PREMIER ENERGY AND WATER TRUST PLC 2015

Annual report
& accounts
for the year ended
31 December 2015

Premier
independent asset managers

Investment Objectives

The Company's investment objectives are to achieve a high income and to realise long term growth in the capital value of its portfolio. The Company will seek to achieve these objectives by investing principally in the equity and equity-related securities of companies operating primarily in the energy and water sectors, as well as other infrastructure investments.

Contents

Company Summary

History

The Company, a UK investment trust listed on the main list of the London Stock Exchange, was incorporated on 12 September 2003 and commenced its activities on 4 November 2003. The Company was established in connection with the scheme of reconstruction of Legg Mason Investors International Utilities Trust PLC, with 18,143,433 Ordinary Shares and 19,143,433 Zero Dividend Preference Shares being allotted at launch. On 18 December 2009 shareholders approved special resolutions to implement tender offers for Ordinary Shares and Zero Dividend Preference ("ZDP") Shares, to extend the life of the Company until 31 December 2015 and to amend the final entitlement per ZDP Share to 221.78p on 31 December 2015 (a gross redemption yield of 6.53% on the ZDP Net Asset Value of 151.39p at 17 December 2009). On 15 December 2010 shareholders approved proposals to issue new shares in connection with the reconstruction of Premier Renewable Energy Fund Limited.

On 27 August 2014 shareholders approved proposals to extend the life of the Company and to implement a reorganisation of the Company through a scheme of arrangement. The existing ZDP Shares were replaced with New ZDP Shares issued by a newly incorporated subsidiary of the Company, PEWT Securities PLC and the Articles were amended to allow the Company to continue with an indefinite life whilst including a provision to allow holders of ordinary shares an opportunity to vote on the continued existence of the Company every five years from 2020. In December 2014 the Company raised £1,361,931 (after expenses) through the placing of 310,000 Ordinary Shares and 384,681 ZDP Shares (issued by PEWT Securities PLC).

On 14 December 2015 it was announced that elections by ZDP Shareholders to participate in the Rollover Option exceeded the Maximum Issue Size, meaning that such Elections were scaled back on a pro-rata basis. Each ZDP Shareholder who made a valid Election to receive New ZDP Shares of PEWT Securities 2020 PLC ("new ZDP Shares") received approximately 1,871 New ZDP Shares and £346.80 in cash for every 1,000 Existing ZDP Shares held on the Effective Date and for which they made a valid Election. On 31 December 2015 PEWT Securities PLC was placed into members' voluntary liquidation and 24,073,337 New ZDP Shares in PEWT Securities 2020 PLC were issued to satisfy ZDP Shareholders who had elected to rollover their investment. The New ZDP Shares of PEWT Securities 2020 PLC were admitted to the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange and dealings commenced on 4 January 2016. ZDP Shareholders who elected for cash were credited through the CREST system and cheques were despatched to all other ZDP Shareholders who elected for cash on 8 January 2016.

During 2015 the Company raised £3,153,302 (after expenses) through the placing of 710,000 Ordinary Shares and 881,045 ZDP Shares (issued by PEWT Securities PLC).

Capital Structure

Zero Dividend Preference Shares (1p each) Issued by PEWT Securities PLC	22,446,099 The ZDP Shares ("ZDPs") had a final capital entitlement of 221.78p on 31 December 2015 and PEWT Securities PLC was placed into members voluntary liquidation on that date (see page 18).
Zero Dividend Preference Shares (1p each) Issued by PEWT Securities 2020 PLC	24,073,337 The 2020 ZDP Shares ("2020 ZDPs") will have a final capital entitlement of 125.6519p on 30 November 2020 subject to there being sufficient capital in the Company. Dealings in the shares commenced on 4 January 2016.
Ordinary Shares (1p each)	18,088,480 The Ordinary Shares are entitled to all of the Company's net income available for distribution by way of dividends. On a winding-up, they will be entitled to any undistributed revenue reserves and any surplus assets of the Company after the ZDPs have been paid in full. The ordinary Shareholders have the right to receive notice of, to attend and to vote at all general meetings of the Company. The Ordinary Shares are qualifying investments for ISAs.

Company Details

Investment Manager	Premier Fund Managers Ltd ("PFM Ltd"), is a subsidiary of Premier Asset Management Ltd ("PAM Ltd"). PAM Ltd had approximately £4.4bn of funds under management at 31 December 2015. PFM Ltd is authorised and regulated by the Financial Conduct Authority. The Company's portfolio is managed by James Smith and Claire Long. On 20 January 2015 the Company appointed Premier Portfolio Managers Limited ("PPM") as its Alternative Investment Fund Manager. PPM has delegated the portfolio management of the Company's portfolio of assets to PFM Ltd.
Secretary	With effect from 16 November 2015 Premier Portfolio Managers Ltd provides the company secretarial and administrative services, on the same basis as its predecessor group company, PAM Ltd.
Management Fee	1.0% per annum, charged 40% to revenue and 60% to capital, plus performance fee, allocated between capital and revenue based on the outperformance attributable to the capital and revenue respectively. (See note 3 to the accounts for full details.)

Financial Calendar

Company's year end	31 December
Annual results announced	March
Annual General Meeting	19 April 2016
Company's half year end	30 June
Half year results announced	August
Dividend payments – 2016	At the end of March, June, September and December

Company Highlights

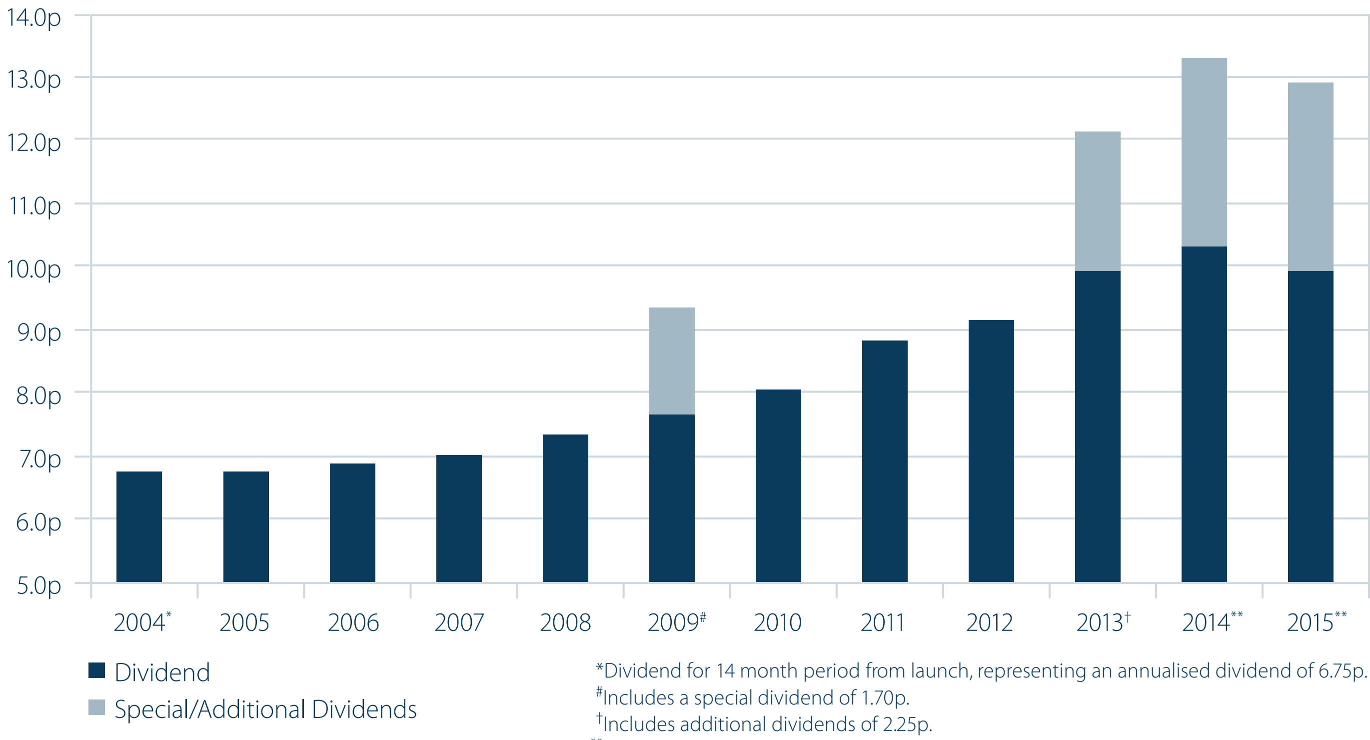
for the year to 31 December 2015

	31 December 2015	31 December 2014	% change
Total Return Performance			
Total Assets Total Return[1]	(4.3%)	14.7%	
FTSE All-World Utilities Index Total Return[2] (GBP)	(2.7%)	20.5%	
FTSE All-World Index Total Return[2] (GBP)	4.0%	11.3%	
FTSE All-Share Index Total Return[2] (GBP)	0.9%	1.2%	
Ongoing charges[3]	1.6%	1.5%	
Ordinary Share Returns			
Net Asset Value per Ordinary Share (cum income)[4]	145.83p	196.23p	(25.7%)
Mid-market price per Ordinary Share[2]	130.50p	192.50p	(32.2%)
Discount	(10.5%)	(1.9%)	
Revenue return per Ordinary Share	9.38p	10.11p	(7.2%)
Net dividends declared per Ordinary Share	12.70p	13.40p	(5.2%)
Net Asset Value Total Return[5]	(19.6%)	26.6%	
Share Price Total Return[2]	(26.5%)	31.6%	
Zero Dividend Preference Share Returns			
Net Asset Value per Zero Dividend Preference Share[4]	221.78p	208.18p	6.5%
Mid Market Price per Zero Dividend Preference Share[2]	221.78p[6]	215.00p	n/a
Premium	–	3.3%	
Hurdle Rates for the 2020 Zero Dividend Preference Shares†			
Hurdle rate to return the redemption share price for the 2020 ZDPs of 125.6519p at 30 November 2020[7]	-7.3%		
Balance Sheet			
Gross Assets less Current Liabilities (excluding Zero Dividend Preference Shares)	£76.2m	£79.0m	(3.5%)
Zero Dividend Preference Shares	(£49.8m)	(£45.0m)	10.6%
Equity Shareholders' Funds	£26.4m	£34.0m	(22.4%)
Gearing on Ordinary Shares[8]	2.89x	2.32x	
Zero Dividend Preference Share Cover (non-cumulative)[7] (the 31/12/2015 figure is for the 2020 ZDPs)	1.45x	1.61x	

[1] Based on opening and closing total assets plus dividends marked "ex-dividend" within the period. Source: PFM Ltd.
[2] Source: Bloomberg.
[3] Ongoing charges have been based on the Company's management fees and other operating expenses as a percentage of average gross assets less current liabilities over the year (excluding the ZDPs accrued capital entitlement).
[4] Articles of Association basis.
[5] Based on opening and closing NAVs with dividends marked "ex-dividend" within the period reinvested. Source: PFM Ltd.
[6] Redemption value at 31/12/2015.
[7] Source: JP Morgan Cazenove and PFM Ltd. Non-cumulative cover = Gross assets at year end less estimated wind up costs less management charges to capital divided by final repayment value of ZDPs, and for 31/12/2015 from the Prospectus published 20/11/2015.
[8] Based on Gross Assets less Current Liabilities divided by Equity Shareholders' Funds at the end of each year.
† Hurdle rate definition can be found in the Glossary of Terms on page 65.

Dividend Progression

2004-2015



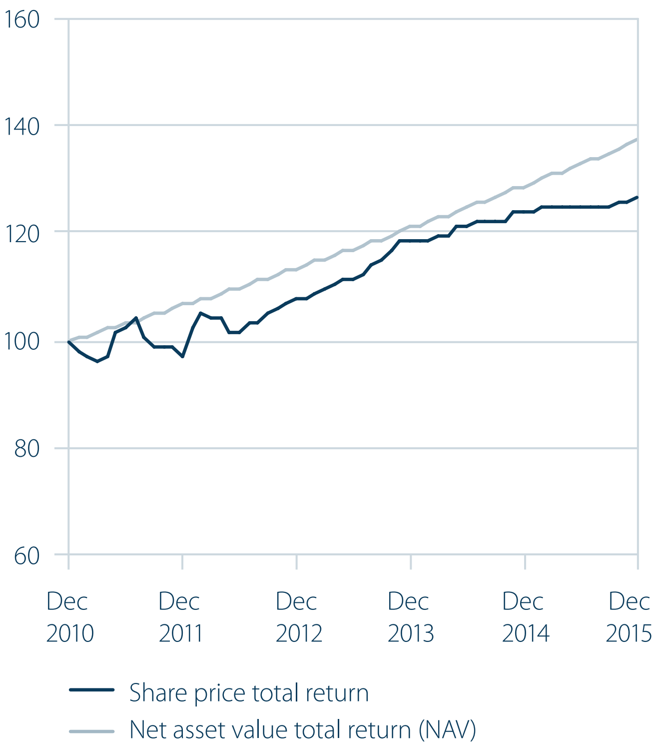
*Dividend for 14 month period from launch, representing an annualised dividend of 6.75p.
#Includes a special dividend of 1.70p.
†Includes additional dividends of 2.25p.
**Includes additional dividends of 3.00p.

Source: PFM Ltd

Share Price Performance

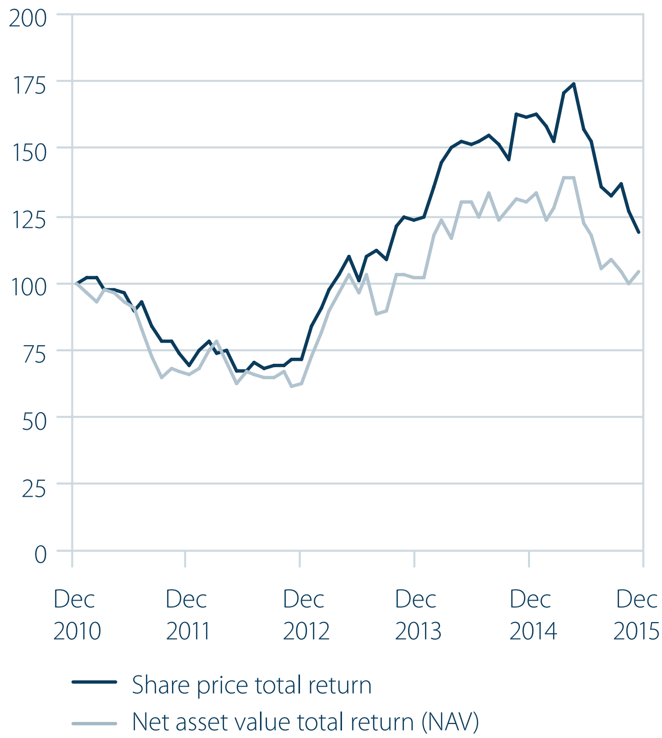
2010-2015

ZDP Shares 5 year performance chart (rebased to 100)



Source: AIC using Morningstar

Ordinary Shares 5 year performance chart (rebased to 100)



Source: AIC using Morningstar

Chairman's Statement

for the year to 31 December 2015

Performance

2015 was a difficult year for the Premier Energy and Water Trust PLC ("PEWT" or "the Company"), and stands in stark contrast to the strong gains seen in 2013 and 2014. The gross assets total return, which measures the total return of the Company's assets including dividends received and post all costs, was a negative 4.3%. This compares to the FTSE All-World Utilities Index which recorded a negative total return of 2.7% in GBP terms. It is worth noting, despite being of little comfort, that after adjusting for PEWT's on-going charges of 1.6% and also the costs of the ZDP Share roll-over (more of which below), in underlying terms the portfolio performed in line with the global utilities sector.

PEWT's capital structure, which had worked to the benefit of Ordinary Shareholders in 2013 and 2014, worked against them in 2015, as a result of which the performance of the Ordinary Share was weaker than the Company's gross assets. The cum-income Ordinary Share Net Asset Value ("NAV") fell from 196.23p at 31 December 2014, to 145.83p at 31 December 2015, a fall of 25.7%.

Unfortunately the discount at which the Ordinary Share trades to its NAV also widened considerably, particularly towards the end of the year, which weighed on the performance actually seen by an Ordinary Shareholder. The Ordinary Share started the year at a small discount of 1.9%, but closed 2015 with a share price of 130.50p, a discount of 10.5% to the closing NAV. As a result of the fall in NAV, and widening discount, Ordinary Shareholders saw a negative total return of 26.5%.

Putting 2015 into context, following the management and portfolio changes in June 2012, performance has still been strong despite the recent weakness. Since then an Ordinary Shareholder has seen a total return of 76.2%, an average compound return of 17.1% per year. (31 May 2012 to 31 December 2015, source Bloomberg).

Overview

Following the very strong performance of the utilities sector in 2014, the sector returned to under-performance in 2015, although equities in general were lacklustre in most sectors and regions. The FTSE All-World Index, expressed in GBP, delivered a modest total return of 4.0%.

As well as having a utilities based portfolio, PEWT is also over-weight in emerging markets, which had a poor year in 2015. The FTSE Emerging Index, GBP adjusted, recorded a negative total return of 10.2%.

Several key issues influenced markets during 2015. Firstly, the continued uncertainty over the timing of US interest rate increases, which was felt particularly in the utility sector, perceived as being one of the more sensitive to interest rates. Some uncertainty was removed in December with the Federal Reserve raising the Federal Funds Target Rate by 0.25% to 0.50%, the first time the rate had been increased since 2006. Meanwhile, the Bank of England has continued to hold rates steady. The US Dollar was strong as a result, with Sterling falling against the USD by 5.4% over the year.

Tied in with US interest rates was the on-going turbulence in emerging markets. Hot money flowed out of emerging markets into the US in anticipation of higher rates which had a negative impact on currencies. At the same time, global commodity prices declined which put further pressure on many emerging economies. Equity markets, which had started the year with a "risk-on" approach, became progressively "risk-off" during the year.

Uncertainties over China, particularly its transition from an export led manufacturing economy to one more domestically focused on the service sector, weighed on markets, and was particularly significant for those countries which have meaningful exports of raw materials into China.

One other uncertainty was the direction of the oil price, or rather the price to which it could possibly fall. The price of a barrel of oil (Dated Brent) fell by 35.9% over the year to $35.75, and has shown further weakness in early 2016. This should be positive for energy importing countries such as India and China, but it does give rise to concerns over the financial sector, which has lent heavily to the energy companies.

As an investor with a long term time horizon, PEWT has had to absorb the turbulence of the past 12 months, believing instead in the long term value within investments held in locations such as China, India, Eastern Europe, and Brazil.

Renewal of ZDP Shares

During December investors in PEWT's Zero Dividend Preference ("ZDP") shares, which were due to be repaid on 31 December 2015, were asked to elect either to roll their investment into a new ZDP share, or to receive a repayment of their capital entitlement. As a result of the elections, in January 2016, PEWT issued 24.1 million of new ZDP shares at 100 pence per share which will mature in November 2020 at a price of 125.6519 pence. This compares to the £49.8 million value of the matured 2015 ZDP share issue, the 2020 ZDP issue having been deliberately reduced in size in order to reduce risks for both classes of share by de-gearing the Company's balance sheet. The new 2020 ZDP also has a lower accrual rate of 4.75%, as compared to the 2015 issue which had a cost of 6.53%.

The new ZDP issue was oversubscribed and ZDP shareholders who held the 2015 ZDP shares and chose to roll into the new 2020 issue, will have seen that their election for new ZDP shares was scaled back and in addition to the newly issued 2020 ZDP shares, they received a cash amount of £346.80 for every 1,000 of the 2015 ZDP shares held (or division thereof). The new 2020 ZDP share commenced trading in early January 2016 at a premium of 3.5%.

Income and dividends

Revenue from investments held decreased by 12.3% to £2.7 million. This is partly as result of Renewable Energy Generation Limited not paying a final dividend due to its take-over by Blackrock toward the end of the year, but also a reduction in dividends paid by many of the Brazilian holdings due to the effects of drought on hydro electricity production. Additionally, 2014 benefited from 5 months of high income from Essar Energy Convertible Bonds, which were sold in May 2014.

