016: £85,834,000) attributable to the above ordinary shares.

10 Dividends paid

The dividends in respect of the year ended 31 October 2017 are detailed below:

Dividend type	Pence per ordinary Share	Capital reserve £'000	Revenue reserve £'000
First interim dividend	5.0	2,560	–
Second interim dividend *	5.0	2,560	–

*Not included as a liability in the accounts for the year ended 31 October 2017 as it was declared and paid after the year end.

11 Investments at fair value through profit or loss and classification of financial instruments

Investments

	2017 £'000	2016 £'000
Quoted & listed closed end fund investments	212,562	202,178
Open ended fund and limited liability partnership investments*	170,701	116,535
Total investments at fair value at 31 October	**383,263**	**318,713**
Movement during the year:		
Opening balance of investments, at cost	244,833	243,688
Additions, at cost	91,451	91,566
Disposals, at cost	(57,381)	(90,421)
Cost of investments at 31 October	**278,903**	**244,833**
Revaluation of investments to fair value		
Opening balance	73,880	(10,578)
Net movement**	30,480	84,458
Balance at 31 October	**104,360**	**73,880**
Fair value of investments at 31 October	**383,263**	**318,713**

* Includes structured note

** See note 13

Transaction costs on investments are disclosed in note 7.

11 Investments at fair value through profit or loss and classification of financial instruments (continued)

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments.

Financial instruments as at 31 October 2017	Designated as at fair value £'000	Loans and receivables £'000	Other financial liabilities £'000	Total £'000
Investments	383,263	–	–	383,263
Cash and cash equivalents	–	3,414	–	3,414
Sales for future settlement and other receivables	–	186	–	186
Purchases for future settlement and other payables	–	–	(357)	(357)
Loans payable	–	–	(25,035)	(25,035)
	383,263	**3,600**	**(25,392)**	**361,471**

Financial instruments as at 31 October 2016	Designated as at fair value £'000	Loans and receivables £'000	Other financial liabilities £'000	Total £'000
Investments	318,713	-	-	318,713
Cash and cash equivalents	-	2,110	-	2,110
Sales for future settlement and other receivables	-	1,798	-	1,798
Purchases for future settlement and other payables	-	-	(2,406)	(2,406)
	318,713	3,908	(2,406)	320,215

12 Share capital

For the year ended 31 October 2017	Authorised	Ordinary shares of 1 p nominal value £'000	Allotted, issued and fully paid	Ordinary shares with voting rights (excluding treasury shares)	Treasury shares
Opening number of shares	Unlimited	546	54,618,507	51,748,179	2,870,328
Purchase of own shares	–	–	–	(551,450)	551,450
Closing number of shares	**Unlimited**	**546**	**54,618,507**	**51,196,729**	**3,421,778**

For the year ended 31 October 2016	Authorised	Ordinary shares of 1 p nominal value £'000	Allotted, issued and fully paid	Ordinary shares with voting rights (excluding treasury shares)	Treasury shares
Opening number of shares	Unlimited	546	54,618,507	51,926,229	2,692,278
Purchase of own shares	–	–	–	(178,050)	178,050
Closing number of shares	**Unlimited**	**546**	**54,618,507**	**51,748,179**	**2,870,328**

Purchases of own shares

There were 551,450 (2016: 178,050) ordinary shares re-purchased during the year at an aggregate cost to the Company of £2,910,000 (2016: £885,000), all of which are held in treasury.

Share capital account

The aggregate balance (including share premium) standing to the credit of the share capital account at 31 October 2017 was £183,930,000 (2016: £186,840,000).

Notes to the Financial Statements continued

12 Share capital (continued)

Ordinary shares

Voting rights

Holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company. Each ordinary share (excluding shares in treasury) carries one vote. Treasury shares do not carry voting rights.

Dividends

The holders of ordinary shares are entitled to such dividend as maybe declared by the Company from time to time. Shares held in treasury do not receive dividends.

Capital entitlement

On a winding up, the ordinary shares (excluding treasury shares) shall rank pari passu for the nominal capital paid up thereon and in respect of any surplus. Shares held in treasury have no capital entitlement on a winding up of the Company.

