POLAR CAPITAL

# Polar Capital Funds plc

## Interim Report and Unaudited Financial Statements for the six months ended 30 June 2012

## Contents

# Investment Manager's Reports

For the six months ended 30 June 2012

## Asian Financials Fund

### Fund Performance

Following a strong January and February, Asian financials faced a more volatile period in which they gave back some of their gains on the back of concerns about the state of the Chinese economy (and consequent uncertainty surrounding the Chinese banking sector) and growing fears in the second quarter related to the European sovereign crisis. The Fund rose 6.6% in the period, underperforming the benchmark index by 70bps reflecting its lower exposure to the real estate sector (particularly to Chinese real estate which saw a strong recovery) and weighting to more defensive sectors (non-life insurance was a particular laggard).

### Market Review

Chinese financials saw a sharp recovery at the start of the year after authorities announced an easing in reserve requirements in 2011. However, concerns related to the growth outlook in China with pressure from a weakening external environment and on the domestic front following the government's efforts to tighten the housing market and curb overcapacity in the steel and auto industry, led to pressure on Chinese banks (and those markets with direct links such as Hong Kong, Taiwan and to a lesser extent Korea) which underperformed in the period.

Indian financials have been one of the strongest sectors in the first half of 2012, with the state-owned banks seeing a particularly strong start to the year (in keeping with the trends seen globally within the sector, banks with weaker balance sheets were the prime beneficiaries of the rally). We remain cautious of state-owned banks in India since we do not believe that the non-performing loan cycle has peaked (and arguably such issues are hardly reflected in published figures) and some banks are still reporting large additions to their restructured loans. Equally the macro outlook remains difficult to assess, although on balance a continuation of the monetary easing measures already seen should be expected.

Financial sectors within ASEAN countries were also strong performers during the period with the Philippines, Thailand and Singapore relative winners. The Philippines was until relatively recently regarded as on the periphery of the "investible" Asian universe. The transformation in terms of sentiment has been nothing short of extraordinary in recent years and this is beginning to translate into the reality of economic performance and a sharp fall in the cost of capital (although infrastructure weaknesses remain a potential stumbling block for the future). Thai banks (and the property companies) have recovered strongly from the severe flooding seen last year and more importantly, since we were becoming concerned about funding in this market, recent moves to put government owned specialised financial institutions on the same regulatory framework as the commercial banks, is already providing a boost to their ability to generate deposits. As in many countries in Asia, the level of non-performing loans has been better than expected.

### Fund Activity

In terms of movements in our portfolio, we reduced our exposure to various Korean bank stocks (Shinhan Financial Group, KB Financial Group) on the back of an increasingly lacklustre earnings growth outlook (although we remain positive on the non-life insurance sector in that country). We also reduced our position in Security Bank in the Philippines. We have been investors in the Philippines for many years and our positions in Security Bank and the property sector (Ayala Land and SM Prime) have been strong drivers of the Fund's performance. It is clear that the banking sector is seeing good loan demand and benefits from strong capital and funding positions, however, valuations were beginning to look full and we trimmed our position in Security Bank (although this remains the largest holding in the Fund and was offset by additions to our property holdings). In Indonesia, we sold our holding in Bank Danamon after it became the subject of a take-over offer from DBS in Singapore and rather than wait for the completion of the deal (since there were possible political concerns surrounding this deal in view of DBS's ownership by the Singapore Government), we decided to sell our holding and so book most of the gain up front.

Offsetting these sales, we raised our exposure to Thailand (Supalai, Kasikorn Bank), Indonesia (BRI, Clipan Finance, Ciputra Development), and India (Bajaj Finance, Oberoi Realty), all offering better underlying growth prospects (albeit with higher risk) than many markets in northern Asia (such as Korea, Taiwan and Hong Kong). This has been a long-term trend in the Fund's portfolio with the proportion invested in more developed markets in northern Asia and Singapore, having fallen from close to 73% at the end of 2006, to the current level of 28%. Though many northern Asian financial sectors offer attractive value prospects, it remains difficult to see what the catalyst will be to see a return to the higher valuations enjoyed in the past (in the context of weaker underlying growth and, in a number of cases, fall in underlying profitability as margins have compressed).

# Investment Manager's Reports continued

**For the six months ended 30 June 2012**

## Asian Financials Fund continued

### Market Outlook

Within a global financials context, the recent performance of Asian financials have been somewhat surprising. They have lagged US financials and have only marginally outperformed European financials. The latter are in the depth of a severe asset quality, funding and capital crisis whilst Asian banks have never looked stronger in terms of their balance sheets. The better quality US banks, some of which show similar balance sheet quality but far weaker growth prospects, are now trading on large premiums to equivalents in Asia (such as in Singapore and Hong Kong). We would simply reiterate that key drivers of the financial sector going forward are going to be funding and capital, both of which Asian banks generally hold in excessive amounts. Current valuations do not reflect this and yet globally investors are happy to see western banks with strong balance sheets on large premiums. The differential cannot be explained by macro risks, since again Asian economies offer far better debt dynamics and strong growth prospects than nearly any region with the exception of specific petro-economies.

**Polar Capital LLP**

August 2012

## Emerging Markets Growth Fund

### Fund Performance

The portfolio had a relatively mediocre six months registering a gain of 4.5% against a benchmark return of 4%. This can largely be attributed to stock selection in Asia and particularly in Korea, Malaysia and Indonesia. Asset allocation was also a negative due to the underweight positions in India, the Philippines and Mexico. Fortunately, this was more than compensated for by outperformance in South Africa, India, Turkey and Thailand. Performance in South Africa was boosted by exposure to the healthcare sector, where Life Healthcare and Aspen Pharmacare both made substantial gains. In India, the high exposure to financials, which benefitted from interest rate cuts, was the main source of relative strength. In Turkey, both Bizim, the food distributor, and TAV, the airport operator, had good upward moves; whilst in Thailand, Kasikornbank also enjoyed a strong rise as the country recovered from the impact of last year's floods.

Within sectors the picture was mixed. Allocation added value due to the underweight positions in materials and energy, as well as the overweights in healthcare and industrials.

### Market Review

The year started on a very positive note as markets took heart from the massive injection of liquidity by the European Central Bank under the 3 year Long Term Refinancing Operation (LTRO). As a consequence the emerging market benchmark rose some 18% in the first two months of the year. The rally was led by a combination of the most heavily indebted companies and the deep value cyclicals. Unsurprisingly, a rally of such low quality could not be sustained and was soon overwhelmed by a realisation that the LTRO was little more than a sticking plaster for a severed artery. Markets drifted down in March and April before plummeting in May and the recovering slightly in June to end the half-year with a small gain.

Despite a strong start to the year the worst performing sectors were, once again, energy and materials as commodity prices fell under the weight of falling global growth expectations and, in the case of oil, rising supply. In contrast, strong gains were seen in the more defensive areas such as healthcare and consumer staples as well as in information technology. Geographically the best returns were seen in the ASEAN markets, with the Philippines and Thailand being especially strong. Brazil was the big laggard as its two largest stocks, Petrobras and Vale, suffered from falling commodity prices and perceived government interference. In addition, the Brazilian real was also weak as the government made a concerted effort to reduce what they see as an extreme level of overvaluation. Mexico enjoyed a strong first half of year, benefitting from both its proximity to the US as well as a positive reaction to the anticipated Presidential candidate, Enrique Pena Nieto, who is promising an aggressive reform agenda.