Underlying costs charged through the Revenue account, excluding the £417,000 of one off fees associated with the Company's extension of life incurred in 2014, increased by 11.1% to £0.8m. One of the key reasons behind this is a result of costs associated with compliance with the Alternative Investment Fund Managers Directive ("AIFMD"), namely the requirement to appoint an Alternative Investment Fund Manager ("AIFM") and also the requirement to appoint a depositary. Together this has resulted in an additional on-going cost of £45,000 per year.

As a result of these factors, the net revenue return per Ordinary Share fell from 10.11p in 2014 to 9.38p.

Your Board has declared a 4th interim dividend of 4.75p which will be paid on 31 March 2016 to shareholders on the register at the close of business on 4 March 2016, the shares will be marked ex-dividend on 3 March 2016. This dividend comprised a base dividend of 4.00p plus a further additional dividend of 0.75p pursuant to PEWT's announcement in August 2013 that your Board intended to run down substantially the accumulated revenue reserve by December 2015. This is the final such additional dividend.

Including the first three interim dividends paid during the year, the total base dividend to be paid in respect of 2015 is therefore 9.70p per Ordinary Share, a 6.7% decrease on 2014. Additional dividends including that referred to above are 3.0p bringing the total dividend for the year to 12.70p.

As announced on 2 February 2016, following the reduction in gearing resulting from the repayment of the 2015 ZDP shares and subsequent issuance of 2020 ZDP shares, the directors have reviewed the impact this will have on projected earnings per share. The directors expect that the total dividend for 2016, in the absence of unforeseen or exceptional circumstances, to be at least 8.00p.

Share issuance

In May and July, PEWT issued packages of Ordinary and ZDP Shares, raising £3.2 million of capital for the Company. Shares were issued at a price calculated to avoid dilution to existing shareholders. The issues were made in order to satisfy market demand for both classes of PEWT Share.

The Board will consider issuing further shares, subject to Shareholder consents, during 2016 in response to market demand. Your Board believes that existing shareholders will benefit from growing the Company in this way, which will allow for a more efficient cost base and improved trading liquidity.

Board Development

The Board has reviewed its composition and development. Michael Wigley will not stand for re-election at the forthcoming AGM. Michael has made an extraordinary contribution to your Company and the Board over many years, and his wisdom will be sorely missed. He has demonstrated superbly that longevity is no bar to being independent, and in particular we have valued his knowledge and views on the importance of income for Ordinary Shareholders, and the protection thereof.

We are delighted that Gillian Nott OBE was appointed as a Director on 1 March 2016. Gillian worked for 12 years early on in her career in the energy business with BP. She went on to be CEO of ProShare, a non-executive director of the Financial Services Authority, deputy chair of the Association of Investment Companies, and has held numerous directorships of investment trusts. We much look forward to working with her. She will stand for election at the forthcoming AGM.

The Board intends to continue a process of periodic Board refreshment and in time move towards a position where the majority have served less than 9 years.

Shareholder relations

The Board and Investment Managers welcome contact with existing and potential shareholders. The Company's AGM will be held on Tuesday 19 April 2016 at 2:30pm at the offices of Stephenson Harwood LLP, One Finsbury Circus, London, EC2M 7SH where a presentation will be given, and it is hoped that Shareholders will be able to attend on this date.

Shareholders can find additional details regarding your Company including factsheets and articles on topics relating to both the utility sector and the Company on Premier's website at: *www.premierfunds.co.uk*.

Outlook

2015 was a difficult year for both utilities and also emerging markets. Given PEWT's exposures to developing regions, a gross assets performance in line with the utilities sector is creditable.

As with equity markets, the portfolio has lost value, particularly over the second half of 2015 and into 2016. This has led to the portfolio offering greater value than it has for some time. As the Managers' Report will explain, many of the Company's holdings have fallen in price despite strongly growing earnings. Additionally, the market sell off has given rise to some attractive opportunities.

Geoffrey Burns
Chairman
10 March 2016

Investment Managers' Report

for the year to 31 December 2015

Performance

After out-performing in 2014, utilities were relatively weak in 2015, with the FTSE All-World Utilities Index under-performing the FTSE All-World Index by 6.6% (based on total returns, GBP adjusted).

The year started brightly enough for global equities, the FTSE All-World Index gaining over 11% in GBP terms by early April. However strength gave way to weakness over the summer, with equities seeing further downward pressure throughout the second half, including a particularly sharp fall in August. Volatility also increased as the year progressed. Markets have continued the negative sentiment into the new year with further falls in January albeit with some recovery in February.

Utilities under-performed in most places, most noticeably in emerging markets, the United States, and Continental Europe. While we continue to believe that the utility sector should weather the interest rate up-cycle better than most, equity markets do not tend to share this view. The prospects of higher rates, coupled with the strong performance seen in 2014 meant that the sector was ripe for profit taking and found itself under pressure on a relative basis throughout the year.

Over the year, PEWT found its best returns in Western Europe, China, and the United States, with stock selection producing a positive return in each case despite negative returns from the utilities in those regions. This was offset by over-weight positions in South America, Eastern Europe, and also India, all areas which performed poorly in 2015.

As discussed in the Chairman's Statement, some £25.7m was repaid to ZDP shareholders in early 2016, which necessitated the liquidation of about one third of the portfolio towards the end of 2015. Unfortunately this coincided with weak markets, but the process illustrated that satisfactory liquidity exists even among some of the smaller holdings. With a few exceptions, sales were made across the board, and the ZDP repayment has not, of itself, fundamentally altered the characteristics of the portfolio.

Portfolio

When making investments we are looking for companies that have attractive long term asset based franchises, with minimal or modest exposure to commodity risks. Regulated investments such as electricity transmission or water distribution are preferred. In the case of competitive businesses, we try to avoid investing in areas with structural over-capacity such as central Europe, instead focussing on areas with attractive fundamentals such as India.

Investment purchases and sales as shown in the cash flow statement for the year (see page 45), were somewhat inflated in the year by the need to liquidate a part of the portfolio to satisfy the redemption of the expiring ZDP issue. Additionally, the "purchases of investments" figure includes investments into utilities ETFs and money market funds prior to the ZDP repayment, to guarantee liquidity and as a safer alternative to holding cash balances. Underlying investment into new assets was approximately £35 million, representing a portfolio turnover of approximately 50% when compared to size of the opening portfolio. A number of new investments have been made, more of which below.

While geographic weightings remained broadly similar to 2014, there was a modest shift from China to the US in order to reduce risks slightly and also take advantage of weak performance of US utilities in the year. The weighting to China fell from 23.4% at the start of the year (having been 28.1% at the end of 2013) to 19.2% at December 2015, while the weighting to North America increased from 12.7% to 17.0%. China remains a sector which has delivered strong returns for PEWT over recent years.

For the first time, for reasons of materiality, we have shown separately from Asia the weighting to India, which remained relatively constant, increasing from 11.8% at December 2014, to 12.7% by the close of 2015. The weighting to the UK fell from 15.8% to 13.3%, with PEWT exiting from all of its dedicated renewable investments, a sector on which the policies of the new Conservative Government have had a very negative effect.

The weighting to investments which we classify as global, i.e. those companies operating in a range of countries, increased from 7.4% to 12.1% owing to the purchase of bonds and equity in a US listed renewable energy fund owning assets throughout emerging markets.

The weighting in Eastern Europe increased slightly, rising from 4.9% at December 2014 to 6.3% at December 2015. Most of the exposure is now to the electricity and gas transmission networks in Romania, which offer a stable regulated environment, with some growth at a very attractive valuation and yield.

Latin America was again weak, falling to just 6.5% of the portfolio as a result. We do feel however that most of the possible negatives around the political and economic situation are now priced into shares.

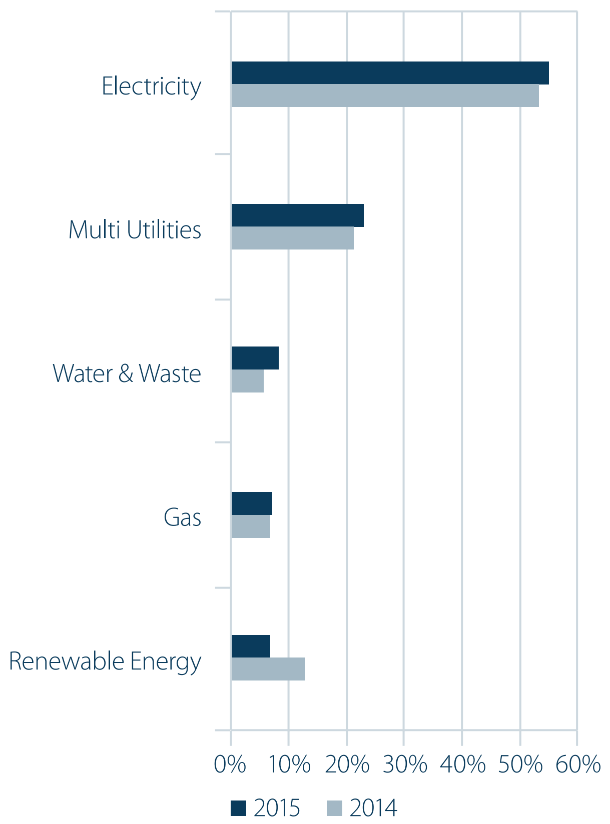
China

PEWT's Chinese investments managed to perform relatively well in 2015, against a weak equity market. The investments fall into two broad camps; power generation companies and environmental utilities.

The power companies actually benefited from the slowdown in the Chinese economy, which had a notable downward effect on the coal price leading to an improvement in margins in the power generation sector. **China Power International** saw its shares gain 14.0% over the year, all of which took place in the first half. From 2016, the power tariff has been more explicitly linked to the coal price, so the generation margin expansion seen over the past couple of years is now largely played out, although the sector is now less risky than it once was, should coal prices recover.

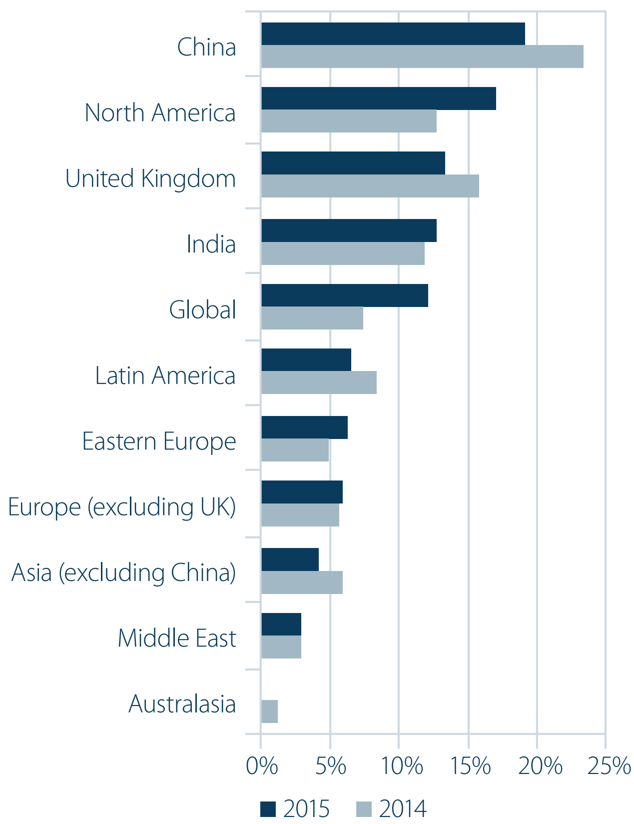
Investment Managers' Report continued

SECTOR ALLOCATION



Source: PFM Ltd

GEOGRAPHIC ALLOCATION



Source: PFM Ltd

On the environmental side, the Chinese Government continues to apply further policy pressure to improve the environment, offering increased opportunities to those utilities operating in waste treatment, water treatment, and also renewable energy. Having previously sold most of the holding in waste incineration company **China Everbright International** ("CEI") during the first half of 2014, we have now begun to rebuild this position to take advantage of a lower share price. CEI's shares lost 13.7% in 2015 despite reporting a 24.8% increase in first half earnings.

CEI wasn't the only Chinese investment to see a falling share price in the face of increased earnings. **Beijing Enterprises Holdings** ("BEH") is a new entry into PEWT's top 10 investments and operates the gas distribution network in Beijing. PEWT has taken advantage of price weakness to build a position in this large, high quality, regulated utility. BEH's shares lost 22.8% during 2015 despite an increase of 9.5% in first half earnings.

India

At the start of the year, PEWT held two Indian investments, **OPG Power Ventures** ("OPG"), a coal fired power generator which remains PEWT's largest investment, and also Greenko a renewable energy company. **Greenko** was a huge disappointment in 2015 as an ill-advised convertible financing deal signed in 2013 with GIC, an investment arm of the Government of Singapore, caused fears of substantial equity dilution. In the event, GIC made an offer for the company which completed in January 2016. PEWT sold its remaining Greenko shares in December at a small discount to the offer price.

OPG on the other hand, in common with a number of the Chinese investments, reported improved earnings and was rewarded with a falling share price. We are not overly concerned by this, and with OPG now at the end of its investment programme, the high level of profitability and cash flow generation of the company should become increasingly apparent. We would therefore expect to see a recovery in due course, helped by an expected maiden dividend in respect of the year to March 2016. Investor attention has now turned to the question of what will follow and how will it be financed. We expect answers to both these questions over the course of 2016, but with the market not ascribing fair value to existing assets, never mind new ones, we feel there is substantial potential upside.

United States

PEWT increased its exposure to North American utilities during 2015, ending the year with a weighting of 17.0%, up from 12.7% at December 2014 (and 7.6% at December 2013). This still remains a substantial under-weight position as compared to the FTSE All-World Utilities Index, in which US utilities account for approximately half of the index. Our approach has been to identify high quality mid-market utilities which offer an attractive valuation and growth profile, while at the same time potential involvement in the on-going consolidation seen in the sector. PEWT held three companies during 2015 which received take-over offers, being **UIL Holdings**, **Hawaiian Electric**, and **TECO Energy.**

The main negative was the poor performance of the **First Trust MLP and Energy Income Fund** ("FEI"), whose share price fell 38.7% in the year. The fund invests in US pipeline businesses which have seen their shares fall in sympathy with the wider energy sector, although the pipes themselves should have no significant economic exposure to either the oil price or volume, instead mainly selling their services on a fixed price capacity basis. We would therefore expect to see a recovery in time, particularly should the oil price, and hence sentiment, recover. Following the fall in its share price, FEI now has a double digit yield.

PEWT's overall US exposure delivered a positive return, despite the performance of FEI above, in a year in which the US utilities generally lost value.

Europe

As with China and the United States, PEWT generated a positive return on Western European investments in the face of a falling sector. The investment in Italian regional utilities was the main source of strength, Rome multi-utility Acea gaining 59% during the year, and Bologna based Hera gaining 26%. With the Italian Government having introduced new laws to encourage consolidation among the myriad of small local utility companies, most of which are sub-optimal in size, we anticipate the environment for the consolidators to remain favourable.

United Kingdom

In the 2014 Annual Report we discussed the policies of the Labour party relating to tariffs which we believed had the potential to cause severe harm to the sector. What we hadn't anticipated was an outright Conservative victory in the general election, or the subsequent decision effectively to close the UK to new on-shore wind energy. We believe this decision has been made for purely ideological reasons, and it remains to be seen how the UK will now meet its obligations relating to renewable energy.

Coming into 2015, PEWT had 7.1% of its portfolio invested in UK renewable energy, in the form of wind farm developers **Renewable Energy Generation Limited** ("REG"), and **Infinis**. The change of policy direction caused the share price of both to decline sharply, and each ended up accepting take-over offers. In Infinis's case this came from majority shareholder Terra Firma, and for REG from Blackrock, who had previously been the buyer of REG's development assets. PEWT sold out of each position in the market prior to deal completion, seeing a loss for the year between the opening price and the sale price realised of 10.6% for REG, and 16.6% for Infinis. With hindsight, given the change in the environment these companies faced, we feel fortunate to have escaped the year with only modest losses.

As noted in the Chairman's Statement, the takeover of REG, which completed in January 2016, meant that the company did not pay a main dividend for 2015, which would have been received in December. This reduced PEWT's 2015 expected net income by some £110,000, or 0.6p per share.

PEWT's more mainstream UK utility holdings performed better, with **SSE** being flat after taking dividends into account, and **National Grid** seeing a modest gain. The weighting to National Grid has now been reduced on valuation grounds, replaced by an increased exposure to SSE and also water company **Pennon**.

We believe that the UK faces an upcoming electricity generation capacity problem resulting from the closure of both existing nuclear and coal fired power stations over the coming decade. SSE looks well placed to see improved generation profitability in its gas and hydro power stations as a result.

Global

As mentioned earlier, the Global classification includes those companies which defy inclusion within a specific region. The largest holding in this sector is Engie, formerly known as GDF Suez. **Engie** had a poor year, its shares falling by 16.0%. The profitability of its generation fleet in Europe has suffered from low electricity prices, and low gas prices have hit its upstream LNG business. The shares represent good value however, and 2016 will benefit from the re-start of two nuclear power plants in Belgium which had been closed while safety investigations took place.

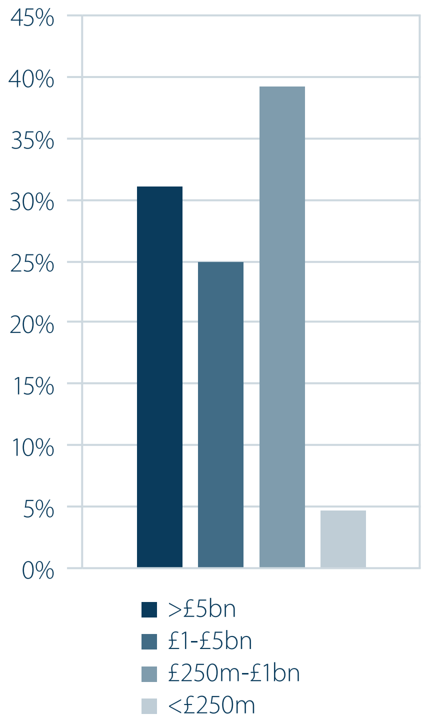
A new investment was made toward the end of the year, in US listed renewable energy company, **TerraForm Global** ("GLBL"). GLBL is an investor in emerging market renewable energy assets, and is sponsored by SunEdison, a US listed renewable development business. We believe that problems at SunEdison have had an unwarranted effect on the price of GLBL, which has seen its price fall sharply following its IPO in July 2015. In any case PEWT's investment has been mainly through GLBL's 9.75% bonds which offer enhanced capital security with a high yield, together with equity bought at a substantial discount to the IPO price.

Currency

Sterling was weak against the US Dollar over the year, particularly in the second half, falling by 5.4% in total over the year, to the benefit of PEWT. Conversely it gained against a weak Euro.

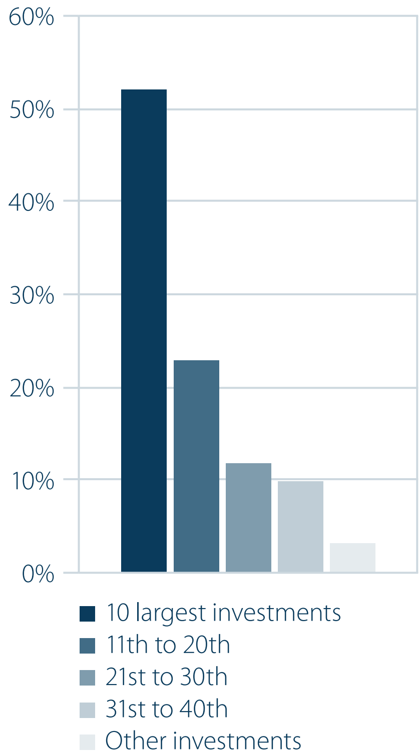
A significant headwind during the year has been the weakness of emerging market currencies, which has reduced the GBP value of many of the investments held in the portfolio. The biggest fall was seen in the Brazilian Real, which lost 41% against Sterling. PEWT has been unhedged against emerging currencies, taking the view that the cost of hedging is likely to outweigh the

MARKET CAP DISTRIBUTION 2015



Source: PFM Ltd

PORTFOLIO CONCENTRATION 2015



Source: PFM Ltd

long term benefit. It did however finish the year with a full hedge of the Hong Kong Dollar, addressing the risk that Hong Kong moves off the currency peg against the US Dollar.