13 Capital reserve

	2017 £'000	2016 £'000
Disposal of investments		
Opening balance	66,199	64,823
Dividends paid from capital reserves	(2,560)	-
Gains from disposal of investments*	16,805	12,239
Losses from disposal of investments*	(307)	(11,517)
Foreign exchange gains	96	654
Balance at 31 October	**80,233**	**66,199**
Investments held		
Opening balance	73,880	(10,578)
Movement in unrealised gain on valuation of investments held*	42,990	85,515
Movement in unrealised loss on valuation of investments held*	(12,510)	(1,057)
Balance at 31 October	**104,360**	**73,880**
Capital reserve balance at 31 October	**184,593**	**140,079**

* Net gains on investments designated as fair value through profit or loss figure for the year ended 31 October 2017 totalled £46,978,000 (2016: net gains of £85,180,000).

14 Net asset value per share

Net assets per share is based on net assets of £361,471,000 (2016: £320,215,000) divided by 51,196,729 (2016: 51,748,179) shares in issue (excluding shares held in treasury) at the Statement of Financial Position date.

The below table is a reconciliation between the NAV per share announced on the London Stock Exchange and the NAV per share disclosed in these Financial Statements.

	£'millions	2017 pence	£'millions	2016 pence
NAV per share as at the financial year end as published on 1 November 2017 (2016: as published on 1 November 2016)	361.5	706.18	320.1	618.58
Revaluation adjustments – late prices	–	(0.14)	0.1	0.21
NAV per share as disclosed in these Financial Statements	**361.5**	**706.04**	**320.2**	**618.79**

15 Reconciliation of operating gain to net cash flow from operating activities

	2017 £'000	2016 £'000
Operating profit before finance costs and taxation	47,022	85,783
Less: Tax deducted at source on income from investments	(141)	(136)
Add: Realisation of investments at book cost	57,381	90,421
Less: Purchase of investments	(91,451)	(91,566)
Less: Adjustment for unrealised gains	(30,480)	(84,458)
Effect of foreign exchange	(122)	(385)
Decrease/(increase) in debtors	1,612	(1,109)
(Decrease)/increase in creditors	(2,014)	2,110
Net cash flow from operating activities	**(18,193)**	**660**

16 Related party disclosures

Investment Manager

Investment management fees payable are shown in profit or loss in the Statement of Comprehensive Income. As at 31 October 2017, no performance fee accrual has been made (2016: £nil).

At 31 October 2017, investment management fees of £255,000 (2016: £213,025) were accrued in the statement of financial position. Total investment management fees for the year were £2,694,944 (2016: £2,107,317).

Funds held at 31 October 2017 which are managed by the Standard Life Aberdeen plc group

As at 31 October 2017, the Company held investments in Aberdeen Asian Smaller Companies Investment Trust PLC, Aberdeen Latin American Equity Fund Inc and Edinburgh Dragon Trust PLC. The valuation of these holdings at 31 October 2017 totalled £25,722,000.

Directors

Total fees for the Directors in the year ended 31 October 2017 were £135,100 (2016: £133,100).

17 Financial instruments – risk profile

Risk Management Framework

The Company has established procedures to enable it to manage its financial risks. The main financial risks faced from its financial instruments are market risk, liquidity risk and credit risk which are discussed below.

Market risks

i) Risks associated with emerging markets

Investment in certain developing and emerging securities markets may involve a greater degree of risk than that associated with investment in more developed securities markets. In particular, in certain countries in which the Company is proposing to invest:

- liquidity and settlement risks may be greater;
- accounting standards may not provide the same degree of shareholder protection as would generally apply internationally;
- national policies may restrict the investment opportunities available to foreign investors, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests;
- the fiscal and monetary systems remain relatively undeveloped and this may affect the stability of the economic and financial markets of these countries should be;
- substantial limitations may exist with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors; and
- assets may be subject to increased political and/or regulatory risk.

The day to day management of the market risks is the responsibility of the Investment Manager, who analyses markets within a framework of quality, value, growth and change. The Board believes the Investment Manager utilises its proven research and management selection experience to ensure that these risks are minimised, as far as is possible. The investment policy employed by the Investment Manager ensures that diversification within investee funds is taken into account when deciding on the size of each investment so the Company's exposure to any one underlying company should never be excessive. The Company's market positions are monitored by the Board in the monthly portfolio valuations and at Board meetings.

