REGISTERED NUMBER: 06745576 (England and Wales)

Strategic Report,

Report of the Directors and

Financial Statements

for the Year Ended 31 December 2018

for

Amber Fund Management Limited

Contents of the Financial Statements
for the year ended 31 December 2018

Company Information
for the year ended 31 December 2018

DIRECTORS:	H L Blaney G J Frost M J Gregory
SECRETARY:	Ms A E Woods
REGISTERED OFFICE:	3 More London Riverside London SE1 2AQ
REGISTERED NUMBER:	06745576 (England and Wales)
SENIOR STATUTORY AUDITOR:	Daniel Saunders
AUDITOR:	Ernst & Young LLP Statutory Auditor London

Strategic Report
for the year ended 31 December 2018

The directors present their Strategic Report of Amber Fund Management Limited ("the company") for the year ended 31 December 2018.

REVIEW OF BUSINESS
As disclosed in note 12, the company is part of a larger group and as a result the company's results are partly dependent on the results of the group.

During the year the company continued to be a limited licence investment firm and full Alternative Investment Fund Manager ("AIFM") regulated by the Financial Conduct Authority in the UK. The company continued to provide investment advisory services to International Public Partnerships Limited ("IPP"), a self-managed alternative investment fund, as well as managing the London Energy Efficiency Fund ("LEEF"), the Scottish Partnership for Regeneration in Urban areas funds ("SPRUCE") and National Digital Infrastructure Fund ("NDIF").

During the year, the company was awarded a mandate to operate and provide investment advice to the Mayor of London's Energy Efficiency Fund ("MEEF").

The company generated profit after tax for the year £2.59 million (2017: £8.36 million).

FUTURE DEVELOPMENTS
The activities of the company are not expected to change significantly in 2019. The Company intends to continue to manage and/or operate in accordance with existing fund mandates and will seek new additional mandates in the infrastructure sector.

PRINCIPAL RISKS AND UNCERTAINTIES
The company's turnover is mainly dependent on the ongoing provision of financial, asset management and investment management services to the five active funds mentioned above. This is a function of both, the performance of the funds and Amber's success in managing/operating these funds. There is a risk that, in the event of fund underperformance, or as a consequence of other factors, such as failure to follow investment policy or contractual terms, the company may be subject to a legal claim and/or contract termination. The diversification of the company's client base which includes IPP, LEEF, SPRUCE, NDIF and MEEF acts to mitigate this risk. The firm is also seeking other similar unlisted fund management roles which may impact the future risk profile of the company.

The company regularly considers market, operating and credit risk as documented in the appended Pillar 3 disclosures.

ON BEHALF OF THE BOARD:

M J Gregory - Director

28 March 2019

Report of the Directors
for the year ended 31 December 2018

The directors present their report with the financial statements of Amber Fund Management Limited ("the company") for the year ended 31 December 2018.

DIVIDENDS
The directors authorised and paid an interim dividend of £5m for the year ended 31 December 2018 (2017: £10m).

GOING CONCERN
The company's activities, together with the factors likely to affect its future development, performance and position are noted in the Strategic Report.

The company has sufficient financial resources ahead of regulatory capital requirement and good visibility of future revenues given its ongoing contractual investment advisory and management agreements with fund clients. As a consequence the directors believe that the company is well placed to manage its business risk successfully.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

H L Blaney
G J Frost
M J Gregory

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ON BEHALF OF THE BOARD:

M J Gregory - Director

28 March 2019

Independent Auditor's Report to the Members of
Amber Fund Management Limited (Registered number: 06745576)

Opinion
We have audited the financial statements of Amber Fund Management Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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.

Ernst & Young LLP

Daniel Saunders (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

29 March 2019

Amber Fund Management Limited (Registered number: 06745576)

Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
TURNOVER		**25,303**	28,846
Administrative expenses		**(22,785)**	(20,491)
OPERATING PROFIT	4	**2,518**	8,355
Interest receivable and similar income		**75**	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,593**	8,357
Tax on profit on ordinary activities	5	**-**	-
PROFIT FOR THE FINANCIAL YEAR		**2,593**	8,357
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,593**	8,357

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible assets	7	**1,658**	1,828
CURRENT ASSETS			
Debtors	8	**7,915**	7,883
Cash at bank and in hand		**17,338**	19,566
		25,253	27,449
CREDITORS			
Amounts falling due within one year	9	**(5,822)**	(5,781)
NET CURRENT ASSETS		**19,431**	21,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,089**	23,496
CAPITAL AND RESERVES			
Called up share capital	10	**6,906**	6,906
Retained earnings	11	**14,183**	16,590
SHAREHOLDER'S FUNDS		**21,089**	23,496