Balance sheet

The gearing of the Ordinary Shares to the market rose as assets fell during the year, starting the year at 2.32x, and finishing at 2.89x. However, taking into account the repayment of part of the 2015 ZDP share issue and subsequent issuance of the smaller 2020 ZDP issue, the effective gearing on 1 January was reduced to 1.90x.

Outlook

2015 was a difficult year for utilities and wider markets, particularly in the second half of the year. Weakness has continued into 2016, most noticeably in PEWT's Chinese and other emerging market investments. Risks remain and a further fall in commodity prices or the Federal Reserve increasing interest rates more aggressively than anticipated could trigger further falls.

We are hopeful that we may be towards the bottom of the current downward shift in markets. Many of the Chinese, East European, and Latin American investments are trading on mid-single digit earnings multiples, emerging currencies look far better value than previously, and for the most part profitability and earnings within the portfolio have continued to improve.

The current market dislocation has led to opportunities to make quality investments at good prices, with the result that PEWT has an attractively valued portfolio that should benefit from market recovery in due course.

James Smith
Claire Long
Premier Fund Managers Limited
1 March 2016

Investment Portfolio

at 31 December 2015

Company	Activity	Country	Value £000	% total investments	2015	2014
OPG Power Ventures	Electricity	India	5,837	11.9	1	(1)
China Power Intl. Develop	Electricity	China	3,553	7.3	2	(3)
SSE	Electricity	United Kingdom	2,754	5.6	3	(10)
First Trust MLP and Energy Income Fund	Multi Utilities	North America	2,154	4.4	4	(12)
TerraForm Global*	Renewable Energy	Global	2,111	4.3*	5	–
Engie	Multi Utilities	Global	2,057	4.2	6	(7)
Beijing Enterprises Holdings	Gas	China	1,907	3.9	7	–
NextEra Energy	Electricity	North America	1,902	3.9	8	(18)
Pennon Group	Water & Waste	United Kingdom	1,629	3.3	9	(31)
iShares Global Utilities ETF	Electricity	Global	1,490	3.1	10	–
EDP - Energias do Brasil	Electricity	Latin America	1,445	3.0	11	(13)
Qatar Electricity & Water Co.	Multi Utilities	Middle East	1,436	2.9	12	(11)
Transelectrica	Electricity	Eastern Europe	1,399	2.9	13	(29)
GCP Infrastructure Investments	Multi Utilities	United Kingdom	1,241	2.6	14	–
China Everbright Intl.	Water & Waste	China	1,237	2.5	15	(9)
ACEA	Multi Utilities	Europe (excluding UK)	1,041	2.1	16	(25)
Huaneng Power International	Electricity	China	934	1.9	17	(4)
Keppel Infrastructure Trust	Multi Utilities	Asia (excluding China)	894	1.8	18	–
National Grid	Electricity	United Kingdom	843	1.7	19	(15)
Transgaz	Gas	Eastern Europe	753	1.6	20	(50)
Enersis	Electricity	Latin America	741	1.5	21	(8)
Sembcorp Industries	Multi Utilities	Asia (excluding China)	636	1.3	22	(30)
Cia Paranaense Energia ADR	Electricity	Latin America	596	1.2	23	–
American Water Works	Water & Waste	North America	568	1.2	24	–
Edison International	Electricity	North America	562	1.2	25	–
China Power New Energy Development	Renewable Energy	China	550	1.1	26	(45)
iShares US Utilities ETF	Electricity	North America	549	1.1	27	–
Energa	Electricity	Eastern Europe	547	1.1	28	(24)
CMS Energy	Multi Utilities	North America	538	1.1	29	–
Snam Rete Gas	Gas	Europe (excluding UK)	534	1.1	30	(17)

Investment Portfolio continued
at 31 December 2015

Company	Activity	Country	Value £000	% total investments	2015	2014
Hafslund	Electricity	Europe (excluding UK)	533	1.1	31	(44)
Alliant Energy	Electricity	North America	529	1.1	32	–
Dominion Resources	Electricity	North America	528	1.1	33	–
Consolidated Edison	Electricity	North America	523	1.1	34	–
Metro Pacific Investments	Multi Utilities	Asia (excluding China)	506	1.0	35	(35)
Hera	Multi Utilities	Europe (excluding UK)	487	1.0	36	(27)
Beijing Jingneng Clean Energy	Electricity	China	483	1.0	37	(43)
Sempra Energy	Electricity	North America	446	0.9	38	–
Cia de Saneamento do Parana	Water & Waste	Latin America	372	0.8	39	(51)
Greenko Dutch 8% Bond	Renewable Energy	India	356	0.7	40	(16)
Enagas	Gas	Europe (excluding UK)	287	0.6	41	–
Huaneng Renewables	Renewable Energy	China	282	0.6	42	(20)
China Resources Power Holdings	Electricity	China	237	0.5	43	(23)
Enea	Electricity	Eastern Europe	232	0.5	44	–
Kangda International	Water & Waste	China	164	0.3	45	–
Macquarie 1st Trust Glb. Infra. Utility Div & Inc	Multi Utilities	Global	158	0.3	46	–
Polenergia	Electricity	Eastern Europe	121	0.2	47	–
Ecofin Water & Power Ords	Multi Utilities	Global	104	0.2	48	(6)
			48,786	99.8%		
Unquoteds						
PEWT Securities 2020 PLC	ZDP subsidiary	United Kingdom	50	0.1		
PEWT Securities PLC	ZDP subsidiary	United Kingdom	50	0.1		
Freepower	In liquidation	United Kingdom	–	–		
ITI Energy	In liquidation	United Kingdom	–	–		
Total investments			48,886	100.0%		

* Holding in bonds and ordinary shares, (2.8% of which is a holding of 9.75% 2022 Bonds and 1.5% is in Equity).

Review of Top Ten Holdings
at 31 December 2015

1. OPG Power Ventures

Market cap £292m

www.opgpower.com

OPG, an Indian coal fired producer listed in London, had a successful 2015 and saw its investment programme come to fruition with operating capacity rising from 270MW to 600MW during the year. A final 150MW unit, in Gujarat, was confirmed as commissioned in early 2016. The interim results in September began to show the effects of this new capacity, with earnings per share increasing by 52%, further helped by continued coal price weakness. OPG also announced plans to develop 1,500MW of renewable generation, together with outline details of additional thermal capacity in the state of Tamil Nadu, the company's aim being to replicate the generation mix of the country as a whole. However, despite a strong operational performance, its shares fell 16.6% over the year.

2. China Power International Development

Market cap £2.8bn

www.chinapower.hk

China Power International ("CPI") generates power from coal and through hydro technology, and has total installed capacity of 15.5GW. Strong results in 2014 continued in the first half of 2015 with the falling coal price more than offsetting a reduction in generation volumes as the Chinese economy slowed. Together with lower borrowing costs, this resulted in a 12% rise in earnings. At the end of 2015, as expected, the Chinese government announced a cut in coal fired power tariffs to take account of lower fuel costs, but importantly also established a clearer framework for future tariff adjustments. Despite coming back with the Chinese market in the final quarter of the year, CPI's shares were up 14.0% overall during 2015.

3. SSE PLC

Market cap £15.4bn

www.sse.com

SSE is involved in the generation, transmission and supply of electricity, and the production, storage and supply of gas, to over 9 million customers. Almost 60% of its earnings base derives from regulated electricity and gas networks, but in 2015 it was SSE's competitive businesses that were in the spotlight, with the Labour Party's proposals to freeze or cap the retail supply price quickly followed by the provisional findings of the Competition and Markets Authority ("CMA") on its review into the UK utility sector. In the event this was good for wholesale – where the CMA found that competition works well – and less good for retail, where it concluded that suppliers are able to exploit their inactive customer base through their pricing policies. Overall this was a modestly positive outcome for SSE, given its exposure to both ends of the supply chain. SSE's shares fell 5.8% during 2015.

4. First Trust MLP and Energy Income Fund

Market cap £407m

www.ftportfolios.com

First Trust MLP and Energy Income fund ("FEI") is a US listed closed end fund investing in oil and gas pipelines and related infrastructure via an asset class known as Master Limited Partnerships or MLPs. It also invests in North American utilities. The MLP spectrum encompasses upstream oil and gas producers as well as infrastructure, so while FEI's focus has been on MLPs which have little or no exposure to the oil price or volume, it has suffered from an association with the wider energy sector, with the result that its shares fell 38.7% during 2015. However, in contrast to upstream energy companies, FEI's investments have shown resilient earnings over 2015, enabling FEI to increase its dividend. At the end of the year it was trading on an 8% discount to its net asset value, with a prospective dividend yield of 10.7%.

5. TerraForm Global

Market cap £675m

www.terraformglobal.com

TerraForm Global ("GLBL") is a US listed company established by US solar developer SunEdison, to provide a high income to investors (a so-called "yieldco"). Its mandate is to invest in operational renewable energy projects in emerging markets. It was a new issue in July 2015 at $15 per share. However problems at its sponsor, SunEdison, relating to excessive leverage and a poorly received acquisition, have had a knock on effect on GLBL, and its shares fell to below $4 by December. These issues of themselves should have little or no impact on GLBL however, and it should be able to exist happily as a standalone entity without its sponsor. In addition, GLBL has yet to invest the majority of the proceeds from its listing. PEWT acquired both high yield bonds and equity towards the year end, and the combined position was showing a modest overall profit by year end.

6. Engie

Market cap £29.3bn

www.engie.com/en/

Engie (previously known as GDF Suez) is a French multinational gas and electricity company with operations in almost 70 countries. It is the largest independent power producer in the world and has almost 150,000 employees worldwide. Interim results in September, which revealed recurring earnings down 12%, showed the early effects of falling oil and gas prices. These continued to weigh on the stock in the second half, but in December the group was given permission by the Belgian nuclear regulator to restart two nuclear power plants in the country after extensive safety related repairs and modifications were completed which should provide a boost to earnings in 2016. GDF's shares fell 16.0% during 2015.

7. Beijing Enterprises Holdings

Market cap: £5.3bn

www.behl.com.hk/en

Beijing Enterprises Holdings ("BEH") is a utility conglomerate which comprises the gas distribution and supply network in Beijing, together with stakes in a series of gas transmission pipelines to Beijing, a national water treatment company and a nascent waste treatment business. Key to the Chinese government's drive to clean up China's air and water quality is a switch from coal to gas as the primary source of both electricity generation and heating in the capital. Following the commissioning of several large gas-fired power plants in Beijing in late 2014, in the first half of 2015, BEH reported normalised earnings growth of 26%, which reflected, among other things, an increase in gas distribution volumes of 29% during the period. However, despite this operational strength, which looks likely to have been repeated in the second half of the year, the shares fell back with the rest of the Chinese market, ending the year down 22.8%.

8. NextEra Energy

Market cap £32.5bn

www.nexteraenergy.com

NextEra Energy comprises the largest electric utility in Florida, FPL, with a customer base of 4.7 million, and the largest US renewable energy operator, NextEra Energy Resources ("NEER"), which also owns a number of gas and nuclear power plants. In all NextEra's generating capacity totals almost 42GW. Despite a substantial increase in its rate base following the costly refurbishment of its utility fleet, FPL's customer bills are still about 30% lower than the national average, which should stand it in good stead as it starts negotiations for the next four years' allowed returns. Meanwhile NEER has built up a 4GW project pipeline for delivery over the next 2 years, underpinning its future earnings growth. Although the shares were down slightly (2.3%) during 2015, NextEra reported an 8% increase in earnings for the year, and will be stepping up its dividend distribution rate, with the company guiding for 12-13% dividend growth a year going forward.

9. Pennon Group

Market cap: £3.5bn

www.pennon-group.co.uk

Pennon holds the licence to operate South West Water ("SWW"), which supplies water and sewerage to 1.6m customers in Devon, Cornwall and parts of Dorset and Somerset. In the latest regulatory period, which runs for five years from April 2015, the industry regulator, OFWAT awarded it enhanced status in recognition of the fact that SWW's 2015-20 business plan should deliver the best outcomes for its customers. It was the only listed water company to achieve this, and the resulting enhanced return should underpin Pennon's policy of annual dividend increases of RPI +4% during the current regulatory period. Pennon also owns Viridor, a waste treatment and disposal business, which operates incinerators producing energy from waste throughout the UK. At its interim results in September, Viridor confirmed that 80% of the electricity output from these sites was contracted for the next 25 years, offering considerable earnings visibility. Pennon shares fell 6.4% in 2015.

10. iShares Global Utilities ETF

Market cap: £101m

www.ishares.com

An Exchange Traded Fund which tracks the performance of the S&P Global Utilities Index, with the holdings weighted by market capitalisation. It was held at the year-end on a temporary basis in order to maintain market exposure and guarantee liquidity whilst the Trust underwent the partial repayment of the Zero Dividend Preference Shares. The position has been sold since the year end.

Directors

Geoffrey Burns – Chairman

Geoffrey Burns has worked in the investment fund industry for over thirty years. From 1997 to 2000 he was a director of and head of investment trusts at Murray Johnstone Ltd. Mr Burns is an adviser to a number of government and multilateral agencies who make investments in private equity funds in emerging markets including the Asian Development Bank. Mr Burns is a director of the Swiss Investment Fund for Emerging Markets AG and Chairman of City Natural Resources High Yield Trust PLC. Mr Burns was appointed as a non-executive director of the Company on 12 September 2003 and was appointed Chairman on 26 April 2005.

Ian Graham – Chairman of the Audit Committee

Ian Graham has over twenty years' experience as an investment analyst, more than half of which were spent covering utilities, having worked at Scrimgeour Kemp-Gee, Simon & Coates, Nat West Securities and Merrill Lynch until 2001. Mr Graham was appointed as a non-executive director of the Company on 12 September 2003 and was appointed the Chairman of the Audit Committee on 1 August 2012.

Michael Wigley

Michael Wigley is a director of The Conygar Investment Company plc. He was formerly a director of Matheson Investment Ltd and a non-executive director of Development Securities PLC. He was deputy chairman of Legg Mason Investors International Utilities Investment Trust, the predecessor company. Mr Wigley was appointed as a non-executive director of the Company on 12 September 2003.

Charles Wilkinson

Charles Wilkinson is a solicitor and a resident of Guernsey. Until March 2005 he was a partner of Lawrence Graham LLP specialising in investment trusts and funds. He is a non-executive director of Landore Resources Ltd, which is quoted on the AIM Market of the London Stock Exchange and of Doric Nimrod Air One Ltd, Doric Nimrod Air Two Ltd and Doric Nimrod Air Three Ltd, all three of these are listed on the Specialist Funds Market of the London Stock Exchange. Mr Wilkinson was appointed as a non-executive director of the Company on 23 February 2011.

Gillian Nott OBE

Gillian Nott worked for 12 years early in her career in the energy business including positions with BP. She went on to be CEO of ProShare, chairman of Witan Pacific Investment Trust plc, deputy chairman of the Association of Investment Companies, a non-executive director of the Financial Services Authority, Baronsmead VCT 2 plc, Martin Currie Global Portfolio Investment Trust plc and Liverpool Victoria Friendly Society. She is currently Chairman of JP Morgan Russian Securities plc and non-executive director of BlackRock Smaller Companies Investment Trust plc and Baronsmead VCT 5 plc. Mrs Nott was appointed as a non-executive director of the Company on 1 March 2016.

Investment Managers

James Smith

James joined Premier in June 2012, after spending fourteen years at Utilico, specialising in the global utilities, transportation infrastructure, and renewable energy sectors. During this time he gained extensive experience in both developed and emerging markets. He was previously a director at Renewable Energy Holdings PLC and Indian Energy Ltd. James is a Chartered Accountant and Barrister.

Claire Long

Claire joined Premier in December 2008. Previously she ran a UK smaller companies fund at Rothschild Asset Management after spending four years at Foreign and Colonial where she covered a range of markets, including the UK and Japan. She is an Associate of the CFA UK.

Directors and Advisers

Directors

Geoffrey Burns (Chairman)

Ian Graham (Chairman of the Audit Committee)

Michael Wigley

Charles Wilkinson

Gillian Nott OBE *(appointed on 1 March 2016)*

Alternative Investment Fund Manager ("AIFM")

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Investment Manager

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Stockbroker

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Ordinary Shares

SEDOL	3353790GB
LSE	PEW

Zero Dividend Preference Shares

SEDOL	BYP98L6
LSE	PEZ

Global Intermediary Identification Number

GIIN	W6S9MG.00000.LE.826

Strategic Report
for the year ended 31 December 2015

The Directors submit to the shareholders their Strategic Report, Director's Report and the Audited Financial Statements of the Company for the year ended 31 December 2015.

Business Model and Strategy

Business and tax status

The Company is an investment trust and its principal activity is portfolio investment. In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to maintain its status as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Company has obtained written approval as an investment trust from HM Revenue & Customs for all accounting periods up to the year ended 31 December 2012, and has made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods starting on or after 1 January 2012 subject to the Company continuing to meet the eligibility conditions contained in Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements outlined in Chapter 3 of Part 2 of the Regulations.

The Company is an investment company as defined in Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments. Investment trusts offer a number of other advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost.

Investment objectives

The Company's investment objectives are to achieve a high income from, and to realise long-term growth in the capital value of its portfolio. The Company will seek to achieve these objectives by investing principally in equity and equity related securities of companies operating primarily in the energy and water sectors, as well as other infrastructure investments.

Tap issues and ZDP issues in PEWT Securities PLC

The Company announced that it had allotted and issued, on 13 May 2015, by way of a tap issue in response to market demand, 310,000 New Ordinary Shares of 1 pence each par value for cash, at a price of 191.75 pence per share (the "New Shares"). The New Shares ranked *pari passu* with the existing Ordinary Shares. On the same day the Company's subsidiary, PEWT Securities PLC announced that it had allotted and issued, by way of a tap issue in response to market demand, 384,681 New ZDP Shares of 1 pence each par value for cash, at a price of 216 pence per share (the "New Shares"), a premium to the current net entitlement. The New Shares ranked *pari passu* with the existing ZDP Shares.

The Company announced that it had allotted and issued, on 28 July 2015, by way of a tap issue in response to market demand, 400,000 New Ordinary Shares of 1 pence each par value for cash, at a price of 169.75 pence per share (the "New Shares"). The New Shares ranked *pari passu* with the existing Ordinary Shares. On the same day the Company's subsidiary, PEWT Securities PLC announced that it had allotted and issued, by way of a tap issue in response to market demand, 496,364 New ZDP Shares of 1 pence each par value for cash, at a price of 217 pence per share (the "New Shares"), a premium to the current net entitlement. The New Shares ranked *pari passu* with the existing ZDP Shares.

The above shares were issued pursuant to a resolution approved at a General Meeting of Premier Energy and Water Trust PLC held on 21 April 2015 which permitted the allotment provided that (i) such issue is simultaneous with an issue of New ZDP Shares by PEWT Securities PLC ("ZDP Shares") and (ii) the combined effect of the issue of Ordinary Shares at a discount to the prevailing net asset value per Ordinary Share and the issue of New ZDPs at a premium to net asset value per ZDP Share is that the net asset value per Ordinary Share is thereby increased.

Following the two issues of the Ordinary Shares, the issued ordinary share capital consists of 18,088,480 Ordinary Shares.

Reconstruction of the Company

On 20 November 2015 the Company's subsidiary, PEWT Securities PLC, published a circular (the "Circular") in connection with proposals for the reconstruction and voluntary winding-up of PEWT Securities PLC and for a Rollover Option for ZDP Shareholders into new ZDP shares to be issued by the Company's new subsidiary, PEWT Securities 2020 PLC.

The ZDP Shares of PEWT Securities conferred a right to receive a Final Capital Entitlement of 221.78p per ZDP Share (approximately £49.8 million in total) on the winding up of PEWT Securities PLC on 31 December 2015. At the time of the 2014 reorganisation, the Company announced its intention to consider the various options that may be available for refinancing the ZDP Shares nearer to the planned winding-up of PEWT Securities PLC, including the issuance by the Group of a follow-on zero dividend preference share, to allow ZDP Shareholders who wish to do so the opportunity to roll over their investment into a similar investment.