Notes to the Financial Statements continued

17 Financial instruments – risk profile (continued)

ii) Currency risks

As stated under i) above the Company invests in emerging markets. It is therefore exposed to currency risks which affect both the performance of its investee funds and also the value of the Company's holdings against the Company's functional currency, Sterling. The Company holds US dollars and occasionally other foreign currencies for brief periods in its account with the custodian, but only at times when it expects soon to invest that currency into portfolio holdings.

It is not the Company's policy to hedge against foreign currency movements, nor does the Company use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Movements in exchanges are likely to affect directly and indirectly the value of the Company's investments.

Currency price risk sensitivity

The effect of a 1% appreciation/depreciation in the exchange rate of the US dollar over Sterling would have resulted in an increase/ decrease of £2,123,000 (2016: £1,534,000) on the Company's investments designated as fair value through profit or loss at the Statement of Financial Position date. This analysis assumes that all other variables remain constant.

iii) Interest rate risk

With the exception of cash, no significant interest rate risks arise in respect of any current asset. The Company, generally, does not hold significant cash balances, with short-term borrowings being used when required. All cash held as a current asset is Sterling or US dollar and is held at the variable interest rates of the custodian.

During the period the overdraft facility with the Northern Trust Company was terminated. The Company subsequently entered into an unsecured revolving credit facility with RBS on 31 March 2017, under which loans with a maximum aggregate value of £25 million may be drawn. As at 31 October 2017, £25 million was drawn down from RBS.

Movements in interest rates are likely to affect indirectly the value of the Company's investments.

Interest rate risk sensitivity

Movements in interest rates would not directly affect the Company's investments or other net assets, to a material extent, as the majority of the assets are held in equity investments. Movements in interest rates are likely to affect indirectly the value of the Company's investments and directly affect bank loan interest payments and commitment fees. However, it is not possible to give an accurate assessment of how significant changes in interest rates would affect the prices of equity investments held by the Company.

Quantitative analysis

A breakdown of the pricing denominations of the funds in which the Company is invested is shown below.

The Company's financial assets and liabilities at 31 October comprised:

	2017				2016			
	Cash flow Interest rate risk £'000	No interest rate risk £'000	Total £'000	% of net assets	Cash flow Interest rate risk £'000	No interest rate risk £'000	Total £'000	% of net assets
Non-current asset investments at fair value:								
EUR denominated	-	11,670	11,670	3.2	-	8,526	8,526	2.7
GBP denominated	-	159,331	159,331	44.1	-	156,745	156,745	48.9
USD denominated	-	212,262	212,262	58.7	-	153,442	153,442	47.9
Cash at bank								
Floating rate – GBP	2,940	-	2,940	0.8	944	-	944	0.3
Floating rate – USD	474	-	474	0.1	1,166	-	1,166	0.4
Short term debtors	-	186	186	0.1	-	1,798	1,798	0.6
Short term creditors	(25,035)	(357)	(25,392)	(7.0)	-	(2,406)	(2,406)	(0.8)
	(21,621)	**383,092**	**361,471**	**100.0**	**2,110**	**318,105**	**320,205**	**100.0**

17 Financial instruments – risk profile (continued)

iv) Other price risks

The principal price risk for the Company is the price volatility on the investment portfolio. The Investment Manager attempts to diversify the price risk by spreading the Company's investments across a number of geographical regions and economic sectors. The Board meets regularly to review the Investment Manager's performance and the asset allocation.

Market price risk sensitivity

The effect on the portfolio of a 10% increase or decrease in market prices would have resulted in an increase or decrease of £38,326,000 (2016: £31,871,000) in the investments designated as fair value through profit or loss at the Statement of Financial Position date, equivalent to 11% (2016: 10%) of the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

Market concentration

At 31 October 2017, the largest five country concentrations on a look through basis were as follows:

Country	2017 % of net assets	2016 % of net assets
China	25.7%	20.6%
Korea	13.4%	13.6%
Taiwan	10.7%	4.4%
Russia	9.0%	7.2%
Brazil	6.2%	5.3%

Liquidity risks

The majority of the Company's investments are in quoted securities. A high percentage of securities are listed on the London or New York Stock Exchanges and are considered to be readily realisable by comparison with most emerging market securities. The Company also holds unquoted investments, which are predominantly in open-ended funds. Some delay may be encountered in obtaining liquidity in respect of these securities; the Company may utilise its borrowing powers on a short-term basis to avoid delays in reinvestment of the proceeds of redemptions. As at 31 October 2017, the Company held shares in Tarpon All Equities Cayman (Series B) L.P. ("Tarpon"). Tarpon holds side pockets within private equity structures which were valued at £1.1 million at 31 October 2017 (2016: £0.8 million).