### Fund Activity during the period

There were a number of additions to the portfolio including Baidu, Hering, and Novatek. Baidu is China's equivalent to Google. The company announced weak guidance with their first quarter numbers and as a consequence the stock got de-rated to a level not seen since 2008 in spite of its still robust long-term growth story. Hering, a wholesaler and retailer of apparel in Brazil, was added after a pull back brought the forward P/E back to 17x, attractive for a company which has an excellent growth record which seems set to continue. Their growth has been aided by a franchise model which has allowed them to generate sector leading ROE's of 40%. The business has no credit risk, a strong balance sheet and its sales into the multi-line stores in Brazil allows it to expand its reach further into the less developed areas of Brazil than a standalone store format could.

Novatek, the Russian independent gas producer, was purchased after the stock had performed poorly on the expectation of higher mineral extraction taxes (MET) and was trading at the low end of its historic valuation range. Even with a increase in MET as high as being suggested the company will still enjoy substantial growth from the domestic market over the next few years as well as being able to export from 2015.

The holding in CIB, the Egyptian bank, was sold due to the high level of uncertainty surrounding the country, whilst Nextel International was sold as the company was performing poorly from an operational perspective. Kunlun was also sold over concerns that the stock might be tainted politically.

### Market Outlook

Markets are waiting patiently (for the time being) for further stimulus from both the Federal Reserve and the ECB. Action from the latter is clearly more urgent and consequently more likely, notwithstanding the fact that European leaders still do not seem to have fully grasped the seriousness of the situation.

# Investment Manager's Reports continued

**For the six months ended 30 June 2012**

## Emerging Markets Growth Fund continued

This view was seemingly reinforced by Mario Draghi, the President of the European Central Bank, who, having made such a forceful statement on the need to do whatever it takes, has proceeded to offer nothing but platitudes. Nevertheless, it is hard to believe that that will continue to be the case, for if it is, the euro is sure to break up sooner rather than later. Consequently we believe that something drastic will be forthcoming which could have quite a positive short-term impact on, what have become very thin markets during this summer.

Although the majority of sentiment indicators are currently giving little in the way of clues as to which way markets might move, one that is interesting is what can be loosely described as the relationship between cyclical and secular stocks. With markets so uncertain investors have been exiting anything with perceived risk and heading for the relative safety of blue chip defensive names. This has gone so far that valuations are now at a greater extreme than those seen in October 2011, after the sharp sell-off in August and September of that year. In fact this disparity is now even wider than it was in the dark days of 2008 when the financial crisis was at its height. Such extremes have proved to be good entry points in the past. Emerging markets rallied some 30 per cent over the six months following the lows of last October and, of course, far more after the lows in 2008.

The current level of valuation in emerging markets is now quite attractive, with a price to book ratio of 1.5x. This is not far from the 1.3x which was the low in both the 2008 financial crisis and after the attack on the World Trade Centre in 2001. Similarly, the current yield of 3.1 per cent has only been surpassed during the financial crisis and before that during the Asian crisis of 1997/8. Inflation is much lower than it was 20 months ago and although there have been some alarming short-term increases in certain food prices it has yet to impact rice, the key staple in so many countries. The oil price has also fallen sharply and there is a greater realisation that the supply demand balance is nothing like as alarming as that promoted by oil bulls over the last decade. In fact, rising production in Brazil, Iraq, Canada and the US suggests that excess supply may be more of an issue that excess demand in the near future. This is very positive for the vast majority of emerging markets.

The earnings outlook remains reasonable after the disappointment of 2011 when growth was non-existent. The margin squeeze which resulted from rising inflation is not expected to be repeated this year, although the June reporting season has got off to a relatively damp start both in Emerging Markets and has led to some earnings downgrades. Nevertheless, comparisons should be much easier in the third and fourth quarters given the weakness last year.

Although the outlook is going to depend to a large degree on what happens in Europe much of the bad news is now reflected in valuations. In particular, the fact that emerging markets now trade at a discount to developed markets on a price to book basis is encouraging given the superior growth outlook over the medium term.

**Polar Capital LLP**

August 2012

## Emerging Markets Income Fund

### Fund Performance

The portfolio had a relatively strong six months registering a gain of just above 9% and comparing well against a benchmark rising just shy of 4%. Asset allocation subtracted from performance but was more than compensated for by stock selection which was strong in most geographies and exceptional in Brazil, South Africa, Russia, Mexico, India and Thailand. In Brazil, performance was helped by the substantial underweight in the energy and material names notably Petrobras or any of the steel companies as well as by being underweight in the banks. In addition, a number of holdings including Cemig, CCR, Estacia and Souza Cruz all rose by more than 20% during the six month period. Performance in Mexico was helped by a bid for Grupo Modelo, demonstrating the value of holding companies with strong cashflow and dividends in spite of what was a high valuation pre-bid. Grupo Asur, the Cancun based airport operator, enjoyed a similar rise of over 40%, aided by good operating results and strong cashflow.

It was a similar tale elsewhere, with relatively defensive names with solid growth prospects and good free cash generation performing well. In South Africa, Life Healthcare, the hospital operator, continued its extraordinary run since floatation in 2010 by rising another 50% in the review period. Amongst other South African companies both Growthpoint and Foschini registered gains of over 20%. In Russia, Globaltrans, the logistics company, did well thanks to an acquisition and a 70% increase in the dividend. Relative gains were less strong in Asia predominantly due to Korea where performance in the market was driven by the cyclical sectors to which the Fund is not exposed.

Sectorally performance was very strong with telecom being the only negative contributor thanks to KT Telecom in Korea and Chunghwa Telecom in Taiwan. Relative performance was also weak in materials but was compensated for by being substantially underweight.

### Market Review

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### Fund Activity during the period

Activity has revolved around selling stocks that are not fulfilling expectations or where the prospects have deteriorated. Thus, Sulamerica, the Brazilian insurance company, was sold after the management cut its dividend payout ratio and looked to focus on growth. Similarly, Aveng, the South African construction company was sold as the prospects for infrastructure in South Africa look even bleaker than anticipated.

Purchases have focused on companies with strong cash generation and reasonable valuations and have included Bolsa, the Mexican stock exchange operator, Valid, the Brazilian driving license manufacturer, and Hero Motor Corp, the Indian motorcycle manufacturer.

# Investment Manager's Reports continued
For the six months ended 30 June 2012

## Emerging Markets Income Fund continued

### Market Outlook

Markets are waiting patiently (for the time being) for further stimulus from both the Federal Reserve and the ECB. Action from the latter is clearly more urgent and consequently more likely, notwithstanding the fact that European leaders still do not seem to have fully grasped the seriousness of the situation. This view was seemingly reinforced by Mario Draghi, the President of the European Central Bank, who, having made such a forceful statement on the need to do whatever it takes, has proceeded to offer nothing but platitudes. Nevertheless, it is hard to believe that that will continue to be the case, for if it is, the euro is sure to break up sooner rather than later. Consequently we believe that something drastic will be forthcoming which could have quite a positive short-term impact on, what have become very thin markets during this summer.

Although the majority of sentiment indicators are currently giving little in the way of clues as to which way markets might move, one that is interesting is what can be loosely described as the relationship between cyclical and secular stocks. With markets so uncertain investors have been exiting anything with perceived risk and heading for the relative safety of blue chip defensive names. This has gone so far that valuations are now at a greater extreme than those seen in October 2011, after the sharp sell-off in August and September of that year. In fact this disparity is now even wider than it was in the dark days of 2008 when the financial crisis was at its height. Such extremes have proved to be good entry points in the past. Emerging markets rallied some 30 per cent over the six months following the lows of last October and, of course, far more after the lows in 2008.