The financial statements were approved by the Board of Directors on 28 March 2019 and were signed on its behalf by:

G J Frost - Director

M J Gregory - Director

The notes form part of these financial statements

Amber Fund Management Limited (Registered number: 06745576)

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	6,906	18,233	25,139
Changes in equity			
Dividends	-	(10,000)	(10,000)
Total comprehensive income	-	8,357	8,357
Balance at 31 December 2017	6,906	16,590	23,496
Changes in equity			
Dividends	-	(5,000)	(5,000)
Total comprehensive income	-	2,593	2,593
Balance at 31 December 2018	6,906	14,183	21,089

The notes form part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	A	2,697	7,204
Net cash from operating activities		2,697	7,204
Cash flows from investing activities			
Interest received		75	2
Net cash from investing activities		75	2
Cash flows from financing activities			
Equity dividends paid		(5,000)	(10,000)
Net cash from financing activities		(5,000)	(10,000)
Decrease in cash and cash equivalents		(2,228)	(2,794)
Cash and cash equivalents at beginning of year		19,566	22,360
Cash and cash equivalents at end of year		17,338	19,566

Notes to the Statement of Cash Flows
for the year ended 31 December 2018

A. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£'000	£'000
Profit before taxation	**2,593**	8,357
Depreciation charges	**170**	170
Finance income	**(75)**	(2)
	2,688	8,525
(Increase)/decrease in trade and other debtors	**(32)**	1,517
Increase/(decrease) in trade and other creditors	**41**	(2,838)
Cash generated from operations	**2,697**	7,204

1. STATUTORY INFORMATION

Amber Fund Management Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London SE1 2AQ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pound sterling which is the presentational and functional currency of the company and are prepared to the nearest £'000's.

Statement of compliance
The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 for the year ended 31 December 2018.

Financial Reporting Standard 102 - reduced disclosure exemptions
The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Going Concern
The company has sufficient financial resources ahead of regulatory capital requirement and good visibility of future revenues given its ongoing contractual investment advisory and management agreements with fund clients. As a consequence, the directors believe that the company is well placed to manage its business risk successfully.

Turnover
Turnover, which is stated net of value added tax, represents fees receivable for investment management services during the year and arising from continuing activities in the UK. Fees are recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Taxation
Current tax, including United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

Intangible fixed asset
Intangible fixed asset represents the fair value paid for the purchase of the investment advisory agreement and financial advisory agreement from Babcock & Brown Limited and Babcock & Brown Investment Management Limited in 2009.

This is being amortised on a straight line basis over the useful economic life of the contract.

Short term debtors and creditors
Debtors and creditors with no stated interest rate and receivables or payables within one year are recorded at transaction price.

3. EMPLOYEES AND DIRECTORS

The company has no employees and hence there were no staff costs for the year ended 31 December 2018 (2017: Nil).

No directors received any fees in respect of services for the year (2017: Nil).

4. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £'000	2017 £'000
Auditors' remuneration - audit work	6	6
Other non-audit services	4	4

5. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit before tax	2,593	8,357
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	493	1,609
Effects of:		
Group relief claimed for NIL payment	(493)	(1,609)
Total tax charge	-	-

Factors that may affect future tax charges
The UK corporation tax rate reduced to 19% from April 2017. The rate will further reduce to 17% from April 2020, and as at the balance sheet date, this future rate reduction had been substantively enacted. The rate changes will impact the amount of future tax payments to be made by the company.

Deferred Tax
There is no deferred tax, provided or un-provided, within these financial statements (2017: £Nil).

6. DIVIDENDS

	2018 £'000	2017 £'000
Ordinary shares of 1 each		
Interim	5,000	10,000

7. INTANGIBLE FIXED ASSETS

	Other rights £'000
COST	
At 1 January 2018 and 31 December 2018	**3,906**
AMORTISATION	
At 1 January 2018	**2,078**
Amortisation for year	**170**
At 31 December 2018	**2,248**
NET BOOK VALUE	
At 31 December 2018	**1,658**
At 31 December 2017	1,828

On 23 June 2009, the company acquired the rights to future revenue generated through an investment advisory agreement and financial advisory agreement, enabling it to provide investment and financial advice to International Public Partnerships Limited, an investment fund listed on the London Stock Exchange.

The fair value of the contract and rights acquired have been capitalised and will be amortised on a straight line basis over the remaining contract life.