The Investment Manager has estimated the percentages of the portfolio that could be liquidated within various timescales, assuming one third of daily trading volumes. The results are shown below.

One month	60%
Three months	89%
One year	94%

The analysis above supports the Company's ability to repay borrowings, considering the Company is permitted to borrow, at the point of borrowing, up to 15% of its net asset compared to the Company's ability to realise 60% of its portfolio within one month.

The Company had £nil (2016: £2,027,000) purchase transactions and £nil (2016: £1,526,000) sales transactions awaiting settlement at the year end.

The liquidity of the underlying holdings in the funds in which the Company is invested may have an impact on the ability of the Company to realise its holdings in those funds.

Credit risks

The Company's principal direct credit risk is the risk of default on cash held at the custodian. Cash at bank at 31 October 2017 included £3,182,000 (2016: £1,827,000) held by the custodian, Northern Trust (Guernsey) Limited. The Company monitors the credit quality of the custodian. Interest is based on the prevailing money market rates. The Company also holds a limited amount of cash in an account at Lloyds Bank, an account which is primarily used for the payment of the fund's operating expenses.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be low as trading is almost always done on a delivery versus payment basis. When investments are made in open-ended funds, the Investment Manager performs due diligence on those funds before making any investment.

Notes to the Financial Statements continued

17 Financial instruments – risk profile (continued)

All of the assets of the Company are held by the custodian or through the custodian's nominated sub custodians. Bankruptcy or insolvency of the Company's custodian, Northern Trust (Guernsey) Limited, or its sub custodians may cause the Company's rights with respect to securities held by them to be delayed or limited. The latest credit ratings at the time of approval of this document for Northern Trust (Guernsey) Limited's parent company, The Northern Trust Company, were as follows:

	Standard & Poor's	Moody's	Fitch Ratings
Individual rating	–	–	B
Short-term deposit/debt	A-1+	P-1	F1+
Long-term deposit/debt	AA-	Aa2	AA

The funds in which the Company is invested may be exposed to credit risk.

Capital management

The Company considers that its capital consists of its net assets.

The Company's authorised share capital consists of an unlimited number of ordinary shares of £0.01 par value. At 31 October 2017 there were 51,196,729 (2016: 51,748,179) ordinary shares in issue (excluding shares held in treasury).

The Investment Manager and the Company's broker monitor the demand for the Company's shares and the directors review the position at Board meetings. Details on the Company's policies for issuing further shares and buying back shares can be found in the Directors' Report.

The Company is permitted to borrow, at the point of drawdown, up to 15% of its net assets. Borrowings may be used to fund investments and also may be used to meet working capital requirements.

During the year the overdraft facility with the Northern Trust Company was terminated. The Company subsequently entered into an unsecured revolving credit facility with RBS on 31 March 2017, under which loans with a maximum aggregate value of £25 million may be drawn. As at 31 October 2017 £25 million was drawn down from the RBS.

Restrictions imposed by RBS in connection with the loan facility include minimum Net Tangible Assets of £175 million and a Loan to Value of 22.5%, defined by RBS as borrowings as a percentage of Adjusted Investment Portfolio Value.

The Company does not have any externally imposed capital requirements other than disclosed above.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical business standards;
- insurance; and
- risk mitigation.

The directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the main service providers to the Company and a review of their internal controls documents prepared under industry recognised guidance, if available.

18 Valuation of financial instruments

The Company's financial assets and liabilities held at fair value through profit or loss are valued at fair value in accordance with the provisions of IFRS 13 as described in note 2 (g).

The classification of the Company's investments held at fair value as at 31 October 2017 is detailed in the table below:

	2017 £'000	2016 £'000
Level 1	308,290	258,374
Level 2	73,840	59,502
Level 3	1,133	837
Total	**383,263**	**318,713**

The Company recognises transfers between levels of fair value hierarchy as at date of the year end which the change has occurred. Investments with a total value of £22,309,109 were transferred from level 2 to level 1 and £18,196,058 were transferred from level 1 to level 2, as a result of management's ongoing evaluation of the underlying availability of pricing information.

Level 1 classification basis

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities in active markets. The Company does not adjust the quoted price for these instruments.