Further to this, the Board announced Proposals which allowed ZDP Shareholders to elect to receive their Final Capital Entitlement of 221.78p per Existing ZDP Share upon the winding-up of PEWT Securities PLC either:

- in cash; or
- to roll over some or all of their investment into New ZDP Shares to be issued by PEWT Securities 2020 PLC ("PEWT Securities 2020"), a new subsidiary of the Parent formed for the purpose of the Proposals.

On the same day, the Company announced that its wholly owned subsidiary, PEWT Securities 2020 PLC, had published a Prospectus, which had been approved by the UK Listing Authority, in connection with:

- the issue of New ZDP Shares at an issue price of 100p per New ZDP Share in connection with a scheme of reconstruction of PEWT Securities PLC (the "Scheme") and a Placing; and
- a Placing Programme of New ZDP Shares.

On 14 December 2015 it was announced that elections by ZDP Shareholders to participate in the Rollover Option exceeded the Maximum Issue Size, meaning that such Elections were scaled back on a pro-rata basis. Each ZDP Shareholder who made a valid Election to receive New ZDP Shares of PEWT Securities 2020 PLC ("new ZDP shares") received approximately 1,871 New ZDP Shares and £346.80 in cash for every 1,000 Existing ZDP Shares held on the Effective Date and for which they made a valid Election. On the Scheme becoming effective, 24,073,337 New ZDP Shares were issued by PEWT Securities 2020 PLC. As the Maximum Issue Size was reached through the Rollover Option, there was no Placing of New ZDP Shares.

On 31 December 2015, PEWT Securities PLC was placed into members' voluntary liquidation and 24,073,337 New ZDP Shares in PEWT Securities 2020 PLC were issued to satisfy ZDP Shareholders who had elected to receive New ZDP Shares. The New ZDP Shares of PEWT Securities 2020 PLC were admitted to the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange and dealings commenced on 4 January 2016. ZDP Shareholders who elected for cash were credited through the CREST system and cheques were despatched to all other ZDP Shareholders who elected for cash on 8 January 2016.

Alternative Investment Fund Management Directive ("AIFMD")
The Company appointed Premier Portfolio Managers Limited ("PPM") to act as its Alternative Investment Fund Manager ("AIFM") pursuant to an Alternative Investment Fund Management Agreement entered into by the Company and the AIFM on 20 January 2015 (the "AIFM Agreement").

PPM has been approved as an AIFM by the UK's Financial Conduct Authority. The investment management agreement entered into by the Company and Premier Fund Managers Limited ("PFM") on 3 August 2011 (the "IMA") was terminated although PPM has now delegated the portfolio management of the Company's portfolio of assets to PFM on substantially the same terms as those previously in place. The AIFM Agreement is based on the IMA and differs to the extent necessary to ensure that the relationship between the Company and PPM is compliant with the requirements of AIFMD. The fees payable to PPM for acting as the Investment Manager and the notice period under the AIFM Agreement are unchanged from the IMA. PPM will receive a fixed fee of £20,000 per annum in respect of its appointment as the AIFM.

The Company and PPM have also entered into a depositary agreement with Northern Trust Global Services Limited ("NT") pursuant to which NT has been appointed as the Company's depositary for the purposes of AIFMD.

In accordance with AIFMD regulations the Company has published a pre investment disclosure document which can be found on the Company's website at *https://www.premierfunds.co.uk/media/59009/premier-energy-and-water-trust-pre-investment-disclosure-document-aifmd-.pdf.*

Foreign Account Tax Compliance Act ("FATCA")
The Company has registered with the US Internal Revenue Service as a Reporting Financial Institution under the FATCA legislation and has been issued with a Global Intermediary Identification Number ("GIIN") which is W6S9MG.00000.LE.826.

Investment policy
The policy of the Directors is that, in normal market conditions, the portfolio of the Company should consist primarily of a diversified portfolio of equity and equity-related securities of companies operating in the energy and water sectors, as well as other infrastructure investments. There are no restrictions on the proportion of the portfolio of the Company which may be invested in any one geographical area or asset class but no more than 15% of the Company's assets, at the time of acquisition, will be invested in a single security. The Company may also invest up to 15% of its gross assets in investment companies provided they themselves invest in utilities and infrastructure. However,

not more than 10% of the Company's gross assets may be invested in other UK listed closed-ended investment funds unless such funds themselves have published investment policies to invest not more than 15% of their total assets in other UK listed closed-ended investment funds (provided they themselves invest in utilities and infrastructure). The Company may invest up to 15% of its gross assets in unquoted securities. There are no borrowings under financial instruments or the equivalent of financial instruments but investors should be aware of the gearing effect of the ZDP Shares within the capital structure. The Company's policy is not to employ any gearing through long-term bank borrowing. The Company can, however, employ gearing through the issue of ZDP Shares.

The Company will manage and invest its assets in accordance with its published investment policy. Any material change to this policy will only be made with the approval of Shareholders by ordinary resolution unless otherwise permitted by the Listing Rules.

Investment Restrictions

The Company will not:

(i) invest more than 10%, in aggregate, of the value of its gross assets at the time the investment is made in other UK listed closed-ended funds, provided that this restriction does not apply to investments in any such closed-ended funds which themselves have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended funds;

(ii) invest more than 15% of its gross assets in listed closed-ended funds;

(iii) invest more than 20% (calculated at the time of any relevant investment) of its gross assets in other collective investment undertakings (open-ended or closed-ended);

(iv) expose more than 20% of its gross assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);

(v) invest in physical commodities;

(vi) cross-finance between the businesses forming part of its investment portfolio including provision of undertakings or security for borrowings by such businesses for the benefit of another;

(vii) operate common treasury functions as between the Company and an investee company; or

(viii) conduct any significant trading activity.

In addition to the above restriction on investment in a single company the Board seeks to achieve a spread of risk in the portfolio through monitoring the country and sector weightings of the portfolio.

There will be a minimum of twenty stocks in the portfolio. The Company is geared through zero dividend preference shares but does not use other gearing on a long-term basis.

Viability statement

Viability statement In accordance with provision C.2.2 of the Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of three years which was selected because it was considered to be a reasonable time horizon over which to assess the viability of an investment company. In determining the appropriate period of assessment the Directors had regard to the general advice that equity investment should be made on a medium to longer term view (perhaps 3 to 10 years) but also to evidence that the average holding time for an equity investment is under 3 years. The Directors consider that 3 years is a sufficient investment time horizon to be relevant to shareholders and that choosing a longer time period can present difficulties given the lack of longer term economic visibility. The Board also regularly considers the strategic position of the Company including investor demand for the Company's shares and a three year period is considered to be a reasonable time horizon for this.

The refinancing of the ZDPs in January 2016 has put in place structural gearing for the next 5 years but with a reduced level of leverage on the ordinary shares compared to the level prior to the refinancing. As the new ZDPs were issued with a lower accrual rate there will be a lower cost to the ordinary shares. Taken together these factors, in the opinion of the Board, improve the viability of the Company.

The Directors' have carried out a robust assessment of the Company's principal risks and its current position. The principal risks relating to the viability of the Company and the procedures in place to monitor and mitigate them are included in the summary of principal risks set out on pages 21 and 22 below. As the Company's portfolio consists of shares which are listed on regulated markets, many of which are highly liquid, funds can be raised to meet the Company's liabilities as they fall due. The Company has no long term debt other than the ZDP shares entitlement. On the basis of the current portfolio yield, the Directors expect the Company to continue to generate a revenue surplus.

Based on the above assessment the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over the three year period to March 2019.

Return per share – basic

Total return per Ordinary Share is based on the net total return on ordinary activities after taxation of £(6,537,000) (31 December 2014: £7,264,000).

These calculations are based on the weighted average number of 17,746,480 Ordinary Shares in issue during the year to 31 December 2015 (2014: 17,080,370 number of Ordinary Shares).

The return per Ordinary Share can be further analysed between revenue and capital as below:

	Year ended 31 December 2015 Pence per Ordinary Share	Year ended 31 December 2015 £000	Year ended 31 December 2014 Pence per Ordinary Share	Year ended 31 December 2014 £000
Net revenue return	9.38p	1,665	10.11p	1,727
Net capital return	(46.22)p	(8,202)	32.42p	5,537
Net total return	(36.84)p	(6,537)	42.53p	7,264

The Company does not have any dilutive securities.

Dividends

During the year the following dividends were paid:

	Payment date	Dividend pence (net per share)
Fourth Interim for the year ended 31 December 2014	31 March 2015	4.70p
Additional interim dividend for the year ended 31 December 2014	31 March 2015	0.75p
First Interim for the year ended 31 December 2015	30 June 2015	1.90p
Additional interim dividend for the year ended 31 December 2015	30 June 2015	0.75p
Second Interim for the year ended 31 December 2015	30 September 2015	1.90p
Additional interim dividend for the year ended 31 December 2015	30 September 2015	0.75p
Third Interim for the year ended 31 December 2015	31 December 2015	1.90p
Additional interim dividend for the year ended 31 December 2015	31 December 2015	0.75p

Subsequent to the year end but in respect of the year ended 31 December 2015 the Directors have declared a fourth interim dividend of 4.00p and an additional interim dividend of 0.75p, payable on 31 March 2016 to members on the register at the close of business on 4 March 2016. The shares were marked ex-dividend on 3 March 2016. This dividend relates to the year ended 31 December 2015 but in accordance with the International Financial Reporting Standards, it is recognised in the period in which it is paid.

Net asset value

The net asset value per Ordinary Share, including revenue reserve, at 31 December 2015 was 145.83p† (31 December 2014: 196.23p†). The net asset value of a Zero Dividend Preference Share at 31 December 2015 was 221.78p† (31 December 2014: 208.18p†).

Principal risks associated with the Company (also see note 20 on pages 57 to 63)

Structure of the Group and gearing

The Company is a split-capital investment trust with two separate classes of share, each with different characteristics. Returns generated by the Company's underlying portfolio are apportioned in accordance with the respective entitlements of each class of share. As the Ordinary Shares and Zero Dividend Preference Shares have different rights both during the life of the Company and on a winding-up, shareholders and prospective investors are advised to give careful consideration to their choice of class or classes of share (see page 3 for details of these entitlements).

The Company employs no gearing in the form of bank loans. The Ordinary Shares are geared by the entitlement of the prior ranking Zero Dividend Preference Shares issued by its subsidiaries.

† Net asset values calculated in accordance with Articles of Association (see note 18 on pages 56 and 57).

Dividend levels
Dividends paid on the Company's Ordinary Shares rely on receipt of dividends and interest payments from the securities in which the Company invests. The Board monitors the income of the Company and reviews an income forecast for the current financial year at its regular quarterly Board meetings.

Currency risk
The Company invests in overseas securities and its assets are therefore subject to currency exchange rate fluctuations. The Company may hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated but otherwise takes account of this risk when making investment decisions.

Liquidity risk
The Company invests principally in highly liquid securities listed on recognised stock exchanges. The Company may invest up to 15% of its gross assets in unquoted securities. These securities may have limited liquidity and be difficult to realise. The investment limits set are monitored at each Board meeting.

Market price risk
Since the Company invests in financial instruments, market price risk is inherent in these investments. In order to minimise this risk, a detailed analysis of the risk/reward relationship of each investee company is undertaken by the Investment Manager prior to making investments. The Board regularly reviews reports on the portfolio produced by the Investment Manager.

Discount volatility
Being a closed-ended company, the Company's shares may trade at a premium or discount to their net asset value. The magnitude of this premium or discount fluctuates daily and can vary significantly. Thus, for a given period of time, it is possible that the market price could decrease despite an increase in the net asset value of the Company's shares. The Directors review the discount levels regularly. The Investment Manager actively communicates with the Company's major shareholders and potential new investors, with the aim of managing discount levels.

Operational
Like most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. The Board reviews, at least annually, the performance of all the Company's third party service providers, as well as reviewing service providers' anti-bribery and corruption policies to address the provision of the Bribery Act 2010. The Board and Audit Committee regularly review statements on internal controls and procedures provided by Premier Fund Managers Ltd and other third parties and also subject the books and records of the Company to an annual external audit.

Accounting, legal and regulatory
In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010. A breach of Section 1158 could lead to the Company being subject to capital gains tax on gains within the Company's portfolio. Section 1158 qualification criteria are continually monitored by the Investment Manager and the results reported to the Board at its regular meetings. The Company must also comply with the Companies Act and the UKLA Listing Rules. The Board relies on the services of the administrator, Premier Portfolio Managers Limited and its professional advisers to ensure compliance with the Companies Act and the UKLA Listing Rules. The Company is also required to comply with the Alternative Investment Fund Management Directive ("AIFMD") and was entered in to the register of small registered UK AIFA's with effect from 23 June 2014. On 20 January 2015 however, the Company announced that it had appointed Premier Portfolio Managers Limited ("PPM") as its Alternative Investment Fund Manager and PPM is responsible for ensuring compliance with AIFMD (see page 19).

Political and regulatory risk
The Company invests in regulated businesses which may be subject to political or regulatory interference, and may be required to set pricing levels, or take investment decisions, for political rather than commercial reasons. In some less developed economies, including those in which the Company invests, there are increased political and economic risks as compared to more developed economies. These risks include the possibility of various forms of punitive government intervention together with reduced levels of regulation, higher brokerage commissions, less reliable settlement and custody practices, higher market volatility and less reliable financial reporting. Such factors are out of the control of the Board and the Investment Manager, the Board monitors the performance of its investments at each Board meeting.

Key performance indicators
The Company's Directors meet regularly to review the performance of the Company and its shares. The key performance indicators ("KPIs") used to measure the progress and performance of the Company over time are as follows:

1) The performance against a set of reference points. The Investment Managers' performance is not assessed against a formal benchmark but rather against a set of reference points which are more general in nature and intended to be representative of the broad spread of assets in which the portfolio invests. These references include the FTSE All-World Utilities Total Return Index, FTSE All-World Total Return Index and FTSE All-Share Total Return Index (see Company highlights on page 4).

2) The performance against the peer group. The assessment of the Investment Managers' performance against companies which invest in similar, but not necessarily the same, securities allows the Board to evaluate the effectiveness of the Company's investment strategy.
3) The performance of the Company at the net asset level. This shows how the assets attributable to shareholders as a whole have performed.
4) The performance of the individual share classes, both in terms of share price total return (i.e. accounting for dividends received) and in terms of net asset value total return. The share price performance is the measure of the return that shareholders have actually received and will reflect the impact of widening or narrowing of discounts to NAV (see graphs on page 5).
5) Ongoing charges. The annualised ongoing charges figure for the year was 1.6% (2014: 1.5%). This figure, which has been prepared in accordance with the recommended methodology of the Association of Investment Companies represents the annual percentage reduction in shareholder returns as a result of recurring operational expenses excluding performance fee. No performance fee is payable in respect of the year ended 31 December 2015 (2014: no performance fee was paid). The Board reviews each year an analysis of the Company's ongoing charges figure and a comparison with its peers.

All of these areas were examined throughout the year and the table below summarises the key indicators:

	As at or year to: 31 December 2015	As at or year to: 31 December 2014	% change
Total Return Performance			
Total Assets Total Return[1]	(4.3%)	14.7%	
FTSE All-World Utilities Index Total Return[2] (GBP)	(2.7%)	20.5%	
Ordinary Share Performance			
Net Asset Value per Ordinary Share (cum income)[3]	145.83p	196.23p	(25.7%)
Revenue return per Ordinary Share	9.38p	10.11p	(7.2%)
Net dividends declared per Ordinary Share	12.70p	13.40p	(5.2%)
Discount	(10.5%)	(1.9%)	
Ongoing charges[4]	1.6%	1.5%	

[1] Based on opening and closing total assets plus dividends marked "ex-dividend" within the period. Source: PFM Ltd.
[2] Source: Bloomberg.
[3] Articles of Association basis.
[4] Ongoing charges have been based on the Company's management fees and other operating expenses as a percentage of average gross assets less current liabilities over the year (excluding the ZDPs accrued capital entitlement).

Future prospects

The Board's main focus is the achievement of a high income from the portfolio together with the generation of long-term capital growth. The future of the Company is dependent upon the success of the investment strategy. The investment outlook is discussed in both the Chairman's statement on page 7 and the Investment Managers' report on page 11.

Board diversity

The Nomination Committee considers diversity, including the balance of skills, knowledge, diversity (including gender) and experience, amongst other factors when reviewing the composition of the Board and appointing new directors, but does not consider it appropriate to establish targets or quotas in this regard. The Board comprises; five non-executive directors one female and four males. The Company has no employees.

Social, community and human rights

The Company does not have any specific policies on social, community or human rights issues as it is an investment company which does not have any physical assets, property, employees or operations of its own.

For and on behalf of the Board

Ian Graham
Director

10 March 2016

Directors Report

for the year ended 31 December 2015

Directors

The present Directors are listed below and on page 16. They are all non-executive and have served throughout the year, apart from Gillian Nott who was appointed on 1 March 2016.

Geoffrey Burns – *Chairman*

Ian Graham – *Chairman of the Audit Committee*

Michael Wigley

Charles Wilkinson

Gillian Nott *(appointed 1 March 2016)*

None of the Directors, nor any persons connected with them, had a material interest in any of the Company's transactions, arrangements or agreements during the year. None of the Directors has, or has had, any interest in any transaction which is, or was, unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the current financial year.

At the date of this report, there are no outstanding loans or guarantees between the Company and any Director.

Conflicts of interest

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors are required to notify the Company Secretary of any situations where they consider that they have a direct or indirect interest, or duty that would conflict, or possibly conflict, with the interests of the Company. No such situations however, have been identified. There remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to review all notified situations on a quarterly basis.

Corporate governance

The statement of Corporate Governance, as shown on pages 28 to 30, is incorporated by cross reference into this report.

Bribery prevention policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery by the Company's Manager on its behalf very seriously and the Investment Manager has anti-bribery policies and procedures in place. The Company's other key service providers have also been contacted in respect of their anti-bribery policies.

Global greenhouse gas emissions for the year ended 31 December 2015

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Substantial shareholdings

As at the date of this report the Company had been notified of the following substantial interests in the Ordinary share capital of the Company.

Ordinary Shares	Number of shares at 9 March 2016†	% of total voting rights	Number of shares at 31 December 2015	% of total voting rights
Premier Fund Managers Limited*	3,971,355	22.0	4,142,679	22.9
Philip J Milton & Company Plc	1,093,871	6.0	1,093,871	6.0

† The latest practicable date prior to the publication of this report.

* This includes 2,360,220 Ordinary Shares that are held in the ISA scheme that is administered by Premier Fund Managers Limited on behalf of individual shareholders.

Going concern

The Directors believe that having considered the Company's investment objectives (shown on page 1), risk management policies and procedures (pages 57 to 63), nature of portfolio and income and expense projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that the use of the going concern basis is appropriate.

Performance

An outline of the performance, market background, investment activity and portfolio strategy during the period under review, as well as the investment outlook, is provided in the Chairman's Statement and Investment Managers' report.

Financial Instruments

The Company invests in financial instruments which are valued at fair value. An analysis of the portfolio is provided in note 8 on page 53. Further information about financial instruments and capital disclosures is provided in note 20 on pages 57 to 63.

Proxy voting as an institutional investor

Responsibility for actively monitoring the activities of companies in which the Company is invested has been delegated by the Board to the Investment Manager. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee companies. The Investment Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. Wherever practicable, the Investment Managers' policy is to vote all shares held by the Company.

Annual General Meeting

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take or about the contents of this document, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (or in the case of recipients outside the United Kingdom, a stockbroker, bank manager, solicitor, accountant or other independent financial adviser).

If you have sold or otherwise transferred all of your shares in Premier Energy and Water Trust PLC, please pass this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The notice of the Annual General Meeting sets out the ordinary business and special business to be conducted at the Meeting.

The following explains the resolutions to be considered at the Meeting as special business.

RESOLUTION 7, 8 and 9: Authority to allot Ordinary Shares

At the Annual General Meeting, the Company is seeking approval from Shareholders to renew the Board's authority to issue new Ordinary Shares on a non-pre-emptive basis, subject to certain parameters. These authorities are intended to replace the authorities granted by Shareholders at the Company's Annual General Meeting held in April 2015.