On 23 September 2013, the investment advisory agreement with International Public Partnerships Limited was amended to remove the right to a performance fee, to add additional tiered reductions in the percentage of fees chargeable for incremental increases applied to the value of funds under management; and extended by an additional 7 years to September 2028.

The directors re-assessed the useful economic life of the intangible and have revised the amortisation profile accordingly.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 **£'000**	2017 £'000
Trade debtors	**-**	125
Amounts owed by group undertakings	**7,891**	7,751
Prepayments and accrued income	**24**	7
	7,915	7,883

Amounts due to group undertakings are non-interest bearing and repayable by demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 **£'000**	2017 £'000
Amounts owed to group undertakings	**5,788**	5,781
VAT	**26**	-
Accrued expenses	**8**	-
	5,822	5,781

Amounts due from group undertakings are non-interest bearing and repayable on demand.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2018** **£'000**	2017 £'000
6,906,340	Ordinary	1	**6,906**	6,906

11. RESERVES

	Retained earnings £'000
At 1 January 2018	16,590
Profit for the year	2,593
Dividends	(5,000)
At 31 December 2018	14,183

12. ULTIMATE PARENT COMPANY

The directors regard Amber Infrastructure Group Limited, an English Limited Company, as the immediate parent company and Amber Infrastructure Group Holdings Limited, a company registered in England as the ultimate controlling party. Copies of the consolidated financial statements of Amber Infrastructure Group Holdings Limited can be obtained from 3 More London Riverside, London SE1 2AQ.

DRAFT
Amber Fund Management Limited
Pillar 3 Financial Disclosure

Amber Fund Management Limited ("the Company") - As at 31 December 2018

This is the Pillar 3 disclosure made in accordance with the UK Financial Conduct Authority ("FCA") Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), specifically BIPRU 11.3.3 R. This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The purpose of these disclosures is to encourage market discipline by enabling market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment process.

These disclosures will be made annually as at the accounting reference date being 31 December. The disclosures are subject to external verification only to the extent that they form part of the audited financial statements for the year ended 31 December 2018.

Basis of disclosure
The Company is incorporated in the UK and is authorised and regulated by the FCA as an Investment Management Firm, principally providing asset and investment management and advisory services to external clients as an Alternative Investments Fund Manager. The Company's activities lead to it being regulated as a firm subject to prudential regulation under the Prudential Sourcebook for Investment Firms ("IFPRU") and has a base own funds requirement as an IFPRU €50,000 Investment Firm as the firm does not hold client money.

The firm is not part of a UK Consolidation Group for FCA prudential purposes and therefore prepares its regulatory financial statements and calculates its financial resource requirements on a solo basis.

Definitions of assets and capital differ between the capital adequacy rules of the FCA and the statutory accounting balance sheet standards. In this statement the definitions set out in the FCA rules are used.

Capital adequacy
In accordance with IFPRU, the Company assesses its capital adequacy to support current and future activities in a number of ways. The IFPRU framework consists of three pillars:

Pillar 1 sets out the minimum capital requirements for credit, market and operational risk;

Pillar 2 requires the Company and the FCA to express a view on whether additional capital needs to be held for risks not covered by Pillar 1. The FCA has not implemented Individual Capital Guidance in relation to the firm;

Pillar 3 requires the Company to publish details regarding its risk management process, underlying risks and capital position (as is set out herein).

Pillar 1 Capital Resource Requirement

Pillar 1 capital adequacy is monitored monthly for compliance with capital requirements and is reviewed formally by the Board on a quarterly basis. The Board will consider the need to change capital forecasts and capital plans based on such reviews.

The Company's Tier 1 capital comprises ordinary shares and retained earnings. Intangible assets are deducted in full in accordance with FCA requirements.

Balance Sheet Extract	£'000s
Ordinary shares	6,906
Retained earnings	14,183
Less: Intangible assets	(1,658)
TOTAL	**19,431**

The Intangible Asset represents the allocation of consideration paid by AFML on its acquisition of the investment advisory and financial advisory agreements on 23 June 2009. This asset is being amortised on a straight-line basis over the relevant contractual period.

The company has no other forms of capital resources (i.e. Tier 2 or Tier 3 capital) as current resources are surplus to regulatory capital requirements.

Capital Requirement

The Company is required to hold funds to protect itself against credit risk and this has been assessed based on the Pillar 1 requirements of the EU Directive (calculated using the simplified approach). The total credit risk exposure amount was £25.2 million at 31 December 2018. This includes intergroup debtors of £7.5 million due to be received within 6 months of the accounting reference date.