Level 2 classification basis

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include monthly priced investment funds. The underlying net asset values of the open ended funds included under level 2 are prepared using industry accepted standards and the funds have a history of accepting and redeeming funds on a regular basis at net asset value. The net asset values of regularly traded open ended funds are considered to be reasonable estimates of the fair values of those investments and such investments are therefore classified within level 2 if they do not meet the criteria for inclusion in level 1.

Level 3 classification basis

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. The level 3 figure consists of a private equity investment held in a side pocket of Tarpon (the 2016 level 3 balance included Tarpon and an investment in Renaissance Russia Infrastructure Equities Limited which was liquidated during the year.). This holding is stated at fair value which is estimated in good faith by the directors following consultation with the Investment Manager with a view to establishing the probable realisable value of this investment. The fair value of the Tarpon and its side pocket has been based on an unadjusted net asset value provided by the administrator of that fund.

The movement on the level 3 classified investments during the year is shown below:

	2017 £'000	2016 £'000
Opening balance	**837**	**966**
Additions during the year	–	–
Disposals during the year	–	–
Profit or loss on disposals during the year	–	–
Valuation adjustments	296	(129)
Closing balance at 31 October	**1,133**	**837**
Total gains and losses for the year included in profit or loss relating to assets held at the end of the year	296	(129)

Level 3 classified investments sensitivity analysis

If the fair value of level 3 classified investments changed by 5%, the impact on the Companies net assets attributable to equity holders would be 0.02%. The Companies net assets attributable to equity holders would be adversely affected by a maximum of 0.3% if the worst case scenario were to occur.

Notes to the Financial Statements continued

18 Valuation of financial instruments (continued)

Structured entities

The Company invests in a portfolio of funds and products which give diversified exposure to developing and emerging market economies. The Company does not consider its investments in listed funds to be structured entities but does consider its investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

The investments in structured entities are subject to the terms and conditions of offering documents and/or constitutional documents. These investments are subject to market price and other risks arising from their underlying portfolios. Investee funds are managed by portfolio managers who are compensated by the respective funds for their services. Such compensation generally may consist of an asset based fee and/or a performance based fee.

The investments in structured entities are financial assets which are designated as fair value through profit or loss in the Company's financial statements.

The exposure to investments in investee funds and products at fair value by strategy employed is disclosed in the following table.

Strategy	Number of investee funds	Fair value range £'000	Weighted average fair value £'000	Investment at fair value £'000	% of total net assets of underlying funds
Equity long-only	13	1,133 - 31,589	17,961	170,701	47.2%

Equity long-only

Portfolio managers implementing equity long-only strategies generally take long positions in equity related instruments such as ordinary shares, preferred shares, convertible bonds, depositary receipts, exchange traded funds and market access products such as index futures with the expectation that the asset will rise in value.

19 Operating segments

The Board of Directors is responsible for ensuring that the Company's objective and investment strategy is followed. The day-to-day implementation of the investment strategy has been delegated to the Investment Manager but the Board retains responsibility for the overall direction of the Company. The Board reviews the investment decisions of the Investment Manager at regular Board meetings to ensure compliance with the investment strategy and to assess the achievement of the Company's objective. The Investment Manager has been given full authority to make investment decisions on behalf of the Company in accordance with the investment strategy and analyses markets within a framework of quality, value, growth and change. The investment policy employed by the Investment Manager ensures that diversification within investee funds is taken into account when deciding on the size of each investment so the Company's exposure to any one underlying company should never be excessive. The Company's positions are monitored as a whole by the Board in monthly portfolio valuations and at Board meetings. Any significant change to the Company's investment strategy requires shareholder approval.

The Company has a diversified portfolio of investments and no single investment accounted for more than 9% (2016: 6%) of the Company's net assets at the Company's year end. The Investment Manager aims to identify funds which it considers are likely to deliver consistent capital growth over the longer term. The largest income from an individual investment is a UK investment (Weiss Korea Opportunity Fund Limited) which accounted for 10% (2016: 10%) of the total investment income receivable in the year.

At its financial year end, the Company had 240 registered shareholders. At 31 October 2017 there were three shareholders who each held more than 10% of the issued share capital and their holdings were 29% (2016: 29%), 25% (2016: 26%) and 14% (2016: 11%) respectively.

20 Post balance sheet events

Since 31 October 2017 the Company has received a final distribution of £274,000 from the liquidation of its predecessor vehicle, Advance Developing Markets Trust plc ("ADMT"). The Company was established to act as a successor vehicle to ADMT, a UK registered investment trust, and to pursue a similar investment objective and policy to ADMT.