Pursuant to RESOLUTION 7 to be proposed at the Annual General Meeting, which will be proposed as an ordinary resolution, the Board is seeking a general power from Shareholders to allot new Ordinary Shares up to an aggregate nominal value of £18,088, representing approximately 10 per cent. of the issued Ordinary Share capital of the Company as at the date of this document.

RESOLUTION 8 to be proposed at the Annual General Meeting, which will be proposed as an ordinary resolution, will, if passed, permit the Board to allot Ordinary Shares at a discount to the then prevailing Net Asset Value per Ordinary Share. The Board will only utilise this authority to issue new Ordinary Shares provided that the combined effect of the issue of both Ordinary Shares at a discount to Net Asset Value per Ordinary Share and the issue of New ZDP Shares by PEWT Securities 2020 PLC at a premium to Net Asset Value per New ZDP Share, at or around the time of the Ordinary Share issue, is that the Net Asset Value per Ordinary Share is increased.

RESOLUTION 9 to be proposed at the Annual General Meeting, which will be proposed as a special resolution, will, if passed, empower the Board to make allotments of Ordinary Shares for cash, or to sell shares from treasury, on a non-pre-emptive basis up to an aggregate nominal value of £18,088, representing approximately 10 per cent. of the issued Ordinary Share capital of the Company as at the date of this document.

These authorities, if granted, will expire at the conclusion of the next Annual General Meeting of the Company.

RESOLUTION 10: Purchase by the Company of its own shares
At the Annual General Meeting held on 21 April 2015 a special resolution was passed, giving the Directors authority until the conclusion of the earlier of the 2016 Annual General Meeting and 20 October 2016, to make market purchases of up to a maximum of 2,605,034 Ordinary Shares. During the year to 31 December 2015 no Ordinary Shares were purchased (during the year ended 31 December 2014 no shares were purchased).

The Board proposes that the Company should be given renewed general authority to purchase Ordinary Shares in the market for cancellation in accordance with the Companies Act 2006 but subject to the provisos set out below. Resolution 10 of the AGM, which is a special resolution, is being proposed for this purpose.

It is proposed that the Company be authorised to purchase on the London Stock Exchange up to 2,711,463 Ordinary Shares (representing 14.99% of the Company's issued share capital as at 9 March 2016) provided that:

(a) Ordinary Shares may only be purchased at prices below their prevailing net asset value per Ordinary Share (as determined by the Directors in accordance with the Articles as at a date falling no more than 10 days before the date of the relevant repurchase and taking into account the costs of the repurchase) and where:

   (i) the Cover of the ZDP Shares issued by PEWT securities 2020 PLC ("ZDP Shares") would not be reduced below 1.8 times; or

   (ii) the Cover of the ZDP Shares would not be less than the Cover of the ZDP Shares in issue immediately prior to the repurchase, in each case as determined by the Directors as at a date falling not more than 10 days before the date of repurchase and taking account of any purchases of ZDP Shares proposed to be made at or about the same time; or

(b) Ordinary Shares and ZDP Shares may be purchased in such proportions and at such prices so as to effect an increase in the net asset value per Ordinary Share (as determined by the Directors in accordance with the Articles as at a date falling no more than 10 days before the date of the relevant repurchases and taking into account the costs of the repurchases) and where:

   (i) the Cover of the ZDP Shares would not be reduced below 1.8 times; or

   (ii) the Cover of the ZDP Shares would not be less than the Cover of the ZDP Shares in issue immediately prior to the repurchases, in each case as determined by the Directors as at a date falling not more than 10 days before the date of repurchases.

Repurchases of Ordinary Shares will be made at the discretion of the Board within guidelines set from time to time by the Board and only when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules.

Under London Stock Exchange rules, the maximum price to be paid on any exercise of the authority in respect of Ordinary Shares must not exceed the higher of (i) 105% of the average of the middle market quotations for a share for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current bid.

The authority to purchase shares will last until the Annual General Meeting of the Company in 2017, or 18 October 2017, whichever is the earlier.

Recommendation
Your Board considers that the above resolutions are in the best interests of the Company and its members as a whole and are likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings amounting to 258,816 Ordinary Shares.

Companies Act 2006 Disclosures
In accordance with Section 992 of the Companies Act 2006 the Directors disclose the following information:

- the Company's capital structure and voting rights are summarised on page 3, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- details of the substantial shareholders in the Company are listed on page 24;
- the Company does not have an employees' share scheme;

Directors' Report continued

- the rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

Auditor
Ernst & Young LLP have expressed their willingness to continue in office as Auditor and a resolution proposing their reappointment and to authorise the Board to determine their remuneration will be submitted at the Annual General Meeting.

Financial statements
The financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS") for groups of companies.

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 Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By Order of the Board

Ian Graham
Director

10 March 2016

Statement of Corporate Governance

Introduction

The Board is accountable to the Company's shareholders for the governance of the Company's affairs and this statement describes how the principles of the Financial Reporting Council's 2014 UK Corporate Governance Code ("the Code") have been applied to the affairs of the Company. In applying the principles of the Code, the Directors have also taken account of the Code of Corporate Governance published by the Association of Investment Companies ("the AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("the AIC Guide") issued in November 2014, which has established a framework of best practice specifically for the boards of investment trust companies. There is some overlap in the principles laid down by the two Codes and there are some areas where the AIC Code is more flexible for investment trust companies.

Board of Directors

During the financial year under review, the Board consisted of four non-executive Directors all of whom are independent of the Investment Manager. Their biographies are set out on page 16. Collectively the Board has the requisite range of business and financial experience which enables it to provide clear and effective leadership and proper stewardship of the Company.

The number of meetings of the Board, the Audit Committee and the Nomination Committee held during the financial year and the attendance of individual Directors are shown below:

	Board	Audit Committee	Nomination Committee
Number of meetings in the year	4	2	1
Geoffrey Burns	4	2	1
Ian Graham	4	2	1
Michael Wigley	4	2	1
Charles Wilkinson	3	2	1

All of the Directors attended the Annual General Meeting held in April 2015.

The Board deals with the Company's affairs, including the setting of gearing and investment policy parameters, the monitoring of gearing and investment policy and the review of investment performance. The Investment Manager takes decisions as to asset allocation and the purchase and sale of individual investments. The Board papers circulated before each meeting contain full information on the financial condition of the Company. Key representatives of the Investment Manager attend the Board meetings, enabling Directors to probe further or seek clarification on matters of concern.

Matters specifically reserved for discussion by the full Board have been defined and a procedure adopted for the Directors to take independent professional advice if necessary at the Company's expense.

The Chairman of the Company was independent of the Investment Manager at the time of his appointment as an independent non-executive Director and is deemed to be independent by the other Board members. A senior non-executive Director has not been identified as the Board is comprised entirely of non-executive Directors.

In accordance with the Articles of Association, new Directors stand for election at the first Annual General Meeting following their appointment. The Articles require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. In addition, all Directors are required to submit themselves for re-election at least every three years and will seek annual re-election if they have already served for more than nine years.

Performance evaluation/re-election of Directors

An appraisal process has been established in order to review the effectiveness of the Board, the Committees and individual Directors. This process involves the consideration by the Chairman and the Board of responses from individual Directors to a questionnaire which is completed on an annual basis. In addition, the other Directors meet collectively once a year to evaluate the performance of the Chairman. As a result of this appraisal process the Nomination Committee recommends the re-election of Mr Geoffrey Burns and Mr Ian Graham and election of Mrs Gillian Nott. Mr Michael Wigley has decided to retire from the Board and will not seek re-election at the AGM.

Committees

The Board believes that the interests of shareholders in an investment trust company are best served by limiting the size of the Board such that all Directors are able to participate fully in all the activities of the Board. It is for this reason that the membership of the Audit and Nomination Committees is the same as that for the Board as a whole.

Audit Committee

Mr Ian Graham is the Chairman of the Audit Committee. The Audit Committee reviews audit matters within clearly-defined written terms of reference (copies of which are available upon request from the Company Secretary).

In particular, the Committee shall review and challenge where necessary:

- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the Strategic Report and the Statement of Corporate Governance (insofar as it relates to the audit and risk management).

As the Company has no employees, section C.3.4 of the Code, which deals with arrangements for staff to raise concerns in confidence about possible improprieties in respect of financial reporting or other matters, is not directly relevant to it. The Audit Committee has however, confirmed with the Investment Manager and the administrator that they do have "whistle blowing" policies in place for their staff.

Nomination Committee
Mr Burns is the Chairman of the Nomination Committee which operates within defined terms of reference available from the Company Secretary, which is responsible for the Board appraisal process, and reviews the Board's size and structure and is responsible for succession planning. The Board has due regard for the benefits of diversity in its membership and seeks to ensure that it's structure, size and composition, including the skills, knowledge, diversity (including gender) and experience of Directors, is sufficient for the effective direction and control of the Company. In particular, the Board believes that the Company benefits from a balance of Board members with different tenures. The Board has not set any measurable objectives in respect of this policy. The Nomination Committee meets at least annually and comprises all the non-executive directors of the Board.

The Board appointed one new Director, Gillian Nott, on 1 March 2016 upon the recommendation of the Committee. In order to identify suitable candidates, the Committee approached the Company's advisors in order to create a long list of potential new directors against a brief setting out the characteristics and experience sought. The Committee considered this list and interviewed a short list of individuals for the position. A recommendation was then made to the Board and following acceptance by the Board as a whole, the appointment was confirmed.

Remuneration Committee
The Board as a whole considers Directors' remuneration and therefore has not appointed a separate remuneration committee. As the Company is an investment trust and all Directors are non-executive the Company is not required to comply with the Code in respect of executive Directors' remuneration. Directors' fees are detailed in the Directors' Remuneration Report on page 32.

Risk management and internal control
The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

The Board as a whole is primarily responsible for the monitoring and review of risks associated with investment matters and the Audit Committee is primarily responsible for other risks.

As the Board has contractually delegated to other companies the investment management, the custodial services and the day-to-day accounting and company secretarial requirements, the Company relies significantly upon the system of risk management and internal controls operated by those companies. Therefore, the Directors have concluded that the Company should not establish its own internal audit function, but will review this decision annually. Investment management is performed by Premier Fund Managers Limited and administration services by Premier Portfolio Managers Limited. Details of the agreement with the Investment Manager is given in note 3. The custodian is Northern Trust Company Limited.

The risk map has been considered at all regular meetings of the Board and Audit Committee. As part of the risk review process, regular reports are received from the Investment Manager on all investment related matters including compliance with the investment mandate, the performance of the portfolio compared with relevant indices and compliance with investment trust status requirements. The Board also receives and reviews reports from the custodian on its internal controls and their operation.

The Board as a whole regularly reviews the terms of the management and secretarial contracts.

The Board confirms that appropriate procedures to review the effectiveness of the Company's system of risk management and internal control have been in place, throughout the year and up to the date of this report, which cover all controls including financial, operational and compliance controls and risk management. An assessment of risk management and internal control, which includes a review of the Company's risk map, an assessment of the quality of reports on internal control from the service providers and the effectiveness of the Company's reporting process, is carried out on an annual basis.

Evaluation of the Investment Managers' performance
The investment performance is reviewed at each regular Board meeting at which representatives of the Investment Manager are required to provide answers to any questions raised by the Board. The Board has instigated an annual formal review of the Investment Manager which includes consideration of:

- performance compared with relevant indices;
- investment resources dedicated to the Company;
- investment management fee arrangements and notice period compared with the peer group; and
- the marketing effort and resources provided to the Company.

The Board believes that the Investment Manager has served the Company well in terms of investment performance and has no hesitation in continuing its appointment.

The Company Secretary
The Board has direct access to the advice and services of the Company Secretary, Premier Portfolio Managers Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that statutory obligations of the Company are met.

Individual Directors may take independent professional advice on any matter concerning them in the furtherance of their duties at the Company's expense. The Company also maintains Directors' and Officers' liability insurance to cover legal defence costs to cover any legal actions brought against its Directors.

Relations with shareholders
Communication with shareholders is given a high priority by both the Board and the Investment Manager and all Directors are available to enter into dialogue with shareholders. Major shareholders of the Company are offered the opportunity to meet with the Board. The Board regularly reviews any contact with the Company's shareholders and monitors its shareholder register.

All shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and the Investment Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Investment Manager, the Board and the Chairmen of the Board's standing committees.

Any shareholder who would like to lodge questions in advance of the Annual General Meeting is invited to do so in writing to the Company Secretary at the address detailed on page 17. The Company always responds to letters from individual shareholders.

The Annual and Interim Reports of the Company present a full and readily understandable review of the Company's performance. Copies are dispatched to shareholders by mail and are also available for download from the Investment Managers' website: *www.premierfunds.co.uk* .

A monthly fact sheet is produced by the Investment Manager and is also available via it's website. If a shareholder would like to contact the Board directly, they should write to the Chairman at c/o Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey GU1 3DE, marking their letter "Private and confidential".

Statement of compliance
The Board believes that it has complied with all the material provisions, in so far as they apply to the Company's business, of the Code throughout the year under review. It did not, however, comply with the following provisions, as explained previously:

- due to the small size of the Board and nature of the business a separate remuneration committee has not been established;
- a senior non-executive Director has not been identified; and
- the need for an internal audit function.

The Board has adhered to the principles of the AIC Code in all material respects.

By Order of the Board

Ian Graham
Director

10 March 2016

Directors' Remuneration Report

Introduction

This report is prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2014 and in accordance with the Listing Rules of the Financial Conduct Authority and the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the shareholders at the forthcoming Annual General Meeting.

The Company's Remuneration Policy was put to shareholders and approved by ordinary resolution at the Annual General Meeting held on 8 May 2014 under Section 439 of the Companies Act 2006. There have been no changes to this policy and it is expected to continue in force until the Annual General Meeting in 2017.

The Company is not able to make remuneration payments to a Director, or loss of office payments to a current or past director, unless the payment is consistent with the approved policy or has otherwise been approved by the shareholders.

The law requires your Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 37 to 40.

Remuneration Committee

The Board as a whole fulfils the function of a Remuneration Committee. All Directors are non-executive, appointed under the terms of Letters of Appointment, and none has a service contract. The Company has no employees. The Company Secretary, Premier Portfolio Managers Limited, will be asked to provide advice when the Directors consider the level of Directors' fees. No professional adviser was consulted in the year for setting the level of Directors' fees and no services of recruitment consultants were used in the year.

Directors' beneficial and family interests (audited)

The interests of the Directors and their families in the Ordinary Shares of the Company were as follows:

	Ordinary Shares at 9 March 2016†	Ordinary Shares at 31 December 2015	Ordinary Shares at 1 January 2015
Geoffrey Burns	80,411	80,411	80,411
Ian Graham	22,032	22,032	22,032
Michael Wigley	125,150	125,150	125,150
Charles Wilkinson	31,223	31,223	31,223
Gillian Nott *(appointed 1 March 2016)*	–	–	–

† The latest practicable date prior to the publication of this report.

Directors' remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have similar investment objectives. The Directors' Remuneration Policy was approved by Shareholders on 8 May 2014 and is expected to continue in force until the Annual General Meeting in 2017.

The fees for the non-executive Directors are determined within the limits of £150,000 set out in the Company's Articles of Association. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at Board and general meetings and committees.

Directors' service contracts

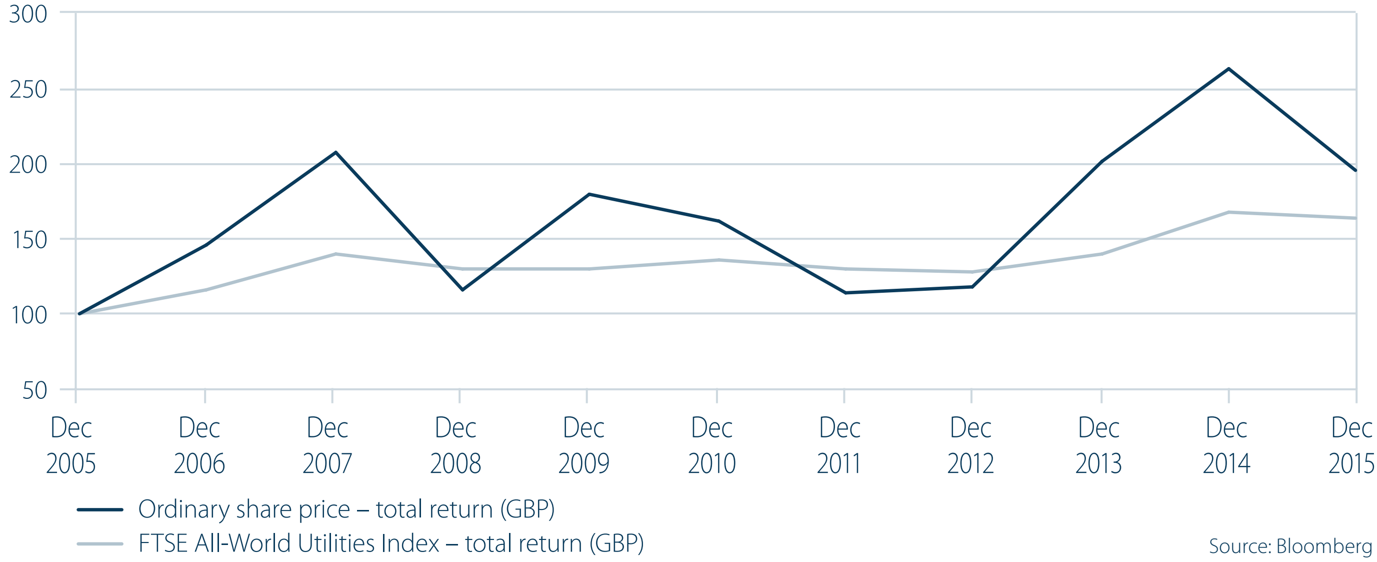
It is the Board's policy that none of the Directors has a service contract. Letters confirming the terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his/her appointment, and at least every three years and will seek annual re-election if they have already served for more than nine years. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. Copies of the Letters of Appointment are available for inspection at the registered office of the Company. Directors and officers insurance is maintained and paid for by the Company on behalf of the Directors.

Directors' Remuneration Report continued

Your Company's performance
For the purposes of this report the Board is required to select an index against which the Company's performance can be measured. The Board has decided it should be the FTSE All-World Utilities Total Return Index. Prior to 2014, the Board compared the Company's performance against the Bloomberg World Utilities (total return) Index.

The graph below shows the ten year total return (assuming all dividends are reinvested) to Ordinary Shareholders against the FTSE All-World Utilities Index on a total return basis, restated in GBP, from 31 December 2005 to 31 December 2015.

Ten year share price performance (rebased to 100)



Source: Bloomberg

Annual Report on Remuneration

Directors' emoluments for the year (audited)
The Directors who served in the year received the following emoluments in the form of fees and expenses:

	Fees Year ended 31 December 2015 £	Expenses Year ended 31 December 2015 £	Total Year ended 31 December 2015 £	Fees Year ended 31 December 2014 £	Expenses Year ended 31 December 2014 £	Total Year ended 31 December 2014 £
Geoffrey Burns	26,000	1,230	27,230	26,000	2,111	28,111
Ian Graham	20,000	1,416	21,416	20,000	2,056	22,056
Michael Wigley	18,000	530	18,530	18,000	368	18,368
Charles Wilkinson	18,000	903	18,903	18,000	979	18,979
Total	82,000	4,079	86,079	82,000	5,514	87,514

During the year ended 31 December 2015 the Chairman received a fee of £26,000 per annum, the Chairman of the Audit Committee received a fee of £20,000 per annum and other Directors £18,000 per annum.

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.

Directors' Remuneration Report continued

Voting at last Annual General Meeting

At the Annual General Meeting of the Company held on 21 April 2015 an advisory resolution was put to shareholders to approve the remuneration report set out in the 2014 annual financial report. This resolution was passed on a show of hands. The proxy votes registered in respect of the resolution were:

	For	%	Against	%	Withheld	%
Number of proxy votes	6,953,653	99.96	2,964	0.04	1,414	0

At the Annual General Meeting of the Company held on 8 May 2014 a binding resolution was put to shareholders to approve the Directors' remuneration policy set out in the 2013 annual financial report. This resolution was passed on a show of hands. The proxy votes registered in respect of the binding resolution were:

	For	%	Against	%	Withheld	%
Number of proxy votes	12,679,191	99.60	50,565	0.4	2,046	0

Approval

A resolution for the approval of the Directors' Remuneration Report for the year ended 31 December 2015 will be proposed at the Annual General Meeting.