The current level of valuation in emerging markets is now quite attractive, with a price to book ratio of 1.5x. This is not far from the 1.3x which was the low in both the 2008 financial crisis and after the attack on the World Trade Centre in 2001. Similarly, the current yield of 3.1 per cent has only been surpassed during the financial crisis and before that during the Asian crisis of 1997/8. Inflation is much lower than it was 20 months ago and although there have been some alarming short-term increases in certain food prices it has yet to impact rice, the key staple in so many countries. The oil price has also fallen sharply and there is a greater realisation that the supply demand balance is nothing like as alarming as that promoted by oil bulls over the last decade. In fact, rising production in Brazil, Iraq, Canada and the US suggests that excess supply may be more of an issue that excess demand in the near future. This is very positive for the vast majority of emerging markets.

The earnings outlook remains reasonable after the disappointment of 2011 when growth was non-existent. The margin squeeze which resulted from rising inflation is not expected to be repeated this year, although the June reporting season has got off to a relatively damp start both in Emerging Markets and has led to some earnings downgrades. Nevertheless, comparisons should be much easier in the third and fourth quarters given the weakness last year.

Although the outlook is going to depend to a large degree on what happens in Europe much of the bad news is now reflected in valuations. In particular, the fact that emerging markets now trade at a discount to developed markets on a price to book basis is encouraging given the superior growth outlook over the medium term.

**Polar Capital LLP**
August 2012

## European Market Neutral Fund

### Fund Performance

The performance from inception of the Fund on 8 March 2012 until the end of June 2012 was (6.2%). On a gross basis the long book subtracted (7.21%), whilst the short book added 2%. The top contributors from the long book were Ophir Energy 0.62% and Gemalto 0.57%. Long book losses included ING (0.91%) and SBM Offshore (0.81%). The top contributors from the short book were Bankia 0.94% and Fiat 0.58%. The main detractors from the short book were Anheuser-Busch InBev (0.31%) and Flughafen Wien (0.27%).

### Market Review

Greece and then Spain, with their banking system as the epicentre, were the main culprits behind the fall in European and global equity markets in May. Both are perceived to have the ability to break up the Eurozone and cause a disorderly default. Tail event risk still looms large and we continue to be vigilant and position accordingly.

Politics dominated proceedings in June with two events both reducing near term tail risk. The election in Greece on June 17th resulted in the Greek population voting in significant numbers, which allowed a coalition government to be formed who wished to maintain the current bailout agreement.

The European summit in Brussels over 28th/29th June delivered a more productive outcome than we have become accustomed to. The stated aim of breaking the vicious circle between banks and sovereigns was well received by the market. The proposal that the ESM could recapitalise banks directly, once an effective single supervisory mechanism is established, was very pertinent. There were various conditions stipulated, but the ability of the Eurozone leaders to achieve agreement on some contentious aspects of policy is encouraging. While welcome, the progress made does not seem to be a game changer and the solutions proposed are very long term in nature.

Further stimulus and quantitative easing (QE) chatter has commenced and will no doubt continue to get louder as the global economy struggles to achieve growth levels necessary to reduce the high levels of unemployment in the developed economies. Unfortunately, QE seems to work best in reducing downside risk, rather than stimulating growth. We would have to agree with some notable strategists who believe that the markets can’t yet cope without consistent bouts of additional liquidity.

### Fund Activity

The most significant fund activity undertaken was a risk reduction exercise. This began at the end of June and completed during the early part of July. The gross exposure of the Fund was reduced to circa 60% down from an already reduced 94% at the end of June. In this process we trimmed the number of positions to 60. The overall positioning remained broadly the same, but at a reduced weighting. Net exposure on a beta adjusted basis was reduced to circa +5%.

The reasoning behind the risk reduction was due to the performance of the Fund, and its alpha generation over the last few months, which have disappointed against our expectations. Within our short book we continue to witness investors fleeing into names that can be categorised as quality growth, regardless of their valuation or fundamentals, and consequently inflating their share prices. This has subsequently continued to have a negative impact upon our performance.

The “risk on-risk off” swings have also not been favourable to our strategy. The inherent high levels of uncertainty in both the economic and political environments add to the reasoning for reducing risk within the portfolio at this stage.

The energy names within the portfolio recovered in July as Brent Oil moved back above the $100/bl level. An energy stock sector basket has been added to the short book to hedge any further panic short term drops in the oil price.

During the quarter, the negative country exposure to Italy and Spain combined has been cut back significantly, as we do not want to run the risk of a run back to the periphery triggered by political “solutions”.

### Market Outlook

With extreme outcomes still possible, we are maintaining a low risk positioning. This will allow us to move quickly once a sustained outcome is known, while protecting capital in the transitional period. At this stage, we cannot rule out either of the tail events, both negative and positive. These are namely a continued Eurozone and global economic crisis or alternatively, a reflation rally led by significant co-ordinated stimulus actions through QE (or disguised QE such as the recent 3-year LTRO) by the key global policy makers.

**Polar Capital LLP**

August 2012

# Investment Manager's Reports continued

**For the six months ended 30 June 2012**

## Financials Income Fund

### Fund Performance

The first six months of the year, although largely a good one for equity markets, has been a volatile period for financial markets. Against this background the Fund's unit price rose by 7.3% versus the STOXX Financials Index which rose by 2.5%. Reflecting the Fund's significant exposure to fixed-income securities and exposure to defensive sectors, such as non-life insurance, this performance was achieved with much less volatility than our benchmark index. Two dividends have been declared totaling 2.8p per share, unchanged on last year. Furthermore, benefiting from the high weighting in fixed-income securities, revenue reserves have increased to over 1.5p per share.

### Market Review

The period covered by this report has been marked by a continuation of the crisis in the Eurozone. Financial markets initially rallied sharply at the beginning of the year on the back of the steps taken by the European Central Bank (ECB) to stem the crisis by providing the European banking system with unlimited 3 year funding through the Long Term Refinancing Operations (LTROs). Nevertheless, the rally in European bank shares petered out as continued poor economic data and uncertainty regarding the political situation in Greece, exacerbated by deposit outflows undermined sentiment towards the sector.

Spanish and Italian government bonds initially performed well but the yields on both rose sharply (prices fell) in the second quarter. Domestic banks in both countries had taken advantage of the LTROs to increase their exposure to their respective government bond markets. As a result, both Spanish and Italian banks have become more susceptible to the fluctuations in their domestic government bond markets. Weakness in one has led to weakness in the other and vice versa. Furthermore, the concern over the need for the Spanish government to inject capital into its banking sector exacerbated the weakness in its sovereign bond market.

In Spain, asset quality trends have continued to worsen while deposit outflows (which in Greece accelerated in the second quarter) deteriorated after Bankia, the Spanish bank listed in 2010 and formed from the merger of seven regional savings banks, was rumoured to be suffering significant deposit outflows (subsequently denied). Against this background Spanish and Italian banks, not surprisingly, suffered large falls in their share prices with Bankia's share price falling by more than 70% over the six months.

In Asia and the US, financial stocks performed better, recovering post the correction they had in the second half of last year. US banks benefited from positive loan growth and largely better economic data (although this deteriorated in the second quarter). Reflecting the better economic data, asset quality trends in both regions continued to improve but the volatility in financial markets has led to weakness in investment banking revenues. Chinese banks suffered from weaker economic data and their share prices fell over the six months.