The Company paid a second interim dividend in respect of the year ended 31 October 2017. The Company's shares went ex-dividend on 30 November 2017 at a price of 5p per share, amounting to a total payment of £2,559,836 on 29 December 2017 to shareholders who were on the register on 1 December 2017. This dividend will be accounted for in the financial year ending 31 October 2018.

Information about the Investment Manager

Aberdeen Fund Managers Limited

The Company's Investment Manager is Aberdeen Fund Managers Limited, a subsidiary of Aberdeen Asset Management PLC, which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were £570 billion at 30 September 2017.

Investment Team

Aberdeen's Closed End Fund Opportunities ("CEFO") team is amongst the most experienced of any operating globally with a similar strategy. The team's members have in excess of 50 years' experience of investing in emerging markets with a focus on conducting in depth manager research and the analysis of discounts on closed end funds. Average tenure on the team is in excess of 10 years. While the team is based in London, its members travel frequently to emerging markets to meet with existing managers and identify new prospects. Being part of a global asset management business, the team has the ability to draw on the expertise of the wider Aberdeen Standard Investments group.

Andrew Lister
Senior Investment Manager
Years in team: 16.
Years' experience in emerging markets: 16.

Bernard Moody
Senior Investment Manager
Years in team: 11.
Years' experience in emerging markets: 18.

Samir Shah
Investment Manager
Years in team: 6.
Years' experience in emerging markets: 6.

Viktor Broczko
Investment Manager
Years in team: 14.
Years' experience in emerging markets: 14.

Investment Strategy and Process

The CEFO team seeks to achieve the Company's objective by allocating to talented managers ('Manager Selection') who buy well managed companies in markets that are themselves attractive ('Asset Allocation'). Closed end funds are utilised to gain exposure to managers and markets at a discount to their intrinsic value ('Discount Opportunities'). The team is actively contrarian, meaning that it will often allocate to out of favour markets and funds that, as a result, are trading at attractive valuation levels.

The team's investment process includes three pillars:

Manager selection	• Identifying best of breed managers through extensive travel and networks • 400 - 500 manager meetings conducted per annum by CEFO team • Focus on **P**eople, **P**rocess, **P**ortfolio, **P**erformance • Actively negotiate the best fee structure possible	Talented managers
Asset allocation	• Identifying the most attractive markets • Input from Aberdeen's global strategy team and underlying managers • Quantitative model referenced for objectivity • Contrarian mind-set	Attractive markets
Discount opportunities	• Identifying attractive opportunities in the global universe of closed end funds • Target investment in discounted assets with a catalyst for re-rating • Active engagement with boards, managers shareholders, brokers • Capture the advantages of semi-permanent capital structure	Discounted valuation

Investor Information (unaudited)

AIFMD

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager and Northern Trust (Guernsey) Limited as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's Pre-investment Disclosure Document ("PIDD") which can be found on its website. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 55.

Pre-investment Disclosure Document

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Aberdeen Emerging Markets Investment Company Limited, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing on its website.

Website

Further information on the Company can be found on its own dedicated website: aberdeenemergingmarkets.co.uk. This allows internet users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

Investor warning: Be alert to share fraud and boiler room scams

The Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for the Aberdeen Group or for third party firms. The Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for the Aberdeen Group and any third party making such offers/claims has no link with the Aberdeen Group.

The Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: fca.org.uk/consumers/scams.

Keeping you informed

For internet users, detailed information on the Company, including price, performance information and a monthly fact sheet is available from the Company's website and the TrustNet website (trustnet.com). Alternatively you can call 0808 500 0040 (free when dialing from a UK landline).

If you have any questions about your Company, the Investment Manager or performance, please telephone the Aberdeen Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, you may email Aberdeen at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder enquiries

In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Link Asset Services Limited, Longue Hougue House, St Sampson, Guernsey GY2 4JN.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Vistra Fund Services (Guernsey) Limited, 11 New Street, St Peter Port, Guernsey GY1 2PF or by emailing company.secretary@aberdeenstandard.com.

Direct investment

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per company, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £20,000 can be made in each of the 2017/2018 and 2018/2019 tax years.

The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA transfer

You can choose to transfer previous tax year investments to us which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per company of £250.