By Order of the Board

Ian Graham
Director

Signed on behalf of the Board of Directors

10 March 2016

Audit Committee Report

The composition and summary terms of reference of the Audit Committee are set out on pages 28 and 29. The Audit Committee comprises the whole Board, all of whom are independent.

The Audit Committee met in July 2015 and considered the form and content of the Company's half year report to 30 June 2015.

The Committee also reviewed the key risks of the Company and the Internal control framework operating to control risk. The Committee also reviewed the terms of engagement of the audit firm and its proposed programme for the year end audit.

The Committee met again and reviewed the outcome of the audit work and the final draft of the financial statements for the year ended 31 December 2015. During this review the Audit Committee met with representatives of both the Investment Manager and the Administrator and sought assurances where necessary. The external Auditor attended the year end Audit Committee meeting and presented a report on the audit findings which did not include any significant matters of concern in relation to the financial statements.

Contracts for non-audit services must be notified to the Audit Committee who consider any such engagement in the light of the requirement to maintain audit independence. The Committee believes that all such appointments for non-audit work were appropriate and unlikely to influence the audit independence. The Auditor is responsible for the annual statutory audit and for certain corporation tax compliance services which the Committee believes they are best placed to undertake due to their position as Auditor. No other services are provided by the Auditor and it is the Company's policy not to seek substantial non-audit services from its Auditor.

During the year the value of non-audit services provided by Ernst & Young LLP amounted to £6,000 (31 December 2014: £6,000). Whilst non-audit services as a proportion of audit services amount to approximately 25%, the overall quantum of non-audit services is not considered to be material and all of the non-audit services provided relate to the provision of corporation tax compliance work.

Significant issues for the Audit Committee

The Audit Committee identified the following significant issues:

1. ***Risks around the existence and valuation of the investments.***
2. ***The accuracy of the calculation of management and performance fees.***
3. ***The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.***
4. ***Management Override of Controls.***

The external audit plan was reviewed with the external auditor, and the Committee concluded that suitable audit procedures had been implemented to obtain reasonable assurance that the Financial Statements as a whole would be free of material misstatements. Specifically with reference to the highlighted issues:

1. The Company's assets are principally invested in listed equities. The Committee reviewed internal control reports from the Investment Manager in the year reporting on the systems and controls around the pricing and valuation of securities. As more fully explained in note 1 (h) on page 48 at the year ended 31 December 2015 the Committee agreed that the fair value of investments is the bid market price for listed investments. The Committee also agreed that the valuation of the unquoted investments together with the two wholly-owned subsidiaries, PEWT Securities PLC and PEWT Securities 2020 PLC, currently valued at £100,000 at 31 December 2015, is appropriate. All unquoted investments are subject to review both by the Investment Manager, the Audit Committee and the Auditor.
2. The investment management fee and any performance fee are calculated in accordance with the contractual terms in the investment management agreement by the administrator and are reviewed in detail by the Investment Manager and are also subject to an analytical review by the Board. The external audit also includes checks on the calculation of the investment management fee and any performance fee to ensure that they are correctly calculated. Because the high water mark test was not passed, no performance fee was paid for 2015.
3. The Board regularly reviews income forecasts, including special dividends, and receives explanations from the Investment Manager and administrator for any variations or significant movements from previous forecasts and prior year figures. The audit

includes checks on the completeness and accuracy of income, and also checks that this has been recognised in accordance with stated accounting policies.

4. The Audit Committee reviews terms of agreement with service providers, Premier Fund Managers Limited*, Premier Portfolio Managers Limited and Northern Trust, to confirm their independence from the Company. They assess the ability of any member of the Investment Manager or Board to circumvent controls to fraudulently alter company financial results or undertake fraudulent transactions.

Financial statements

These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS") for groups of companies.

The Audit Committee meets at least twice a year and is responsible for reviewing the annual and interim reports, the nature and scope of the external audit and the findings thereon, and the terms of appointment of the Auditor, including their remuneration and the provision of any non-audit services by them. The Audit Committee has considered the independence of the Auditor and the objectivity of the audit process and is satisfied that Ernst & Young LLP is independent and has fulfilled its obligations to shareholders. The Audit Committee has satisfied itself as to the Auditor's effectiveness, objectivity, independence and the competitiveness of its fees before recommending re-appointment each year. Ernst & Young LLP has been the Company's Auditor for the last twelve years and there has been no re-tendering of the Audit in that time although there has to be a re-tender by 2022. To comply with the provision in the Code the Company will review the option to re-tender the external audit on a regular basis.

The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate and reviews the Investment Managers' internal controls. The Company's external Auditor also attends this Committee at its request and report on their findings in relation to the Company's statutory audit.

As part of the day to day controls of the Company there are regular reconciliations between the accounting records and the records kept by the custodian of the assets they safeguard which are owned by the Company. During the year and at the year-end there were no matters brought to light which call in to question that the key controls in this area were not working, or that the existence of assets recorded in the books of account are not held in safe custody.

In finalising the financial statements for recommendation to the Board for approval the Committee has considered whether the going concern principle is appropriate (as described on page 25), and concluded that it is. The Audit Committee has also satisfied itself that the Annual Report and financial statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. All of the above were satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Manager and the Auditor. The Board as a whole have approved the conclusions arrived at by the Audit Committee as disclosed on page 36, Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements.

Ian Graham
Chairman of the Audit Committee

10 March 2016

*On 20 January 2015 the Company appointed Premier Portfolio Managers Limited as its Alternative Investment Fund Manager. Premier Portfolio Managers Limited has delegated the portfolio management of the Company's portfolio of assets to Premier Fund Managers Limited.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The financial statements are published on the www.premierfunds.co.uk website, which is maintained by the Company's Alternative Investment Fund Manager. The maintenance and integrity of the website maintained by Premier Portfolio Managers Limited is, so far as it relates to the Company, the responsibility of Premier Portfolio Managers Limited. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website.

Statement under the Disclosure & Transparency Rules 4.1.12

The Directors each confirm to the best of their knowledge that:

a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company;

b) the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces; and

c) 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.

For and on behalf of the Board

Ian Graham
Director

10 March 2016

Independent Auditor's Report

to the members of Premier Energy and Water Trust PLC

Our opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's and the parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

What we have audited

Premier Energy and Water Trust plc's financial statements comprise:

Group	Parent company
Group Income Statement for the financial year ended 31 December 2015	Statement of financial position as at 31 December 2015
Consolidated and Company Balance Sheets as at 31 December 2015	
Consolidated Statement of Changes in Equity for the financial year ended 31 December 2015	
Company Statement of Changes in Equity for the financial year ended 31 December 2015	Statement of changes in equity for the year then ended
Consolidated and Company Cashflow Statements for the financial year ended 31 December 2015	Cash flow statement for the year then ended
Notes to the Financial Statements for the financial year ended 31 December 2015	Related notes 1 to 21 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

Risks of material misstatement	• Incorrect valuation of the investment portfolio. • Incomplete or inaccurate revenue recognition. • Group refinancing.
Audit scope	• We performed an audit of the complete financial information of Premier Energy and Water Trust PLC and its subsidiaries, collectively 'the Group'. • Our audit procedures accounted for 100% of the investment portfolio.
Materiality	• Overall Group materiality of £264,000 represents 1% of net assets.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we reported to the Audit Committee
Incomplete or inaccurate revenue recognition The Group's investment income for the year amounted to £2.7 million. The investment income received by the Group during the year directly drives the Group's ability to make dividend payments to shareholders. If the Group is not entitled to receive the income recognised in the financial statements, or the income recognised does not relate to the current financial year this will impact the extent of profits available to fund distributions to shareholders.	**We performed the following procedures:** We agreed a sample of dividends to the corresponding announcements made by the investee company and agreed cash received to bank statements. For a sample of dividends accrued at year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31 December 2015. We agreed a sample of dividends receivable to post year end bank statements to assess the recoverability of these amounts.	• Based on the work performed we had no matters to report to the Audit Committee.

Risk	Our response to the risk	What we reported to the Audit Committee
Incorrect valuation of the investment portfolio The investment portfolio at the year-end comprised of quoted securities, the valuation of the assets held in the investment portfolio is the key driver of the Group's investment return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Group could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders.	**We performed the following procedures:** We agreed the year end prices of the investments to an independent source. We agreed the number of shares held in each security to a confirmation of legal title received from the Company's custodian.	• Based on the work performed we had no matters to report to the Audit Committee.
Group refinancing During the year the Group has restructured its Zero Dividend Preference ("ZDP") shares. The existing subsidiary of the Group, PEWT Securities PLC, is in the process of being wound up and all ZDP shares redeemed. A new subsidiary PEWT Securities 2020 PLC has been incorporated and additional funding raised through the issue of new ZDP shares.	**We performed the following procedures:** We obtained supporting documentation for the Group re-structure including the creation of a new subsidiary PEWT Securities 2020 plc and ensured that the re-structure had been correctly accounted for and appropriate disclosure made. We obtained supporting documentation for the issue of additional ZDP shares during the year and agreed the cash proceeds to bank statements. We re-performed the calculation of finance costs (provision for compound growth entitlement of the ZDP shares) and confirmed that these was correctly disclosed within the financial statements. We reviewed the disclosures made in relation to the refinancing including the related going concern and longer-term viability disclosures.	• Based on the work performed we had no matters to report to the Audit Committee.

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, including controls at the Investment Manager and Administrator levels, changes in the business environment and other factors such as recent Service Organisation Control ("SOC") reporting when assessing the level of work to be performed at each entity.

There are no changes to our scope from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £264,000 (2014: £340,000), which is 1% (2014: 1%) of Total Equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We have derived our materiality calculation based on a proportion of Total Equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2014: 75%) of our planning materiality, namely £198,000 (2014: £255,000). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatement, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Group we have also applied a separate testing threshold of £96,000 (2014: £97,000) for the revenue column of the Group Income Statement, being 5% of the return on ordinary activities before taxation.

As there is only one subsidiary, this was included as full scope. In the current year, the range of performance materiality allocated to the subsidiary was the same as the Group.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £13,000 (2014: £17,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the information given in the Corporate Governance Statement set out on pages 28 to 30 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they 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 entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.

Independent Auditor's Report continued

Companies Act 2006 reporting	We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or • the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit. • a Corporate Governance Statement has not been prepared by the Company.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the Directors' statement in relation to going concern set out on page 25, and longer-term viability, set out on page 20; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, 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 entity 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.	We have nothing material to add or to draw attention to.

Amarjit Singh (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London

10 March 2016

Notes:
1. The maintenance and integrity of the Premier Energy and Water Trust PLC's web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Income Statement

for the financial year ended 31 December 2015

	Notes	Year ended 31 December 2015 Revenue £000	Capital £000	Total £000	Year ended 31 December 2014 Revenue £000	Capital £000	Total £000
(Losses)/gains on investments held at fair value through profit or loss	8	–	(4,360)	(4,360)	–	8,627	8,627
Income	2	2,691	–	2,691	3,067	–	3,067
Investment management fee	3	(312)	(468)	(780)	(301)	(455)	(756)
Other expenses	4	(487)	–	(487)	(817)	–	(817)
Reconstruction costs	15	–	(470)	(470)	–	–	–
(Loss)/profit before finance costs and taxation		1,892	(5,298)	(3,406)	1,949	8,172	10,121
Finance costs	5	–	(2,904)	(2,904)	–	(2,635)	(2,635)
(Loss)/profit before taxation		1,892	(8,202)	(6,310)	1,949	5,537	7,486
Taxation	6	(227)	–	(227)	(222)	–	(222)
(Loss)/profit for the year		1,665	(8,202)	(6,537)	1,727	5,537	7,264
Return per Ordinary Share (pence) – basic	17	9.38	(46.22)	(36.84)	10.11	32.42	42.53

The notes on pages 46 to 64 form part of these financial statements.

The total column of this statement represents the Group's profit or loss, prepared in accordance with IFRS.

As the parent of the Group, the Company has taken advantage of the exemption not to publish its own separate Income Statement. The Company's total comprehensive loss for the year ended 31 December 2015 was £6,537,000.

The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies ("AIC").

All items derive from continuing operations; the Group does not have any other recognised gains or losses.

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

Consolidated and Company Balance Sheets

as at 31 December 2015

	Notes	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Non current assets					
Investments at fair value through profit or loss	8	48,786	48,886	77,336	77,386
Current assets					
Debtors	10	447	447	1,658	1,658
Derivative financial instruments	12	507	507	–	–
Cash at bank		27,761	27,761	268	268
		28,715	28,715	1,926	1,926
Total assets		77,501	77,601	79,262	79,312
Current liabilities					
Creditors: amounts falling due within one year	11	(784)	(884)	(265)	(315)
Other financial liabilities	11	(49,780)	(49,780)	(44,970)	(44,970)
Derivative financial instruments	12	(560)	(560)	–	–
		(51,124)	(51,224)	(45,235)	(45,285)
Total assets less current liabilities		26,377	26,377	34,027	34,027
Net assets		26,377	26,377	34,027	34,027
Equity attributable to Ordinary Shareholders					
Share capital	13	181	181	174	174
Share premium	14	8,699	8,699	7,444	7,444
Redemption reserve		88	88	88	88
Capital reserve	15	8,774	8,774	16,976	16,976
Special reserve		7,472	7,472	7,472	7,472
Revenue reserve		1,163	1,163	1,873	1,873
Total equity attributable to Ordinary Shareholders		26,377	26,377	34,027	34,027
Net asset value per Ordinary Share (pence) – International Financial Reporting Standards basis	18	145.83	145.83	195.80	195.80
Net asset value per Ordinary Share (pence) – Articles of Association basis	18	145.83	145.83	196.23	196.23

The financial statements on pages 41 to 64 of Premier Energy and Water Trust PLC, company number 4897881, were approved by the Board and authorised for issue on 10 March 2016 and were signed on its behalf by:

Ian Graham
Director

The notes on pages 46 to 64 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2015

	Notes	Ordinary share capital £000	Share premium reserve £000	Redemption reserve £000	Capital reserve £000	Special reserve £000	Revenue reserve £000	Total £000
For the year ended 31 December 2015								
Balance at 31 December 2014		174	7,444	88	16,976	7,472	1,873	34,027
Loss for the year		–	–	–	(8,202)	–	1,665	(6,537)
Tap issue of Shares during the year		7	1,255	–	–	–	–	1,262
Ordinary dividends paid	7	–	–	–	–	–	(2,375)	(2,375)
Balance at 31 December 2015		181	8,699	88	8,774	7,472	1,163	26,377

	Notes	Ordinary share capital £000	Share premium reserve £000	Redemption reserve £000	Capital reserve £000	Special reserve £000	Revenue reserve £000	Total £000
For the year ended 31 December 2014								
Balance at 31 December 2013		171	6,884	88	11,439	7,472	2,399	28,453
Profit for the year		–	–	–	5,537	–	1,727	7,264
Tap issue of Shares during the year		3	560	–	–	–	–	563
Ordinary dividends paid	7	–	–	–	–	–	(2,253)	(2,253)
Balance at 31 December 2014		174	7,444	88	16,976	7,472	1,873	34,027

The notes on pages 46 to 64 form part of these financial statements.

Company Statement of Changes in Equity

for the financial year ended 31 December 2015

	Notes	Ordinary share capital £000	Share premium reserve £000	Redemption reserve £000	Capital reserve £000	Special reserve £000	Revenue reserve £000	Total £000
For the year ended 31 December 2015								
Balance at 31 December 2014		174	7,444	88	16,976	7,472	1,873	34,027
Loss for the year		–	–	–	(8,202)	–	1,665	(6,537)
Tap issue of Shares during the year		7	1,255	–	–	–	–	1,262
Ordinary dividends paid	7	–	–	–	–	–	(2,375)	(2,375)
Balance at 31 December 2015		181	8,699	88	8,774	7,472	1,163	26,377

	Notes	Ordinary Share capital £000	Share premium reserve £000	Redemption reserve £000	Capital reserve £000	Special reserve £000	Revenue reserve £000	Total £000
For the year ended 31 December 2014								
Balance at 31 December 2013		171	6,884	88	11,439	7,472	2,399	28,453
Profit for the year		–	–	–	5,537	–	1,727	7,264
Tap issue of Shares during the year		3	560	–	–	–	–	563
Ordinary dividends paid	7	–	–	–	–	–	(2,253)	(2,253)
Balance at 31 December 2014		174	7,444	88	16,976	7,472	1,873	34,027

The notes on pages 46 to 64 form part of these financial statements.

Consolidated and Company Cashflow Statements

for the financial year ended 31 December 2015

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
(Loss)/profit before finance costs and taxation*	(3,406)	(3,406)	10,121	10,121
Adjustments for				
Movement in investments held at fair value through profit or loss	4,360	4,360	(8,627)	(8,627)
Increase in trade and other receivables	(672)	(672)	(28)	(28)
Increase in trade and other payables	990	990	84	84
Overseas taxation paid	(226)	(226)	(217)	(217)
Net cash flows from operating activities	1,046	1,046	1,333	1,333
Investing activities				
Purchases of investments	(51,916)	(51,916)	(27,582)	(27,582)
Proceeds from sales of investments	76,223	76,223	27,241	27,241
Net cash flows from investing activities	24,307	24,307	(341)	(341)
Financing activities				
Cashflow from issue of ZDP Shares	2,731	2,731	–	–
Cashflow from issue of Ordinary Shares	1,784	1,784	–	–
Dividends paid	(2,375)	(2,375)	(2,253)	(2,253)
Net cash flows from financing activities	2,140	2,140	(2,253)	(2,253)
Increase/(decrease) in cash and cash equivalents	27,493	27,493	(1,261)	(1,261)
Cash and cash equivalents, beginning of period	268	268	1,529	1,529
Cash and cash equivalents at end of the year	27,761	27,761	268	268

*This includes £2,735,000 (2014: £3,024,000) of dividends from securities and £13,000 (2014: £5,000) of bank interest.

The notes on pages 46 to 64 form part of these financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2015

1. ACCOUNTING POLICIES

1.1 Principal accounting policies adopted by the Company

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006. These comprise standards and interpretations of the International Accounting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

The financial statements have been prepared on a going concern basis and on assumption that approval as an investment trust will continue to be granted.

There have been no significant changes to the accounting polices during the year to 31 December 2015.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November, 2015, where the SORP is not inconsistent with IFRS.

The functional currency of the Group is UK pounds Sterling as this is the currency of the primary economic environment in which the Group operates. Accordingly, the financial statements are presented in UK pounds Sterling rounded to the nearest thousand pounds.

(b) Basis of consolidation

The consolidated financial statements are made up to 31 December each year and incorporate the financial statements of the Company and the two wholly-owned subsidiaries, PEWT Securities PLC and PEWT Securities 2020 PLC. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated.

PEWT Securities 2020 PLC, the Company's wholly-owned subsidiary, incorporated on 9 November 2015, is being consolidated in the accounts for the first time in 31 December 2015 as it provides investment-related services.

Assessment of an investment entity

Under IAS 27, entities that meet the definition of an investment entity within IFRS 10 are measured at fair value through profit or loss in the Company's financial statements. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.

- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has agreed with the recommendation of the Audit Committee that the Company meets the definition of an investment entity as it satisfies each of the criteria above and that this accounting treatment better reflects the Company's activities as an investment trust. Specifically, as an investment trust, the Company's principal activity is portfolio investment and the investment objectives of the Company (stated in the Strategic Report on page 18) are to achieve a high income and to realise long term growth in the capital value of its portfolio. The Company will seek to achieve these objectives by investing principally in the equity and equity-related securities of companies operating primarily in the energy and water sectors, as well as other infrastructure investments.

(c) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of the Company as an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In accordance with the Company's Articles of Association, net capital returns can be distributed by way of dividend. Additionally, net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

As permitted by Section 408 of the Companies Act 2006, no Company Income Statement has been prepared.

The loss dealt with in the accounts of the parent Company was £(6,537,000) (31 December 2014: profit £7,264,000).