The firm is required to hold capital to the equivalent value of the higher of the Credit Risk Capital Requirement or the Fixed Overhead Requirement calculated in accordance with its Pillar 1 Capital Resource Requirements. The Firm, being a Limited Licence firm, is not subject to the Pillar 1 Operational Risk Requirement.

The firm is also subject to the Alternative Investments Fund Managers Directive which sets out a base own fund requirement and an Own Funds requirement as set out in IFPRU. These calculations are lower than BIPRU and have thus been ignored.

As at 31 December 2018, the company's Pillar 1 capital requirement was £2M. This has been determined by reference to the higher of the sum of the market and credit risk requirement of £0.96M and the company's fixed overhead requirement of £2M. Pillar 1 capital resources of £19.4M therefore exceeded the Pillar 1 capital requirement of £2M by £17.4M as at 31 December 2018.

Risk Management Objectives and Policies

The Company is committed to implementing a governance and risk management framework appropriate to the nature, complexity and size of its business. The Company's risk management objective is to identify, evaluate, monitor and manage the key risks to the Company and to its stakeholders whilst allowing sufficient operating freedom to secure a satisfactory return.

The Company has adopted an ICAAP approach based on a process of identifying, assessing, managing and monitoring risks. The approach extends the existing risk management process prescribed in the Group's Risk Management Policy by assessing the capital effects of the major risks of the Company.

A Risk Register is maintained for the Company applying the risk rating methodology from its Risk Management Policy. The potential capital effects of the major risks are evaluated to determine the Company's capital requirement.

A Risk Register was prepared in November 2018 and will be updated quarterly as part of the annual ICAAP review. The potential capital effects of each of the major risks were analysed by performing scenario assessments which take into account the likely business consequences, management responses and insurance position. This risk register is reviewed and updated by senior management on a quarterly basis.

The key principles central to the Company's risk management strategy include clear articulation of roles and responsibilities with appropriate segregation of duties appropriate to a firm of the size and complexity of the Company, monitoring of effectiveness and adequacy of key internal controls, regular reporting of risk-related issues and forecasts and documenting and communicating policies addressing key areas of risk to the business.

The Company is managed by its Board which comprises three directors and is supported by the Finance and Compliance Officers. It meets quarterly and its responsibilities include monitoring and reviewing the Corporate Governance manual and considering reports from finance, risk management and compliance.

The Board has overall responsibility for the Company's system of internal controls, the objectives of which are the safeguarding of the Company's assets, the maintenance of proper accounting records and the availability of reliable financial information for use within the business and for publication. This system of internal controls is also designed to provide reasonable, albeit not absolute, assurance against material misstatement and to prevent and detect fraud and other irregularities.

The Board regularly reviews the effectiveness of the internal control system. There is an ongoing process for identifying, evaluating and managing significant risks.

The Company's system of internal controls includes appropriate levels of authorisation and segregation of duties. Financial reports are presented to the Board quarterly detailing the financial performance and results of the Company.

Risk categories and definitions

Operational and Business risk
Operational risk is defined as the risk of loss arising from inadequate or failed internal processes,

people and systems or from external events. The Company is aware that operational risk can never be eliminated, but seeks to minimise the probability and impact of operational events

Business risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Firm is not subject to the Large Exposure Rules and, therefore, no disclosure on these has been made.

The Company's business areas manage this risk through applicable controls and loss mitigation techniques, including use of insurance. These activities include a balance of policies, procedures and internal controls to ensure compliance with laws and regulations. Further assurance is provided by the finance and compliance officers.

The operational risk policy incorporates a review of the risk matrix with key issues raised with the Board on a quarterly basis.

Credit risk
This represents the risk to earnings and capital of loss through default by a counterparty to meet the terms of any contract or otherwise fail to perform as agreed.

The Company assesses its counterparty risk exposure as part of its quarterly risk assessment process and where appropriate assesses the need to assign credit limits based upon prior experience and an assessment of the credit worthiness of the counterparty. The risks to the Company as at 31 December 2018 were:

(i) Outstanding fee payments for services. The directors believe that the risk of non-payment is low and that the relevant funds and counterparties have the ability to make payment of the sums outstanding on an agreed basis. The directors are not aware of any material practical or legal impediment to the prompt repayment of those liabilities which are due within 12 months of the accounting reference date, and

(ii) Bank deposits. These are held with various credit institutions rated as Credit Quality Step 1 or 2.

Market risk
This is the risk that arises from on and off balance sheet fluctuations in values of, or income from, assets or in interest or exchange rates. The company does not engage in principal dealing or own account trading.

While changes in interest rates will affect the Company's income, they should not pose a significant risk to the company.

Amber Fund Management Limited
29 March 2019