JPMorgan and Barclays shares both performed poorly during the period under review as the former announced a surprise trading loss while Barclays suffered a sharp fall in its share race following the announcement of its fine for manipulating LIBOR. While the Chairman and Chief Executive of Barclays were both forced to resign, it is still unknown how many other banks may be fined and the size of potential litigation costs that those found at fault could suffer.

Non-life insurance stocks have continued to be resilient against the background of volatility in financial markets. Last year, 2011, was the costliest year on record for catastrophe losses resulting in sharp rises in reinsurance rates in those areas that suffered large losses, such as Thailand and Japan. There is also evidence to show that insurance rates in the US have started to rise for the first time in five years. In the UK, Hardy Underwriting was acquired at a significant premium to tangible book, highlighting the value in the sector.

### Fund Activity

There was little change in the asset allocation of the Fund. New holdings were purchased in bonds issued by Zurich Insurance Group and Direct Line Group (a subsidiary of Royal Bank of Scotland). This was offset by the sale of bonds issued by Credit Agricole while we tendered our bond holdings in Egg Banking (a subsidiary of Citigroup) and Unicredit (Italian bank). We also took the opportunity to add to holdings in National Westminster Bank and Brit Insurance.

In the equity portion of the portfolio, new holdings were purchased in Electra Private Equity, Blackstone (US alternative asset manager) and two Norwegian savings banks, SpareBank 1 SMN and SpareBank 1 SR, both of which trade at significant discount to tangible book despite being very well capitalised and profitable. Against this, we sold our holdings in DNB (Norway's largest bank) and, amongst others, OCBC Group (Singaporean Bank).

## Market Outlook

The Fund's performance over the first six months of the year has been steady set against the volatility in financial markets. Longer term, valuations for the financial sector remain historically very low and continue to offer substantial upside when sentiment improves towards the sector. However, the outlook for equity markets in the short term remains very uncertain. But as the Fund has no direct exposure to Greece, Ireland, Italy, Portugal and Spain and while our exposure to other Eurozone countries such as France and Germany is de minimis, this should significantly reduce the impact on performance if there is any further deterioration in the Eurozone crisis.

Nevertheless, as the Fund's portfolio is focused on those companies with strong balance sheets and combined with the large exposure to fixed-income securities, many of which trade below par we believe that potential returns to shareholders are very attractive. More importantly, this is for substantially less risk than that which exists in the broader financial sector.

**Polar Capital LLP**

August 2012

# Investment Manager's Reports continued
For the six months ended 30 June 2012

## Financial Opportunities Fund

### Fund Performance

During a volatile period for global financials which saw some of the strong gains in the first quarter reversed in April and May due to escalating concerns regarding the Eurozone crisis, the Fund's NAV rose 7.7% in line with the benchmark index.

### Market Review

Developments in Europe remained centre-stage with dramatic rises seen in the first quarter within the European banking sector and more specifically large-cap banks in Italy, the UK, France and Germany. These rises were not driven by fundamentals since the sector continues to suffer from weak revenue generation, limited cost-cutting and a continued deterioration in asset quality, but rather the ample liquidity provided by the ECB, which sharply reduced concerns about bank failures and more importantly brought down the cost of borrowing for certain governments. These gains were largely given back in the second quarter in a weakening macro environment and renewed concerns relating to European sovereigns (with Spain being particularly in the limelight) and their links to the European banking system.

US financials (and US banks in particular) outperformed during the period reflecting a relatively strong macro picture and an absence of the funding and capital constraints (certain US banks increased their buy-backs and dividend payouts) which continue to plague European banks. This was backed up by favourable trends in the 1Q12 results season, which highlighted that trends remain benign. Margin pressure is beginning to plateau and loan growth, though not accelerating to high levels, continues to move in the right direction. The asset quality picture also continues to improve and their reserving is conservative.

One interesting trend has been the underperformance of Asian financials, driven primarily by Chinese banks, in spite of generally positive trends. The reality is that most sectors in the region are in rude health with profitability high, growth remaining at reasonable levels (and levels which we are more comfortable with) and balance sheets well placed to weather any future downturns (with capital, funding and loan loss reserving at strong levels). Concerns are really focused on events elsewhere (primarily in Europe), although exposures are limited and concerns have more to do with the impact on global financial markets. The Chinese growth outlook is also a growing worry, but this is more elevated in those markets with direct links such as Hong Kong, Taiwan and to a lesser extent Korea and Singapore.

### Fund Activity

In light of the heightened uncertainty related to the European sovereign crisis and the EU's protracted approach to handling the issue, we reduced our already limited exposure to banks in the Eurozone to zero (our remaining exposure in Europe is either held in Scandinavia, Switzerland or Eastern Europe). However, there remain opportunities within the region and during the period we added to our positions in Eastern Europe through investments in Turkey (TSKB) and Georgia (Bank of Georgia). Both banking sectors are in much better health than their Eurozone counterparts and benefit from a combination of strong capital and funding positions and significant growth potential.

We continued to increase our US exposure (now representing over a third of the Fund) through investments in US banks (US Bancorp, Signature Bank, First Republic, Prosperity Bancshares). What is clear is that the stronger banks are gaining market share and there is growing differentiation in valuations. Ultimately, this is one of the more positive aspects of the US financial sector since it suggests that investors have refocused on fundamentals rather than keeping to a general blanket negative stance on the sector (as is the case in Europe where valuation differentials are far more narrow). We also raised our exposure to Latin American financials by adding to existing positions (Brasil Insurance) and through new investments in Peru (Credicorp) and Brazil (Cetip). Cetip is the central securities depositary and derivatives registrar in Brazil which is essentially a fee generating business and has few of the balance sheet worries affecting Brazilian banking stocks, yet returns are high.

During the period, we retained an overweight position to Asian financials, and more specifically to Asian emerging markets such as Thailand, Philippines, Indonesia and India. Asian financials have lagged their counterparts in the US with valuations not reflective of their superior growth prospects and strong capital and funding positions. We took advantage of the underperformance of the sector to add to certain quality franchises (Bank Rakyat Indonesia, DBS), increased our exposure to certain liquidity-driven stocks (Citic Securities, Hong Kong Exchanges) and increased our property exposure (Ayala Land, Supalai and Sun Hung Kai).

## Market Outlook

Investing in the financial sector constantly highlights to us one key anomaly and that is most of the banks and insurance companies that we meet are far more positive than investors' perceptions of the sector (which remain negative). Equally most balance sheets we look at are in much better shape than a few years ago and yet there seems to be daily fears of a global banking crisis. We accept that this reflects the lack of investments in the Euro area on our part but equally investors' views about the sector are too Euro-centric. During past financial crises (such as the Asian financial crisis), the sectors in the epicentre of the problem materially underperformed those which were barely touched and yet, even though most banks are national or even provincial in nature, this time investors remain focused on global contagion and so there is close correlation between bank sectors globally. With no correlation in fundamentals, we expect investors who buy the sector now will see a strong recovery but possibly not in the severely weakened sectors (such as in Europe) but more in the "quality" yet oversold sectors in the US and Asia. At its core, that is how this Fund is positioned.

**Polar Capital LLP**

August 2012

# Investment Manager's Reports continued

**For the six months ended 30 June 2012**

## Global Insurance Fund

### Fund Performance

For 2012 year to date, the retail accumulation units of the Fund returned +7.4% versus the MSCI World Insurance Index Net Total Return benchmark's return +7.4%; for the FTSE All-Share Index +3.3% (Total Return) and for the S&P 500 Index +8.3% (Total Return £).

The Fund has performed well in the first half of the year with share prices tracking the strong book value growth of our companies. The Fund has yet to benefit from any price to book multiple expansion with the sector continuing to trade at a discount to book value. The Fund price ended the period at a record high.