(d) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the Balance Sheet and Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. The investments in the equity and fixed interest stocks of unquoted companies that the Group holds are not traded and as such the prices are more uncertain than those of more widely traded securities. The unquoted investments are valued by reference to valuation techniques approved by the Directors and in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines as described in note 1.1 (h).

(e) Income

Dividend income from investments is taken into account by reference to the date the security becomes ex-dividend. Special dividends are credited to capital or revenue in the Consolidated Income Statement, according to the circumstances surrounding the payment of the dividend. UK dividends are accounted for net of any tax credits.

Overseas dividends and other income that are subject to withholding tax are grossed up.

Interest receivable on deposits is accounted for on an accruals basis. Interest from short-term deposits is accounted for on an accruals basis. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the debt security.

(f) Expenses

All expenses are accounted for on an accruals basis and are charged as follows:

- the basic investment management fee, is charged 40% to revenue and 60% to capital;
- any performance fee earned is allocated between capital and revenue based on the out-performance attributable to capital and revenue respectively;
- the finance costs representing the accrued capital entitlement of the Zero Dividend Preference Shares is allocated to capital;
- investment transaction costs are allocated to capital; and
- other expenses are charged wholly to revenue.

(g) Taxation

The charge for taxation is based upon the net revenue for the year. The tax charge is allocated to the revenue and capital accounts according to the marginal basis whereby revenue expenses are first matched against taxable income arising in the revenue account; the effect of this for the year ended 31 December 2015 was that all the deductions for tax purposes went to the revenue account.

Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will not be recognised to the extent that the transfer of economic benefit is uncertain.

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

1. ACCOUNTING POLICIES continued

(h) Investments held at fair value through profit or loss
Upon initial recognition investments are designated by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently investments are valued at fair value which is the bid market price for listed investments. Unquoted investments are valued at fair value by the Board which is established with regard to the International Private Equity and Venture Capital Valuation Guidelines by using, where appropriate, latest dealing prices, valuations from reliable sources and other relevant factors.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the Consolidated Income Statement within "gains/(losses) on investments held at fair value through profit or loss".

The investment in the Company's two wholly-owned subsidiaries, PEWT Securities PLC and PEWT Securities 2020 PLC, are held at fair value. The net asset value of the subsidiaries are considered to be the fair value.

(i) Dividends
Interim and final dividends are recognised in the year in which they are paid.

(j) Foreign currency
Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Consolidated Income Statement as appropriate. Foreign exchange movements on investments are included in the Consolidated Income Statement within gains on investments.

(k) Zero Dividend Preference Shares
The Zero Dividend Preference Shares are classified as a financial liability and shown as a liability in the Group balance sheet.

The provision for compound growth entitlement of the Zero Dividend Preference Shares is recognised through the Consolidated Income Statement and analysed under the capital column as a finance cost (as shown in note 5).

The premium (net of expenses) arising on the issue of the Zero Dividend Preference Shares will be amortised over the life of the Zero Dividend Preference Shares and allocated 100% to capital.

(l) Special reserve
The special reserve is available for the repurchase by the Company of its own Ordinary Shares.

1.2 Accounting standards issued but not yet effective
At the date of authorisation of these Financial Statements, the following standards and interpretations have not been applied in these Financial Statements since they were in issue but not yet effective.

IFRS 9 Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting. In terms of classification and measurement the revised standard is principles based depending on the business model and nature of cash flows. Under this approach instruments are measured at either amortised cost or fair value, though the standard retains the fair value option allowing designation of debt instruments at initial recognition to be measured at fair value.

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016) allows first time IFRS adopters to continue to account for 'regulatory deferral account balances' in accordance with previous GAAP.

As the Group has already adopted IFRS the provisions of this standard are not applicable.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures.

Given the nature of the Group's revenue streams from financial instruments the provisions of this standard are not expected to be applicable.

Amendments to IFRS 10, IFRS 12 and IAS 28 (effective 1 January 2016) are in relation to applying the consolidation exception for investment entities.

The amendments are not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Group.

Amendments to IAS 1 (effective 1 January 2016) requires changes to the presentation of financial instruments.

The amendments are not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Group.

2. INCOME

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Income from investments:		
UK franked investment income	527	502
UK bond interest	70	151
Overseas dividends	2,014	2,271
Overseas interest	67	138
Bank interest	13	5
Total income	2,691	3,067

3. INVESTMENT MANAGEMENT FEE

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Charged to Revenue:		
Investment management fee (40%)	312	301
Charged to Capital:		
Investment management fee (60%)	468	455
	780	756

The Company's AIFM is Premier Portfolio Managers Limited ("PPM") under an agreement terminable by giving not less than 12 months written notice. Under the AIFM agreement, PPM is entitled to receive from the Company a management fee, payable monthly in arrears, of 1% per annum of the gross assets of the Company.

PPM has delegated the management of the Company's portfolio of assets to Premier Fund Managers Limited.

3. INVESTMENT MANAGEMENT FEE continued

In addition, PPM is entitled to a performance fee in respect of each accounting year of the Company commencing with the period ended 31 December 2004 if (i) the dividends paid or proposed to be paid on each Ordinary Share in respect of that accounting year (on an annualised basis in respect of the first accounting period) equals at least 6.75p and (ii) the gross assets at the end of the year exceed the highest level of gross assets at the end of any previous accounting year or (if higher) the initial gross assets adjusted for share buybacks or share issuance by more than 7.5%, subject to appropriate adjustments for changes in capital and other conditions. In that event, the performance fee will be equal to 15% of the excess. Any performance fee earned is allocated between capital and revenue based on the out-performance attributable to capital and revenue respectively. No performance fee is payable in respect of the year ended 31 December 2015 (2014: nil).

4. OTHER EXPENSES

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Charged to Revenue:		
Secretarial services	98	94
Administration expenses	271	184
Reorganisation costs†	–	417
Auditor's remuneration – audit services#	26	28
– other services relating to taxation*	6	6
Directors' fees plus expenses	86	88
	487	817

The charge for audit services for 2014 includes £2,000 of non-recurring charges.
* Auditor other services includes £6,000 for corporation tax compliance work (2014: £6,000 for corporation tax compliance work).
† Reorganisation costs including the formation of the wholly owned subsidiary PEWT Securities PLC.

5. FINANCE COSTS

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Provision for compound growth entitlement of the Zero Dividend Preference Shares	–	2,904	2,904	–	2,635	2,635
	–	2,904	2,904	–	2,635	2,635

6. TAXATION

(a) ANALYSIS OF CHARGE IN THE YEAR:

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Overseas tax	227	–	227	222	–	222
Total tax charge for the year (see note 6 (b))	227	–	227	222	–	222

(b) FACTORS AFFECTING THE TOTAL TAX CHARGE FOR THE YEAR:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 20.25% (31 December 2014: 21.50%). The differences are explained below:

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Total return before taxation	(6,310)	7,486
UK corporation tax at 20.25% (31 December 2014: 21.50%)	(1,278)	1,609
Effects of:		
Capital (gains)/losses not subject to corporation tax	883	(1,854)
Finance costs of Zero Dividend Preference Shares	588	566
UK dividends which are not taxable	(107)	(108)
Overseas tax suffered	227	222
Overseas dividends not taxable in the UK	(408)	(488)
Movement in unutilised management expenses	322	275
Total tax charge	227	222

The Company is not liable to tax on capital gains due to its status as an investment trust.

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

After claiming relief against accrued income taxable on receipt, the Company has a deferred tax asset of approximately £1,256,000 (31 December 2014: £1,040,000) relating to excess expenses of £6,790,000 (31 December 2014: £5,200,000). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset in respect of these expenses has been recognised.

7. DIVIDEND

Dividends relating to the year ended 31 December 2015 which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered are detailed below:

	Per Ordinary Share	Year ended 31 December 2015 £000
First interim dividend – paid on 30 June 2015	1.90p	336
Additional interim dividend – paid on 30 June 2015	0.75p	134
Second interim dividend – paid on 30 September 2015	1.90p	343
Additional interim dividend – paid on 30 September 2015	0.75p	136
Third interim dividend – paid on 31 December 2015	1.90p	343
Additional interim dividend – paid on 31 December 2015	0.75p	136
Fourth interim dividend – payable on 31 March 2016*	4.00p	724
Additional interim dividend – payable on 31 March 2016*	0.75p	136
	12.70p	2,288

* Not included as a liability in the year ended 31 December 2015 accounts.

The fourth interim dividend and the additional dividend will be paid on 31 March 2016 to members on the register at the close of business on 4 March 2016. The shares were marked ex-dividend on 3 March 2016.

Dividends relating to the year ended 31 December 2014 which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered are detailed below:

	Per Ordinary Share	Year ended 31 December 2014 £000
First interim dividend – paid on 30 June 2014	1.90p	324
Additional interim dividend – paid on 30 June 2014	0.75p	128
Second interim dividend – paid on 30 September 2014	1.90p	324
Additional interim dividend – paid on 30 September 2014	0.75p	128
Third interim dividend – paid on 31 December 2014	1.90p	324
Additional interim dividend – paid on 31 December 2014	0.75p	128
Fourth interim dividend – paid on 31 March 2015*	4.70p	817
Additional interim dividend – paid on 31 March 2015*	0.75p	130
	13.40p	2,303

* Not included as a liability in the year ended 31 December 2014 accounts.

Amounts recognised as distributions to equity holders in the year:

	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Fourth interim dividend for the year ended 31 December 2014 of 4.50p (2013: 4.50p) per ordinary share	817	769
Additional interim dividend for the year ended 31 December 2015 of 0.75p (2014: 0.75p) per ordinary share	130	128
First interim dividend for the year ended 31 December 2015 of 1.90p (2014: 1.90p) per ordinary share	336	324
Additional interim dividend for the year ended 31 December 2015 of 0.75p (2014: 0.75p) per ordinary share	134	128
Second interim dividend for the year ended 31 December 2015 of 1.90p (2014: 1.90p) per ordinary share	343	324
Additional interim dividend for the year ended 31 December 2015 of 0.75p (2014: 0.75p) per ordinary share	136	128
Third interim dividend for the year ended 31 December 2015 of 1.90p (2014: 1.90p) per ordinary share	343	324
Additional interim dividend for the year ended 31 December 2015 of 0.75p (2014: 0.75p) per ordinary share	136	128
	2,375	2,253

8. INVESTMENTS

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Investments listed on a recognised investment exchange	48,786	48,786	77,336	77,336
Investments in subsidiaries	–	100	–	50
Valuation at year end	48,786	48,886	77,336	77,386
Opening book cost	65,282	65,332	59,852	59,852
Opening investment holding gains/(losses)	12,054	12,054	8,517	8,517
Opening valuation	77,336	77,386	68,369	68,369
Movements in the year:				
Purchases at cost	51,959	52,009	27,583	27,633
Sales – proceeds	(76,149)	(76,149)	(27,243)	(27,243)
– gains on sales	7,260	7,260	5,090	5,090
Movement in investment holding (losses)/gains for the year	(11,620)	(11,620)	3,537	3,537
Closing valuation	48,786	48,886	77,336	77,386
Closing book cost	48,352	48,452	65,282	65,332
Closing investment holding gains	434	434	12,054	12,054
Closing valuation	48,786	48,886	77,336	77,386
Gains on sales based on historical cost	7,260	7,260	5,090	5,090
Movement in holding (losses)/gains for the year	(11,620)	(11,620)	3,537	3,537
Net (losses)/gains on investments attributable to Ordinary Shareholders	(4,360)	(4,360)	8,627	8,627

Classification of assets

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Quoted equities	47,077	47,177	74,711	74,761
Corporate bonds	1,709	1,709	2,625	2,625
Total investments	48,786	48,886	77,336	77,386

Transaction costs and stamp duty on purchases for the year ended 31 December 2015 amounted to £89,000 (2014: £69,000) and transaction costs on sales amounted to £103,000 (2014: £53,000).

9. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2015

Entity	Principal activity	% Ordinary Share capital held	Country of incorporation and registration	Capital and reserves £000	Profit & loss £000
Investment in subsidiaries:					
PEWT Securities PLC	Financing	100%	England	50	–
PEWT Securities 2020 PLC	Financing	100%	England	50	–

The Company owns the whole of the ordinary share capital (£50,000) of PEWT Securities PLC a company which issued the Group's Zero Dividend Preference Shares. The subsidiary is held at fair value of £50,000 (2014: £50,000).

The Company owns the whole of the ordinary share capital (£50,000) of PEWT Securities 2020 PLC, a company which was incorporated on 9 November 2015 which will issue the Group's New Zero Dividend Preference Shares. The subsidiary is held at fair value of £50,000 (2014: nil).

10. RECEIVABLES AND OTHER FINANCIAL ASSETS

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Investment debtors	224	224	–	–
Accrued income and prepayments	189	189	248	248
Overseas withholding tax recoverable	34	34	35	35
Other debtors	–	–	1,375	1,375
	447	447	1,658	1,658

11. OTHER FINANCIAL LIABILITIES

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Other creditors	784	864	265	315
22,446,099 Zero Dividend Preference Shares of £0.01 (2014: 21,565,054)	49,780	49,780*	44,970	44,970*
	50,564	50,664	45,235	45,285

On 13 May 2015, by way of a tap issue in response to market demand, PEWT Securities PLC allotted and issued 384,681 ZDP Shares of 1 pence each par value for cash, at a price of 216 pence per share. The accrued capital entitlement at that date was 213 pence per share. On 28 July 2015, by way of a tap issue in response to market demand, PEWT Securities PLC allotted and issued 496,364 ZDP Shares of 1 pence each par value for cash, at a price of 217 pence per share. The accrued capital entitlement at that date was 215.86 pence per share.

The final capital entitlement of all the ZDP Shares in issue is 221.78 pence per share (total of £49,780,000), which is payable on 31 December 2015.

*The Zero Dividend Preference Shares, are issued by the Company's wholly-owned subsidiary, PEWT Securities PLC. The Company entered into an undertaking Agreement with PEWT Securities PLC to meet the repayment entitlement of the ZDP Shares on 31 December 2015. The amounts shown above are due to PEWT Securities PLC.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets £000	Current liabilities £000	2015 Net current assets/ (liabilities) £000	Current assets £000	Current liabilities £000	2014 Net current assets/ (liabilities) £000
Forward foreign exchange contracts – USD/HKD	507	–	507	–	–	–
Total derivative financial instruments	507	–	507	–	–	–

The above derivatives are classified as Level 2 as defined in note 20 (g).

	Current assets £000	Current liabilities £000	2015 Net current assets/ (liabilities) £000	Current assets £000	Current liabilities £000	2014 Net current assets/ (liabilities) £000
Forward foreign exchange contracts – GBP/EUR	–	(43)	(43)	–	–	–
Forward foreign exchange contracts – HKD/USD	–	(517)	(517)	–	–	–
Total derivative financial instruments	–	(560)	(560)	–	–	–

The above derivatives are classified as Level 2 as defined in note 20 (g).

13. SHARE CAPITAL

	Group and Company Year ended 31 December 2015 Number of shares	Group and Company Year ended 31 December 2015 £000	Group and Company Year ended 31 December 2014 Number of shares	Group and Company Year ended 31 December 2014 £000
Allotted, issued and fully paid:				
Opening balance Ordinary Shares of £0.01	17,378,480	174	17,068,480	171
Issued in year	710,000	7	310,000	3
	18,088,480	181	17,378,480	174

The allotted issued and fully paid Zero Dividend Preference Shares of the Group at 31 December 2015 are disclosed in note 11.

14. SHARE PREMIUM

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Opening balance	7,444	7,444	6,884	6,884
Movement in year	1,255	1,255	560	560
Closing balance	8,699	8,699	7,444	7,444

15. CAPITAL RESERVE

	Group Year ended 31 December 2015 £000	Company Year ended 31 December 2015 £000	Group Year ended 31 December 2014 £000	Company Year ended 31 December 2014 £000
Opening balance	16,976	16,976	11,439	11,439
(Losses)/gains on investments – held at fair value through profit or loss	(4,360)	(4,360)	8,627	8,627
Provision for compound growth entitlement of Zero Dividend Preference Shares	(2,904)	(2,904)	(2,635)	(2,635)
Reconstruction costs*	(470)	(470)	–	–
Investment management fee charged to capital	(468)	(468)	(455)	(455)
Closing balance	8,774	8,774	16,976	16,976

*These costs were incurred in connection with the reconstruction of the Company as set out in pages 18 and 19.

16. FINANCIAL COMMITMENTS

At 31 December 2015 there were no commitments in respect of unpaid calls and underwritings (31 December 2014: nil).

17. RETURN PER SHARE – BASIC

Total return per Ordinary Share is based on the total comprehensive loss for the year after taxation of £(6,537,000) (31 December 2014: £7,264,000).

These calculations are based on the weighted average number of 17,746,480 Ordinary Shares in issue during the year to 31 December 2015 (2014: 17,080,370 number of Ordinary Shares).

The return per Ordinary Share can be further analysed between revenue and capital as below:

	Year ended 31 December 2015 Pence per Ordinary Share	Year ended 31 December 2015 £000	Year ended 31 December 2014 Pence per Ordinary Share	Year ended 31 December 2014 £000
Net revenue return	9.38p	1,665	10.11p	1,727
Net capital return	(46.22)p	(8,202)	32.42p	5,537
Net total return	(36.84)p	(6,537)	42.53p	7,264

The Company does not have any dilutive securities.

18. NET ASSET VALUE PER SHARE

As at 31 December 2014 the difference between the figures reported below arises from the treatment of the premium (net of expenses) from the issue of Zero Dividend Preference ("ZDP") shares in December 2010 of £330,000. In accordance with International Financial Reporting Standards the unamortised portion of the premium has been included with the ZDP liability and will be amortised over the life of the Zero Dividend Preference Shares. In accordance with the Articles of Association the premium has been included with shareholders equity and the ZDP liability reflects their accrued capital entitlement at 31 December 2015 and 31 December 2014.

Notes to the Financial Statements continued

The net asset value per share and the net assets available to each class of share calculated in accordance with International Financial Reporting Standards, are as follows:

	Net asset value per share 31 December 2015 Pence	Net assets available 31 December 2015 £000	Net asset value per share 31 December 2014 Pence	Net assets available 31 December 2014 £000
18,088,480 Ordinary Shares in issue (2014: 17,378,480)	145.83	26,377	195.80	34,027
22,446,099 Zero Dividend Preference Shares* in issue (2014: 21,565,054)	221.78	49,780	208.53	44,970

* Classified as a liability.

The net asset value per share and the net assets available to each class of share calculated in accordance with the Articles of Association, are as follows:

	Net asset value per share 31 December 2015 Pence	Net assets available 31 December 2015 £000	Net asset value per share 31 December 2014 Pence	Net assets available 31 December 2014 £000
18,088,480 Ordinary Shares in issue (2014: 17,378,480)	145.83	26,377	196.23	34,102
22,446,099 Zero Dividend Preference Shares* in issue (2014: 21,565,054)	221.78	49,780	208.18	44,895

* Classified as a liability.

19. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE INVESTMENT MANAGER

Details of the investment management fee charged by Premier Portfolio Managers Limited is set out in note 3. In addition, Premier Portfolio Managers Limited acts as Company Secretary and the fee for secretarial services is set out in note 4. At 31 December 2015 £166,700 (31 December 2014: £149,200) of these fees remained outstanding.

Fees paid to the Directors are disclosed in the Directors' Remuneration Report on page 32.

Full details of Directors' interests are set out in the Directors' Remuneration Report on page 31.

20. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

Risk Management Policies and Procedures

As an investment trust the Company invests in equities and other investments for the long-term so as to secure its investment objectives stated on page 18. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

These risks, include market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk, and credit risk, and the Directors' approach to the management of them are set out below.

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, that are set out below, have not changed from the previous accounting period.

20. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

(a) MARKET RISK

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk (see (b) below), interest rate risk (see (c) below) and other price risk (see (d) below). The Board of Directors reviews and agrees policies for managing these risks, which have remained substantially unchanged from those applying in the year ended 31 December 2014. The Company's Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(b) CURRENCY RISK

Certain of the Company's assets, liabilities, and income, are denominated in currencies other than Sterling (the Company's functional currency, in which it reports its results). As a result, movements in exchange rates may affect the Sterling value of those items.