Literature request service

For literature and application forms for the Company and the Aberdeen Group's investment company products, please contact:

Telephone: 0808 500 4000

Website: invtrusts.co.uk/en/investmenttrusts/literature-library

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration

PO Box 11020
Chelmsford
Essex CM99 2DB

Telephone: 0808 500 0040
(free when dialing from a UK landline)

Terms and conditions for the Aberdeen managed savings products can also be found under the literature section of invtrusts.co.uk.

Online dealing details

Investor information

There are a number of other ways in which you can buy and hold shares in this investment company.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

- AJ Bell You Invest
- Alliance Trust Savings
- Barclays Stockbrokers
- Charles Stanley Direct
- Halifax Share Dealing
- Hargreave Hale
- Hargreaves Lansdown
- Idealing
- Interactive Investor / TD Direct
- Selftrade Equiniti
- The Share Centre
- Stocktrade

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: pimfa.co.uk.

Financial advisers

To find an adviser on investment companies, visit: unbiased.co.uk.

Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768
or at fca.org.uk/firms/systems-reporting/register/search

Email: register@fca.org.uk

Investor Information (unaudited) continued

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment companies purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 51 to 54 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

AIFMD Disclosures (unaudited)

Aberdeen Fund Managers Limited and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which may be found on the Company's website. There have been no material changes to the disclosures contained within the PIDD since its most recent update in October 2017.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Investment Manager's Report on pages 7 to 10;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Investment Manger's Report on pages 7 to 10, note 17 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company's Manager, Aberdeen Fund Managers Limited, on request and the remuneration disclosures in respect of the AIFM's relevant reporting period for the year ended 30 September 2017 will be made available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	1.15:1	1.15:1
Actual level at 31 October 2017	1.06:1	1.06:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There have been no changes to the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place; the maximum level of leverage which AFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms and Definitions

Aberdeen or Aberdeen Group	Aberdeen Asset Management PLC, which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc.
AIC	The Association of Investment Companies
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Depositary	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depositary is appointed under a strict liability regime.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Net assets	An investment company's assets less its liabilities
Net asset value ("NAV") per Ordinary share	Net assets divided by the number of Ordinary shares in issue (excluding any shares held in treasury)
Ongoing charges	A measure, expressed as a percentage of *average net assets*, of the regular, recurring annual costs of running an investment company.
Ordinary shares	The Company's ordinary shares in issue.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the *net asset value* per share.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Total return	A measure of performance that takes into account both income and capital returns.
Tracking error	A measure, expressed as a percentage, of how closely a portfolio follows an index over a period of time.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Value at risk	A statistical technique used to measure and quantify the level of financial risk within a portfolio over a specific time frame.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Directors, Investment Manager and Advisers

Directors

Mr Mark Hadsley-Chaplin (*Chairman*)
Mr William Collins
Mrs Helen Green
Mr John Hawkins
Mr Mark Barker (appointed 21 July 2017)
Mr Richard Bonsor (retired 10 April 2017)
Mr Terence Mahony (retired 30 January 2017)

Secretary and Administrator

Vistra Fund Services (Guernsey) Limited
11 New Street
St Peter Port
Guernsey GY1 2PF

Financial adviser and stockbroker

Stockdale Securities Limited
100 Wood Street
London EC2V 7AN

Independent auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey GY1 1WR

Registrars

Link Asset Services
(formerly Capita Registrars (Guernsey) Limited)
Longue Hougue House
St Sampson
Guernsey GY2 4JN

Registered office

11 New Street
St Peter Port
Guernsey GY1 2PF

Company registration number

Incorporated in Guernsey Number 50900

Website

aberdeenemergingmarkets.co.uk

Investment Manager and Alternative Investment Fund Manager

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

UK administration agent

PraxisIFM Fund Services (UK) Limited
3rd Floor, Mermaid House
2 Puddle Dock
London EC4V 3DB

Advisers as to Guernsey law

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Depositary services and custodian

Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Customer Services Department and Aberdeen Children's Plan, Share Plan and ISA enquiries

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 0040
(open Monday to Friday, 9.00 a.m. – 5.00 p.m.)
Email: inv.trusts@aberdeen-asset.com

United States Internal Revenue Service FATCA Registration Number ("GIIN")

WLL8YJ.99999.SL.831

Legal Entity Identifier ("LEI")

213800RIA1NX8DP4P938

Aberdeen