### Market Review

In May, Nick Martin visited companies in the US and Bermuda. These meetings reaffirmed the improving market conditions we have seen over the last 12 months, which are increasingly visible in the reported earnings of companies. One management noted, after many years of a soft market, "the wind is now at our backs rather than in our faces". Many companies have waited patiently over the last five years for the market to turn favourably and create the opportunity to increase premium volumes and grow their profits.

Catastrophe reinsurance pricing has continued to improve following 2011's record of insured catastrophe losses of Circa, $105bn. Japanese earthquake and Australia catastrophe rates have largely doubled over the last 12–18 months, New Zealand rates are up 2–3 fold and Thailand rates even more than that. Mid-year is an important time for wind reinsurance on the east coast of America and the Gulf of Mexico, with most Florida catastrophe business renewing on 1 June and some big US-centric reinsurance programmes renewing on 1 July. From our discussions with underwriters, rates increased +0.5% on both dates. Managements were pleased to have achieved further rate rises on the back of c.10% increase a year ago. The quantum of increases this year was a little below that expected a few months earlier due to the lack of catastrophes in 2012 to date (c.$11bn 1H12 vs c.$76bn in 1H11 according to Guy Carpenter). There was also some increased capacity from capital markets including catastrophe bond issuance. That said, rating adequacy of US catastrophe risk is strong with the majority of underwriters content with pricing higher than it has been for many years despite no major catastrophes in the US since 2008.

US commercial primary insurance rates peaked in 2005/2006 but with interest rates remaining low, reinsurance costs rising, competitive pressures easing and reserve releases waning, prices started to rise in the middle of last year. Rates for US commercial business were rising c.8% year on year in 1Q12. Underwriting margins are starting to expand which will become increasingly evident in reported financial results as 2012 progresses. We expect the quantum and breadth of rate rises to continue to build from here. On the latter point, Barclays Capital recently published an update of their US Commercial Insurance Buyers' Survey where they interview large buyers of corporate property & casualty insurance. Their survey showed over 75% of insurance now bought is showing year on year rate increases. This compares with less than 10% in early 2011 and around one third one year ago. Importantly, the end of soft markets are not only characterised by rates starting to rise again but also by companies exiting certain lines of business after a bad underwriting experience. As companies shed bad business there is broader access to good accounts enabling underwriters to take advantage of these opportunities as they occur.

### Fund Activity

Having made only small changes in 2012, we adjusted the portfolio more meaningfully following the tragic events in Japan in March 2011. In May we initiated a small position in AFLAC, a health and life insurer with a market leading position in cancer products in Japan. We have owned AFLAC in the past and have been keeping an eye on it waiting for the price to fall back, which it did in May.

Alleghany's acquisition of Transatlantic Holdings closed in March. We took as much of the consideration in Alleghany shares as was available. Consequently, Alleghany has increased from 2.25% of the Fund to 6.2% making it our third largest holding. We are enthused by the combination of Alleghany, led by Weston Hicks, and Transatlantic, a reinsurer we have owned since 2004. Since the deal was announced Joe Brandon, who previously ran General Re for Berkshire Hathaway, has been brought in to run the combined insurance operations. Joe has a strong track record and further enhances an already strong team.

## Market Outlook

The extent of the improving (re)insurance markets becomes more evident as each quarter's financial results are released. We expect further evidence of this in the coming quarters and analysts, in particular, to refocus on the improvement in US commercial insurance pricing.

Nick again attended the Berkshire Hathaway Shareholders' Meeting in Omaha. As usual, 30,000+ packed into Omaha's sports arena to listen to the wisdom, gained from many years of experience, of Warren Buffett and Charlie Munger. There are always many pearls to ponder but none more telling than the importance of the alignment of interests between management and shareholders. Investing alongside management is a key part of our stock selection process. Outstanding results in the (re)insurance industry requires, amongst other things, discipline, patience and attention to avoiding mistakes. Indeed Warren Buffett once commented "Just as in the case of investing, insurers produce outstanding long-term results by avoiding dumb decisions rather than making brilliant ones." Management teams that underwrite with their own money find it much easier to walk away from business as market conditions deteriorate. We agree with Warren Buffett – who ever washes a rented car? With (re)insurance fundamentals now improving the cars that make up our portfolio are owned, not rented, and the management teams we back are starting to put their foot hard down on the accelerator.

**Polar Capital LLP**

August 2012

# Investment Manager's Reports continued

**For the six months ended 30 June 2012**

## Global Technology Fund

### Fund Performance

The Fund NAV rose 5.3% over the interim period, although disappointingly this was significantly behind our benchmark, the Dow Jones World Technology Index, which gained 9.3%. Unfortunately, the headwinds to our bottom-up, small/mid-cap and growth centric approach which took hold in April 2011 at the peak of the "risk on" phase – continued throughout much of the period. This is apparent when comparing the Russell 2000 Technology Index returns, up 4.2%, with the Russell 1000 Technology Index, which rose 11.8%, over the same period. Additionally, the equally weighted Merrill Lynch Technology 100 Index rose only 3.0%, lagging more than 600 basis points behind the market capitalisation weighted Dow Jones World Technology Index (all returns measured in US dollar (US$) terms).

Such disparate performance reflects a narrowing of "leadership" within the technology sector, with a select group of either "secular" growth or supposedly "defensive" large-cap stocks driving market capitalisation weighted index returns (Apple, IBM, Microsoft in particular). At the end of the period, Apple represented 17% of our benchmark versus 7.5% of the Fund, having returned 44.2% in US$ terms (dragging on our relative performance by 203 basis points). It is worth reminding investors we run with a structural underweight in large-cap stocks, driven by our belief that over time small and mid-caps offer better growth potential. In addition, we prefer to maintain our bottom-up, relatively un-weighted approach to portfolio construction, which helps minimise stock specific risks. Even without these factors, our Apple position size would have been constrained by UCITS regulations, which limit any individual holding to 10% of the Fund NAV.

### Market review

Much of the last eighteen months has been characterised by deteriorating macroeconomic data and growing social unrest as austerity programmes globally began to bite. This interim period has been no different with US Treasury yields collapsing to 1.66%, whilst oil prices – normally a good gauge of the health of the global economy plunged below $85. That said, the year started strongly for equity investors due to decisive European Central Bank (ECB) intervention during December 2011 with the introduction of Long Term Refinancing Operations (LTRO) allowing global equities to post their strongest first quarter returns since 1998.

Unfortunately the gains were short-lived, as signs of stress soon reappeared evidenced by spiking Spanish and Italian sovereign bond yields and CDS spreads. Despite a growing need for massive, coordinated intervention to break negative feedback loops, US policymakers appeared more partisan than ever while Germany spent much of the period refusing to countenance Eurobond issuance and/or QE ahead of fiscal reform. Towards the end of the period there was a glimmer of hope that Germany may finally be softening their stance, which may enable the European Stability Mechanism (ESM), once ratified, to directly recapitalise Spanish banks.

Turning to technology, whilst Apple's performance was all the more remarkable given the death of CEO Steve Jobs in late 2011, the stock's performance since then has essentially mirrored its earnings progression. In contrast, the strong performance of both IBM and Microsoft reflected their appeal as inexpensive 'stores of wealth' epitomised by the revelation in November that Warren Buffett's Berkshire Hathaway had built up a 5.6% stake in IBM having previously eschewed the technology sector, The combination of Apple's strength and the allure of inexpensive, supposedly "defensive" large-caps has unfortunately resulted in a 'crowding out' of riskier assets evidenced by small-caps trailing their large-cap peers.