Management of the risk
The Investment Manager monitors the Company's exposure and reports to the Board on a regular basis.

When appropriate the Investment Manager deploys active hedging against exchange rate fluctuations where adverse movements are anticipated.

Income denominated in foreign currencies is converted to Sterling on receipt. The Company does not 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.

Foreign currency exposures
An analysis of the Company's equity investments and liabilities at 31 December 2015 (shown at fair value, except derivatives at gross exposure value – there were no derivative financial instruments as at 31 December 2014) that are priced in a foreign currency based on the country of primary exposure are shown below:

	As at 31 December 2015					As at 31 December 2014
	Derivative financial instruments – assets/liabilities					
	US Dollar £000	Hong Kong Dollar £000	EURO £000	Investments £000	Net financial assets £000	Investments £000
Australian Dollar	–	–	–	–	–	907
Brazilian Real	–	–	–	1,818	1,818	3,204
Euro	–	–	(2,908)	4,406	1,498	6,593
Hong Kong Dollar	–	(11,704)	–	9,346	(2,358)	15,862
Malaysian Ringgit	–	–	–	–	–	2,101
Norwegian Krone	–	–	–	533	533	355
Philippine Peso	–	–	–	506	506	773
Polish Zloty	–	–	–	900	900	2,354
Qatari Riyal	–	–	–	1,436	1,436	2,312
Romanian Leu	–	–	–	2,152	2,152	1,450
Singapore Dollar	–	–	–	1,530	1,530	935
US Dollar	11,704	–	–	13,752	25,456	13,040
Total	11,704	(11,704)	(2,908)	36,379	33,471	49,886

Foreign currency sensitivity

The following table illustrates the sensitivity of the return on ordinary activities after taxation for the year and the equity in regard to the Company's non-monetary financial assets to changes in the exchange rates for the portfolio's significant currency exposures, these being Sterling/US Dollar, Sterling/Euro and Sterling/Hong Kong Dollar.

It assumes the following changes in exchange rates:

Sterling/US Dollar +/- 2% (2014: 1%)

Sterling/Euro +/- 7% (2014: 4%)

Sterling/Hong Kong Dollar +/- 2% (2014: 1%)

These percentages have been determined based on the average market volatility in exchange rates, in the previous 12 months.

If Sterling had strengthened against the currencies shown, this would have had the following effect:

	2015 US Dollar £000	2015 Euro £000	2015 HK Dollar £000	2014 US Dollar £000	2014 Euro £000	2014 HK Dollar £000
Projected change	2%	7%	2%	1%	4%	1%
Impact on revenue return	(17)	(20)	(11)	(3)	(13)	(6)
Impact on capital return	(509)	(105)	(47)	(130)	(264)	(159)
Total return after taxation for the year	(526)	(125)	(36)	(133)	(277)	(165)
Equity	(526)	(125)	(36)	(133)	(277)	(165)

If Sterling had weakened against the currencies shown, this would have had the following effect:

	2015 US Dollar £000	2015 Euro £000	2015 HK Dollar £000	2014 US Dollar £000	2014 Euro £000	2014 HK Dollar £000
Projected change	2%	7%	2%	1%	4%	1%
Impact on revenue return	17	20	11	3	13	6
Impact on capital return	509	105	47	130	264	159
Total return after taxation for the year	526	125	36	133	277	165
Equity	526	125	36	133	277	165

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(c) INTEREST RATE RISK

Interest rate movements may affect the level of income receivable on cash deposits. The Company has no direct exposure to investments exposed to interest rate fluctuations. Interest rate movements may affect the fair value of investments in fixed-interest rate securities.

Cash at bank at 31 December 2015 (and 31 December 2014) was held at floating interest rates, linked to current short term market rates.

Due to the insignificant impact of fluctuations in interest rates no sensitivity analysis is shown.

20. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

(d) OTHER PRICE RISK

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

Management of the risk
The Board of Directors manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Investment Managers' compliance with the Company's objectives.

When appropriate, the Company manages its exposure to risk by using futures contracts or by buying put options on indices and on quoted equity investments in its portfolio.

Concentration of exposure to other price risks
A sector breakdown and geographical allocation of the portfolio is contained in the Investment Managers' Report on page 9.

Other price risk sensitivity
The following table illustrates the sensitivity of the return after taxation for the year and the equity to an increase or decrease of 10% in the fair values of the Company's equities and corporate bonds. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each balance sheet date, with all other variables held constant.

	Increase in fair value 2015 £000	Decrease in fair value 2015 £000	Increase in fair value 2014 £000	Decrease in fair value 2014 £000
Consolidated Income Statement – return after taxation:				
Capital return – increase/(decrease)	4,879	(4,879)	7,734	(7,734)
Total return after taxation – increase/(decrease)	4,879	(4,879)	7,734	(7,734)
Equity	4,879	(4,879)	7,734	(7,734)

(e) LIQUIDITY RISK

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk
Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities that are readily realisable. The Company does not have any borrowing facilities.

The investments in unquoted securities may have limited liquidity and be difficult to realise. At 31 December 2015 the unquoted securities are valued at £100,000 which relates to the two wholly-owned subsidiaries PEWT Securities PLC and PEWT Securities 2020 PLC and two unquoted securities which are in liquidation, Freepower PLC and ITI Energy Ltd (31 December 2014 the unquoted securities were valued at £50,000 consisting of PEWT Securities PLC and two unquoted securities which are in liquidation, Freepower PLC and ITI Energy Ltd). The Company may invest up to 15% of its gross assets in unquoted securities.

The Board gives guidance to the Investment Manager as to the maximum amount of the Company's resources that should be invested in any one holding. The policy is that the Company should remain fully invested in normal market conditions and that short-term borrowing be used to manage short-term cash requirements. The Board will monitor the level of liquidity required to fund the repayment of the Zero Dividend Preference Shares and the impact of the issue of any new Zero Dividend Preference Shares.

The contractual maturities of the Group's financial liabilities at 31 December 2015, based on the earliest date on which payment can be required, were as follows:

At 31 December 2015	3 months or less £000	More than 3 months but no more than one year £000	Total £000
Payables and other financial liabilities	(784)	–	(784)
Zero Dividend Preference Shares	(49,780)	–	(49,780)
Derivative financial instruments	(560)	–	(560)

(f) CREDIT RISK

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. The maximum exposure to credit risk at 31 December 2015 (comprising of convertible bonds, current assets and cash at bank) was £28,663,000 (2014: £4,819,000). The calculation is based on the Company's credit exposure as at 31 December 2015 and may not be representative of the year as a whole.

Management of the risk
This risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker; and
- cash at bank is held only with reputable banks with high quality external credit ratings. The Company does not generally hold significant cash balances, but when it does it seeks to limit exposure to any one bank to 10% of net assets.

None of the Company's financial assets are secured by collateral or other credit enhancements. In addition none of these financial assets are either past due or impaired.

(g) FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial assets and liabilities are either carried in the balance sheet at their fair value, or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals and cash balances).

The tables below set out fair value measurements using fair value hierarchy, where Level 1, Level 2 and total figures apply to both Group and Company and Level 3 figures apply only to Company.

Financial assets at fair value through profit or loss at 31 December 2015

	Notes	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equity investments		46,977	–	100	47,077
Fixed interest bearing securities		1,709	–	–	1,709
Derivative financial instruments	12	–	507	–	507
Total		48,686	507	100	49,293

Financial assets at fair value through profit or loss at 31 December 2014

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equity investments	74,711	–	50	74,761
Fixed interest bearing securities	2,625	–	–	2,625
Total	77,336	–	50	77,386

20. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES continued

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

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1 (there were no Level 2 investments at 31 December 2014).

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data (there were no Level 3 investments at 31 December 2014 with a market value).

Level 3 fair values are determined by the Directors using valuation methodologies in accordance with the IPEV Guidelines and as detailed in note 1.1 (h). Significant inputs include investment cost, the value of the most recent capital raising and the adjusted net asset value of funds. In accordance with IPEV Guidelines, new investments are carried at cost, the price of the most recent investment being a good indication of fair value. Thereafter, fair value is the amount deemed to be the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At 31 December 2015, the Company's Level 3 investments related to the two wholly-owned subsidiaries, PEWT Securities PLC and PEWT Securities 2020 PLC (the net asset value of the subsidiaries are considered to be the fair value) and two unquoted securities which are in liquidation, Freepower PLC and ITI Energy Ltd which are valued at nil.

The valuation techniques used by the Company are explained in the accounting policies note on page 48.

A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 financial assets at fair value through profit or loss

	As at 31 December 2015 £000
Opening fair value – PEWT Securities PLC, Freepower PLC and ITI Energy Ltd	50
Investment in subsidiary – PEWT Securities 2020 PLC	50
Closing fair value – PEWT Securities PLC, PEWT Securities 2020 PLC, Freepower PLC and ITI Energy Ltd	100

Financial liabilities at fair value through profit or loss

Fair value at 31 December 2015 was assessed by reference to the redemption value as there was no listed bid price.

The listed bid price was used to determine the fair value of the Zero Dividend Preference Shares as at 31 December 2014:

	As at 31 December 2015		As at 31 December 2014	
	Book value £m	Level 3 £m	Book value £m	Level 1 £m
Zero Dividend Preference Shares	49.8	49.8	45.0	46.2

		As at 31 December 2015		As at 31 December 2014	
	Note	Level 2 £000	Total £000	Level 2 £000	Total £000
Derivative financial instruments	12	560	560	–	–

Notes to the financial statements continued

(h) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to achieve a high income from its portfolio and to realise long-term growth in the capital value of the portfolio.

The Company's capital at 31 December comprises:

	2015 £000	2014 £000
Debt:		
Zero Dividend Preference Shares	(49,780)	(44,970)
Equity:		
Equity share capital	181	174
Retained earnings and other reserves	26,196	33,853
	26,377	34,027
Total Capital	77,501	79,262
Debt as a percentage of total capital	64.23%	56.74%

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

	As at 31 December 2015				As at 31 December 2014			
	3 months or less £000	More than 3 months but no more than one year £000	More than one year £000	Total £000	3 months or less £000	More than 3 months but no more than one year £000	More than one year £000	Total £000
Creditors: amounts falling due within one year								
Other creditors	784	–	–	784	265	–	–	265
Accrued capital entitlement of the Zero Dividend Preference Shares	49,780	–	–	49,780	–	47,826	–	47,826
Derivative financial instruments	560	–	–	560	–	–	–	–
Premium (net of expenses on placing of Zero Dividend Preference Shares)	–	–	–	–	–	75	–	75
	51,124	–	–	51,124	265	47,901	–	48,166

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to several externally imposed capital requirements:

- As a public company, the Company has to have a minimum share capital of £50,000.
- In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since last year and the Company has complied with them.

Notes to the Financial Statements continued

21. SEGMENTAL REPORTING

The chief operating decision maker has been identified as the Board of Premier Energy and Water Trust plc. The Board reviews the Company's internal management accounts in order to analyse performance.

The Directors are of the opinion that the Company is engaged in one segment of business, being the investment business.

Geographical segmental analysis pertaining to the Company has not been disclosed because the Directors are of the opinion that as an investment company the geographical sources of revenues received by the Company are incidental to its investment activity.

Glossary of Terms

COVER

The Cover of the New ZDP Shares would not be reduced below 1.8 times or not be less than the Cover of the New ZDP Shares in issue immediately prior to the repurchase, in each case as determined by the Directors as at a date falling not more than 10 days before the date of repurchase and taking account of any purchases of New ZDP Shares proposed to be made at or about the same time.

DISCOUNT/PREMIUM

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

GEARING

Also known as leverage, particularly in the USA. Gearing is introduced when a company borrows money or issues prior ranking share classes such as Zero Dividend Preference ("ZDP") shares, to buy additional investments. The objective is to enhance returns to shareholders but there is the risk of the opposite effect if the additional investments fall in value.

GROSS REDEMPTION YIELD

The return on a fixed-interest security, or any investment with a known life, expressed as an annual percentage and without any deduction for tax. Redemption yield measures the capital as well as income return on investments with a fixed life.

HURDLE RATE OF THE ZERO DIVIDEND PREFERENCE SHARES

The compound rate of growth or decline of the total assets required each year until the redemption date for shareholders to receive the predetermined redemption price.

NET ASSET VALUE ("NAV")

The NAV is the assets attributable to shareholders expressed as an amount per individual share. PEWT's Ordinary Share NAV is calculated as the total value of all its assets, at current market value, having deducted all prior charges at their par value (or at their asset value). Within this Report there are two different methods used for calculating NAV. Generally the NAV figure that is shown will be that which has been calculated in accordance with the Articles of Association of the Company. This is the method which would be used to calculated what is due to Ordinary Shareholders on a winding up of the Company. However, the financial statement NAV is calculated in accordance with Accounting Standards. The method which has been used will be indicated.

SPLIT CAPITAL INVESTMENT TRUST

An investment trust with two or more classes of share in issue, each class having specified entitlements to income or capital. Typical classes of share include ordinary shares, capital shares, zero dividend preference shares and income and residual capital (or geared ordinary) shares.

TOTAL RETURN

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between companies with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the company at the time the shares go ex-dividend (the share price total return) or in the assets of the company at its NAV per share (the NAV total return).

Shareholder Information

SHARE PRICE AND PERFORMANCE INFORMATION

The Ordinary Shares and Zero Dividend Preference Shares are listed on the London Stock Exchange. Information about the Company and that of the other investment company managed by Premier, the Acorn Income Fund Limited, including current share prices can be obtained directly from:

www.premierfunds.co.uk

Contact Premier on 0333 456 1122, or by e-mail to premier@premierfunds.co.uk.

SHARE DEALING

Shares can be purchased through a stockbroker.

Information on the Premier ISA can be obtained by contacting Premier on 01483 400 400.

SHARE REGISTER ENQUIRIES

The register for the Ordinary Shares and Zero Dividend Preference Shares is maintained by Capita Asset Services. In the event of queries regarding your holding, please contact the Registrar on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open Monday to Friday 9:00 a.m. to 5:30 p.m.); overseas +44 208 639 3399; or e-mail ssd@capitaregistrars.com. Changes of name and/or address must be notified in writing to the Registrar.

STATEMENT REGARDING NON-MAINSTREAM INVESTMENT PRODUCTS

The Company currently conducts its affairs so that both the Ordinary Shares issued by the Company and the Zero Dividend Preference Shares issued by the Company's wholly-owned subsidiary PEWT Securities 2020 PLC can be recommended by IFAs to retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Ordinary Shares and the Zero Dividend Preference Shares fall outside the restrictions which apply to non-mainstream investment products because they are excluded securities.

aic
The Association of
Investment Companies

A member of the Association of Investment Companies.

Notice of Annual General Meeting

to the members of Premier Energy and Water Trust PLC

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Stephenson Harwood LLP, One Finsbury Circus, London, EC2M 7SH on Tuesday, 19 April 2016, at 2:30 p.m. to consider and, if thought fit, pass the following resolutions, which will be proposed as to resolutions 1, 2, 3, 4, 5, 6, 7 and 8 as ordinary resolutions and as to resolutions 9 and 10 as special resolutions:

ORDINARY RESOLUTIONS

1. **To receive the Directors' Report and Financial Statements for the year ended 31 December 2015.**

2. **To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the financial year ended 31 December 2015.**

3. **To re-elect Mr Geoffrey Burns as a Director of the Company.**

4. **To re-elect Mr Ian Graham as a Director of the Company.**

5. **To elect Mrs Gillian Nott as a Director of the Company.**

6. **To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Board to determine their remuneration.**

7. **Authority to allot new shares:**

   THAT the Directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "Act"), to allot Ordinary Shares in the Company and to grant rights ("relevant rights") to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £18,088, representing 1,808,800 Ordinary Shares of 1p each, (being approximately 10 per cent. of the issued Ordinary Share capital of the Company as at the date of this notice) provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or agreement which would or might require shares to be allotted or relevant rights to be granted after the expiry of such authority and the Directors may allot shares or grant relevant rights in pursuance of such an offer or agreement as if such authority had not expired.

8. **Authority to allot Ordinary Shares at a discount:**

   THAT, subject to and conditional upon the passing of resolution 7 above, the Directors be and are hereby generally and unconditionally authorised, in accordance with LR 15.4.11 of the United Kingdom Listing Rules to allot Ordinary Shares for cash pursuant to that resolution at a price which represents a discount to the net asset value attributable to the Ordinary Shares as at the date of such issue provided that (i) such issue is contemporaneous with an issue of New Zero Dividend Preference Shares by PEWT Securities 2020 PLC ("New ZDP Shares") and (ii) the combined effect of the issue of Ordinary Shares at a discount to the prevailing net asset value per Ordinary Share and the issue of New ZDP Shares at a premium to net asset value per New ZDP Share is that the net asset value per Ordinary Share is thereby increased.

SPECIAL RESOLUTIONS

9. **Authority to disapply pre-emption rights:**

   THAT, subject to the passing of resolution numbered 7 above, the Directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to that resolution , or to sell Ordinary Shares from treasury, as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

   (a) the allotment, or sale, of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £18,088; and

(b) the allotment, or sale, of equity securities to (i) all holders of Ordinary Shares of 1p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of such Ordinary Shares held by them and (ii) to holders of other equity securities as required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and

such power shall expire at the conclusion of the next annual general meeting of the Company to be held in 2017, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

10. Authority to repurchase the Company's shares:

THAT, the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 1p each in the capital of the Company (together the "Shares"), provided that:

(a) the maximum number of Shares hereby authorised to be purchased shall be 2,711,463 Ordinary Shares;

(b) the minimum price which may be paid for a Share is 1 pence;

(c) the maximum price which may be paid for an Ordinary Share is an amount equal to the highest of (i) 105% of the average of the middle market quotation for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased and (ii) the higher of the price of the last independent trade and the highest current bid;

(d) Ordinary Shares may only be purchased at prices below their prevailing net asset value per Ordinary Share (as determined by the Directors in accordance with the Articles as at a date falling no more than 10 days before the date of the relevant repurchase and taking into account the costs of the repurchase) and where:

(i) the Cover of the ZDP Shares issued by PEWT Securities 2020 PLC ("ZDP Shares") would not be reduced below 1.8 times; or

(ii) the Cover of the ZDP Shares would not be less than the Cover of the ZDP Shares in issue immediately prior to the repurchase, in each case as determined by the Directors as at a date falling not more than 10 days before the date of repurchase and taking account of any purchases of ZDP Shares proposed to be made at or about the same time;

(e) Ordinary Shares and ZDP Shares may be purchased in such proportions and at such prices so as to effect an increase in the net asset value per Ordinary Share (as determined by the Directors in accordance with the Articles as at a date falling no more than 10 days before the date of the relevant repurchases and taking into account the costs of the repurchases) and where:

(i) the Cover of the ZDP Shares would not be reduced below 1.8 times; or

(ii) the Cover of the ZDP Shares would not be less than the Cover of the ZDP Shares in issue immediately prior to the repurchases, in each case as determined by the Directors as at a date falling not more than 10 days before the date of repurchases;

(f) the authority hereby conferred shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2017 or 18 October 2017 unless such authority is renewed prior to such time; and

(g) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to expiry of such authority which will be or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

Any shares so purchased will be cancelled in accordance with the provisions of the Act.

By order of the Board

Premier Portfolio Managers Limited
Secretary

10 March 2016

Notes to the Notice of Annual General Meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A shareholder may not appoint more than one proxy to exercise the rights attached to any one share. A proxy need not be a shareholder of the Company.

   A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Capita Asset Services (contact details can be found on page 17).

2. To be valid any proxy form or other instrument appointing a proxy must be received by post to Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or (during normal business hours only) by hand at the offices of the Company's registrars, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 2:30 p.m. on Friday, 15 April 2016.

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

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

5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6:00 p.m. on Friday, 15 April 2016 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting for the purposes of which no account is to be taken of any part of a day that is not a working day). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 9 March 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 18,088,480 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 9 March 2016 are 18,088,480.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 6:00 p.m. on Friday, 15 April 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15. A copy of this notice, and other information required by s311A of the Companies Act 2006, is available at the Investment Managers' website: *www.premierfunds.co.uk*

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Premier

independent asset managers