The magnitude of large-cap outperformance helped obfuscate the implosion of a number of incumbents such as Hewlett Packard, Nokia and Research in Motion as tablet and smartphone growth began to negatively impact both the personal computer (PC) and traditional handset markets. In addition to those incumbents plainly impacted by the new cycle, there have been a number of 'tell tale' acquisitions of next-generation companies by legacy vendors. This is particularly true in the Software-as-a-Service (SaaS) space as IBM (DemandTec), Oracle (RightNow and Teleo) and SAP (SuccessFactors and Ariba) each acquired next generation companies during late 2011 and the first half of 2012.

Networking, communications equipment and storage stocks including Juniper, Network Appliance, Meru Networks, Riverbed and Polycom all detracted from our performance during the period as enterprise spending and service provider capital expenditure slowed. Service provider weakness was in part due to a strike at Verizon and AT&T's (failed) attempt to acquire T-Mobile. Whilst there is little evidence of a pick up here as yet, we believe the iPhone 5 (which is expected to be LTE and NFC compliant) is likely to be a catalyst for increased network/infrastructure investment whilst also benefitting several of our mobile payments-related holdings. On the enterprise side, we were wrong footed by the pace of the macro slowdown, although with expectations now reset and given compelling valuations after the pullback we see significant value here perhaps M&A activity may accelerate as a result.

In terms of positives, our new cycle thesis appeared to have come through a difficult period relatively unscathed as next generation fundamentals remain remarkably robust despite the more challenging backdrop. This was reflected in a number of strong individual stock performances and solid results from holdings such as Red Hat, Salesforce.com and Teradata.

## Fund Activity

Regional weightings remained relatively unchanged during the period, although within Asia we exited all of the Fund's smaller Chinese holdings. This was in part driven by a top down exercise to minimise our exposure to less liquid stocks, in Asia and globally, but also due to concerns regarding on-going wage inflation and slowing growth in China. As a result, the Fund's overall exposure to small-caps (sub $1bn stocks) declined from 20.3% to 15.6% with much of the proceeds reinvested in mid-caps ($1bn–10bn) where our weighting increased from 26.8% to 29.7%.

The Fund's overweight in communications equipment stocks declined by 300 basis points (to 270bp) during the period although this was both active and passive i.e. due to the underperformance of this group. Our absolute position in Apple grew from 7% to 7.5% despite being net sellers of the stock (for reasons discussed earlier). As a result the underweight relative to the benchmark grew to more than 900 basis points, representing almost all of the increase in our computer hardware underweight. Semiconductors were amongst the first to suffer in the downturn we took advantage of this weakness to add to our exposure, moving from 4.5% underweight to a small 0.4% overweight position.

The total number of holdings remained relatively unchanged at 87 compared to our target of 70–90 stocks. However, given the uncertain macro backdrop we decided it would be prudent to raise some liquidity, ending the period with cash at 4.6%, (having started the year relatively fully invested).

## Market Outlook

Although set to decelerate in 2012, we remain hopeful that the global economy will continue to 'muddle through' led by slow but solid growth in developing economies with some contribution from advanced markets, despite the likelihood of a recession in Europe. Inflation looks well contained courtesy of slack labour markets (outside China) which all but guarantee the continuation of remarkably accommodative monetary policy, the Federal Reserve recently reiterating its commitment to its Zero Interest Rate Policy (ZIRP) until late 2014. Clearly risks to this view have increased, evidenced by soaring European peripheral sovereign yields and sharp price declines across the spectrum of risk assets. While we had hoped that the LTRO and the soon to be implemented ESM would buy more time for European leaders to tackle structural issues, the spectre of sovereign default and / or Eurozone collapse clearly remain centre stage.

Assuming that worst case outcomes are avoided, sub-trend global growth should continue to provide a relatively positive backdrop for the technology sector by driving greater focus on productivity. However, the combination of slower economic growth and the deflationary impact of a new technology cycle is continuing to dampen global technology spending. IT experts Gartner are forecasting growth of just 2.5% in current US dollars and a 5.3% CAGR between 2011 and 2016. Unfortunately for IT managers, muted budget growth is entirely at odds with computing needs that are increasing inexorably.

According to IDC, the 'digital universe' (every electronically stored piece of data) is doubling every two years while IP traffic is expected to grow at a 29% CAGR over the next five years. This mismatch is continuing to force a significant reallocation of IT budgets in favour of new technologies and vendors that help bridge this gap. We expect this dynamic to accelerate over the coming year as a number of key, disruptive themes (in particular, Cloud and tablet-based computing) appear to have achieved levels of penetration often associated with rapid subsequent adoption.

While sector-wide valuations are flattered by a number of inexpensive large-caps seemingly threatened by the new cycle, this appears to be well understood given the sector is currently trading at a rare market multiple. The sector also continues to boast the strongest aggregate balance sheet (accounting for 30% of the $1.5tr cash on US balance sheets as compared to c.20% of US market capitalisation) and has become intrinsically more profitable as higher margin software /Internet companies have grown their share of revenues. This shift, together with the adoption of less capital-intensive business models, has helped ameliorate cyclicality and improve economic returns while helping the sector generate record cashflows.

# Investment Manager's Reports continued
**For the six months ended 30 June 2012**

## Global Technology Fund continued

Despite a disappointing period of performance for the Fund, we have high conviction that our small/mid-cap, growth centric and relatively un-weighted investment approach will drive strong absolute and relative performance over time (with superior underlying blended earnings and cashflow growth driving returns supplemented by M&A which also favours smaller companies). It is important to remember we are looking to leverage a significant rotation in spending within IT budgets, due to disruptive new technologies/themes gaining traction, rather than strong IT budget growth which we feel is unlikely against the current economic backdrop.

The combination of slower economic growth and a "new technology cycle" gaining momentum auger a more pernicious period, likely to result in significantly more uneven value creation and elevated M&A activity, as incumbents attempt to reinvent themselves with even greater urgency. This is entirely consistent with previous periods of economic uncertainty that have been associated with rapid adoption of new technologies. While this new cycle should disproportionately benefit small and mid-cap companies without legacy exposure, 'top-down' concerns have resulted in investors seeking refuge in inexpensive mega-cap 'stores of wealth' leading to a significant 'crowding out' of smaller companies.

As a reminder, in our view the new technology cycle continues to be driven by three core themes: cloud computing, Internet/broadband applications and ubiquitous computing (mobility). Gartner's recent CIO survey supported this view as it revealed that 'mobile technologies' and 'cloud computing' represent two of the top three IT priorities today. The third, being 'business analytics' which overlaps with 'big data', is captured within our "broadband/internet applications" theme.

Cloud computing is already starting to cause widespread disruption across the technology universe by delivering a highly automated, elastic form of computing at vastly lower prices. Datacentre technologies such as virtualisation, tiered storage, solid-state drives and, in the future, software defined networking are significantly increasing hardware utilisation rates. Application consolidation and the shift towards SaaS will likely come at the expense of incumbent software vendors and IT services companies responsible for legacy applications, while creating rare fluidity in the database market. Not only does the transition away from enterprise computing diminish the value of incumbency, new opportunities in the Cloud are almost always associated with lower pricing and a rental model.

On the client side, smartphone and tablet growth will continue to change user behaviour while undermining PC applications such as printing, end-point security, operating systems and office productivity suites. M&A activity is therefore likely to remain at elevated levels as companies look to re-deploy excess cash in order to augment growth, which should provide additional support to equities.

Given the combination of strong balance sheets, compelling valuations and better growth prospects of many small/mid-caps we would expect the headwinds we have experienced (due to small/mid-cap de-rating and large-cap re-rating) to stabilise, absent a further significant negative macro shock. With second quarter earnings season fast approaching, we would not be surprised to see companies take the opportunity to recalibrate forecasts. That said, we believe current valuations already reflect partial disbelief in consensus estimates (i.e. some cuts are priced in) and this 'lowered bar' should provide an attractive set up entering the seasonally stronger second half. Regardless, we are certainly at an interesting juncture given the narrowing valuation gap between growth and mature technology stocks especially given the scarcity of growth elsewhere.

**Polar Capital LLP**

August 2012

## Healthcare Opportunities Fund

### Fund Performance

The Fund generated a return of 13.1% versus the benchmark return of 7.4% for the first six months of the year. The healthcare sector performed well in the first half helped by its defensive characteristics, particularly during the second quarter. Other attributes of healthcare stocks also driving performance have included capital efficiency, earnings quality and growth. These factors have been important in terms of delivering superior returns over the last 20 years, except during the year after recessions when stimulus tends to push lower quality stocks higher. These factors should remain important over the next five years as stock markets cope with a weak economic growth outlook across the globe.

The major outperformers from a sub-sector perspective were biotechnology, pharmaceuticals and healthcare equipment. The biotechnology sector has been the best performing sub-sector within healthcare driven by positive earnings revisions, clinical data and merger and acquisitions. Key stocks for the Fund have been Onyx, Medivation, Threshold, Dynavax, and Incyte. Onyx is a mid-cap biotechnology company focused on the development of oncology drugs. The stock had a very strong move in June on the back of favourable news flow related to regulatory events on its lead pipeline product. Medivation has risen on prospects of its cancer drug to treat prostate cancer, and Threshold outperformed after producing positive data for its drug to treat pancreatic cancer and signing a significant corporate partnership. Dynavax had a strong rally driven by the progress of its hepatitis B vaccine, whilst Incyte outperformed following the strong launch of its new product, Jakafi, and data on its new potential treatment for rheumatoid arthritis that is partnered with Eli Lilly. The pharmaceutical sector is a significant underweight for the Fund and this positioning was a positive in terms of the allocation over the six months. Stock selection was also positive, mainly due to positive returns from stocks like Jazz Pharmaceuticals and also through not having holdings in stocks such as Novartis which has a significant benchmark weighting. The stocks held in the Fund from the healthcare equipment sub-sector have enjoyed a very strong performance in absolute terms over the last six months. Stocks such as Zoll Medical, which was acquired, and Cyberonics, which grew ahead of market expectations, have generated significant outperformance for the Fund. In terms of geographical exposure, the Fund's overweight positioning in the US market and underweight in Europe was a major positive during the first half of the year.

The main negative contributor to performance has been that of the healthcare insurance stocks which have been volatile over the last six months, and have corrected over the last month following a period of disappointing earnings for certain companies and negative news flow. The two main negative performers within this group were Humana and Wellcare Health Plans. Outside of the insurance sub-sector, other negative stocks included Walgreen, St. Jude and Arqule. Walgreen and St. Jude have been sold from the Fund.

### Market Review

The first half of 2012 was a volatile period for markets and frustratingly is showing a repeat of the stock market performance in 2010 and 2011. The pattern of a stronger first quarter followed by weaker performance into the summer for the third year running is being driven by the pressure of shorter business cycles and the continuing difficulties in Europe.

The start to the year was very positive, continuing the move from the low established in the market in October 2012. Economic data in terms of leading economic indicators, was positive, and significantly so in the US which buoyed the markets driving cyclical stocks to highs in the February/March time-frame. In April however, data started to point to a peak in economic momentum and led to the beginning of the outperformance of more defensive assets. In May the conditions in Europe started to deteriorate with very weak economic data, and a significant back-up in yields on Government debt particularly in Spain and Italy. This stood in sharp contrast to US, German and Swiss Government bonds which reached new lows for a generation and reflected risk aversion by investors globally. To exacerbate the problems, economic data in China also worsened sharply with the Government attempting to provide some stimulus to the economy. This led to a sharp sell-off in May for equities, which saw defensive sectors outperform. In June, however, markets rallied aggressively on the back of hopes for added stimulus and some resolution of the issues in Europe. The Federal Reserve extended operation twist after its meeting in June and the European summit lead to positive statements with regard to the support of the banking sector and the potential to deal with financing needs for relevant countries that are struggling to access bond markets at reasonable Funding rates.

# Investment Manager's Reports continued
For the six months ended 30 June 2012

## Healthcare Opportunities Fund continued

The healthcare sector has performed strongly against this back-drop, particularly in the second quarter proving to be defensive during the weakness in May and actually also outperforming a stronger market in June. Attractive valuations, growth, and relative insensitivity to the macroeconomic situation have driven the outperformance.

### Fund Activity

At the beginning of the year, based on the strengthening of leading economic indicators, the positioning of the Fund was shifted to a more cyclical and less defensive stance. To achieve this all the positions in large-cap pharmaceuticals were sold down to allow the purchase of stocks in the medical device, biotechnology, healthcare facilities and life science tools and equipment sub-sectors. The bias of the Fund was also shifted away from large-caps towards small and mid-cap stocks. The Fund's exposure to the US market was increased relative to Europe. Key positions initiated to drive a more cyclical stance included Mettler-Toledo, Covidien, Brookdale Senior Living, HCA Holdings and Agilent. The main stocks sold at the beginning of the year included GlaxoSmithKline, Roche and Eli Lilly.

Biotechnology was one of the strongest areas of the market during the first half of the year. Profits were taken in certain names following this outperformance and included the sale of positions in Dynavax and Elan Corp. Following the weaker economic data and the concern over Europe in May, cash was raised in the Fund towards the 10% level and a number of cyclical stocks were sold and replaced with larger cap defensive holdings including Abbot and Pfizer. The positions in healthcare facilities and life science tools and equipment companies were sold as these two sub-sectors have high correlation with economic growth and employment. Exposure to small and mid-caps was lowered and remained mainly in stocks in the biotech and medical device sub-sectors.

### Market Outlook

Economic data remains weak across the world, with the US seeming to catch the "European cold" after the seventh biggest ever monthly drop in the ISM for June. The environment in China continues to weaken as proven by independent data and the outlook for Europe remains difficult at best, with significant deterioration expected in Spain. The only optimism that remains amongst investors is that central banks around the world continue to add stimulus in an attempt to boost growth whilst maintaining liquidity and a functioning banking system.

In the US, if the data continues to weaken, then there is likely to be another round of quantitative easing; whilst in Europe, government leaders need to push forward more rapidly with the plans presented at the most recent summit and also shift focus to greater reforms and attempt to resolve the pressure on certain countries in the debt markets. The challenges ahead will continue to lead to volatile markets over the next six months and this likely means a continuation in the trend of higher quality companies outperforming, including many stocks in the healthcare sector. The outlook for the sector is thus positive, both on an absolute and relative basis, when one considers the growth opportunities, cash flow generation, balance sheet strength and valuations compared to other sectors in the market.

Catalysts are of paramount importance for the healthcare sector in terms of driving investor focus and Fund flows. At the end of June the ruling was handed down from the Supreme Court on their decision regarding the legality of healthcare expansion (Affordable Care Act, ACA) in the US. The ACA was challenged by several states in the US and the 9 judges that sit on the Supreme Court were asked to rule on its constitutionality. Expectations had been biased towards certain parts of the Act being eliminated or the whole of the ACA being thrown out by the Court. However, in a surprise decision, the Act was judged to be lawful by the Supreme Court. With reform set to proceed, the expansion of healthcare coverage that comes into force in 2014 should be a positive for the healthcare sector.

The next event likely to impact healthcare reform and the longer term outlook for the whole industry is the US election in November 2012. The electioneering will begin in earnest over the summer and there should be greater clarity on the potential outcome by September. If Obama retains the Presidency, then healthcare reform would continue as expected although small but insignificant changes are likely. If the Republicans take both the Presidency and the Senate, then there is the potential for the whole of the ACA to be repealed. This latter scenario would be a huge positive for certain healthcare sub-sectors including pharmaceuticals, biotechnology and health insurers. Hence, the election result is critical to positioning within the sector and will be a major focus over the coming months.

**Polar Capital LLP**
August 2012

## Japan Fund

### Fund Performance

Weak policy responses in Europe, concerns over growth in the US and China and a strong yen provided a difficult backdrop for Japanese equities in the first half of 2012. Despite an uncertain environment, returns over the period were respectable as low valuations provided downside protection after a difficult 2011 for Japan. The JPY share class rose 6.11% versus a benchmark return of 7.01% over the six months to end June 2012.

Relative performance lagged the benchmark due to a combination of our underweight position in larger companies and poor stock selection within autos and retail. From an allocation perspective, we gained the most value from being underweight defensive sectors, such as information & communications and utilities, and overweight financials. Stock specific outperformers included Sumitomo Mitsui Financial Group, H2O Retailing and Hajime Construction, while our main detractors were Fujifilm, Yamada Denki and JFE Holdings.

### Market Review

In the first quarter, a global trend toward monetary easing, better than expected US employment and housing figures along with a second Greek bailout drove equity market strength. In a surprise move, the Bank of Japan set an inflation target of 1% at their February meeting in an effort to weaken the yen as record intervention in the currency markets had failed in 2011. The yen retreated 10% from post-war highs to a nine month low and improved the earnings outlook for exporting companies. The TOPIX Index maintained a high correlation with the yen/US dollar exchange rate, rallying whenever the yen weakened. By mid-March, the TOPIX Index had rallied more than 20% from lows in January; mostly on a weaker yen, continued momentum in the US recovery and positive steps toward the resolution of the European debt crisis. The rally was led by large-cap exporting names as earnings expectations benefitted from a weaker yen.

Late March saw China revising down its growth forecast to 7.5% and as the European crisis re-emerged as a central concern in April/May the rally came to an end. April saw the TOPIX Index decline for seven consecutive days on a failed Spanish bond auction and the decline accelerated into May as uncertainty surrounding Europe increased and political tension surrounding an inconclusive Greek election drove risk aversion. German bond yields dropped sharply as investors sought refuge in safe haven investments. In Japan, company guidance in May was relatively upbeat with full year forecasted recurring profit growth of more than 20%, but this optimism was not reflected in the equity market as the European issues weighed on sentiment.

In June, the TOPIX Index declined to levels below those seen post-Lehman's collapse in 2008 as Spain joined the ranks of Ireland, Greece and Portugal in requesting a bailout from the EU, leaving Japanese stocks trading at close to a 20% discount to breakup value. On the political front, Prime Minister Noda successfully staked his career on passing consumption tax legislation and also controversially approved the restart of two of Japans' nuclear reactors after a complete shutdown of nuclear power generation post-Fukushima, allaying fears that Japan will suffer severe power shortages and supply disruptions in the coming summer months.

The top performing sectors were real estate, brokers, autos and other finance. The worst performing sectors were paper, oil & coal and glass & ceramics.

### Fund Activity

Portfolio turnover was limited in the first quarter but increased somewhat in late March/early April on profit taking, most notably in Mitsui Fudosan. Proceeds were reinvested in more defensive names such as NTT Docomo and Mitsubishi Tanabe Pharmaceutical. Towards the end of the reporting period, given the substantial pullback in markets, turnover was focused mainly on rotating into underperforming, high quality cyclical names at the expense of the recently purchased defensive holdings noted above.

### Market Outlook

In the short term, momentum of the US recovery, a further slowdown in China and progress in the European crisis will continue to dominate the investment landscape. As EU politicians stumble along from one crash to the next in a temporary fix cycle that has become all too familiar, the only certainty is that the problems in Europe are far from over.

In Japan, the uplift from government spending on reconstruction and eco-car subsidies are providing a tailwind for the domestic economy with earnings set to recover 40% from depressed levels after the earthquake. The decision to raise the consumption tax in 2014/15 means it is likely that the domestic economy will remain well supported in 2013 due to front loaded expenditure on major purchases. Thereafter the Japanese economy will be very much at the mercy of global headwinds and unless we

# Investment Manager's Reports continued
For the six months ended 30 June 2012

## Japan Fund continued

see decisive policy action from the Bank of Japan to weaken the yen we consider it likely that the rally and sell-off cycle we have seen so often in recent years could repeat itself. However, we focus less on timing the market and more on investing in companies that can weather the storm and provide strong earnings in a tough global environment.

We continue to find strong valuation appeal in Japanese equities with corporate Japan trading at a price to earnings ratio comparable to the MSCI World Index, but on a significantly lower price to book metric. Almost half of all listed Japanese companies have net cash, 70% trade below break up value and the dividend yield of 2.5% compares favourably to a miserly 10 year JGB bond yield of 0.78%.

Broad portfolio strategy changed little over the reporting period. However, in July we have adopted a slightly more balanced approach between exporting and domestic names as the strong yen persists. As always, we focus on smaller companies with strong balance sheets, a shareholder return focus and low price to book multiples and are confident that this will yield downside protection and strong performance over the medium term.

**Polar Capital LLP**
August 2012

## North American Fund

### Market review and performance

Over the period the MSCI North American Index registered a total return of 8.08%. Such strength materialised despite a backdrop of slowing US and global economic growth, ongoing malaise in the Eurozone, evidence of stuttering Chinese economic growth, increasing concerns regarding the US 'fiscal cliff' and a material slowdown in US corporate profit growth. Part of the underpinning of the attractive returns from North American equities has been some further broad based evidence that central bankers in the world are firmly focused on reflationary policy. But just as important has been a foundation of strong balance sheets, robust free cashflow generation and appealing valuations, with the S&P 500 Index trading at below 12x expected 2012 earnings at the start of the period.

The US$ Institutional share class of the fund increased by 8.81%, marginally ahead of the benchmark. Notable positive stock contributions came from Apple, MacDonald Dettwiler (a Canadian space technology company) and CBS (a media content provider). All three companies remain in the portfolio, although we did take profits in both Apple and CBS over the period. Weak individual stock performances came from Canadian Oil Sands (the portfolio's only energy stock), Cummins (truck engine manufacturer) and Waste Connections (a waste management company). The portfolio's underweight exposure to global commodity businesses benefitted performance versus the benchmark, whilst an underweight position in telecommunication services stocks detracted from performance as the sector continued to be rerated higher. Material outperformance from mega-cap companies versus mid-cap companies in what proved to be a fairly narrow market also slightly impacted performance detrimentally. We hold a number of large companies solely on merit (rather than for benchmark purposes) given increasingly attractive valuations in this part of the market in recent years. However, in an investment universe of around two thousand companies, the law of numbers dictates that we will continue to find very attractive long-term investment opportunities further down the market cap spectrum.

### Fund activity and positioning

The period was a fairly active one with eleven new stock positions. These included three new positions in the US banking sector; Capital One Financial, PNC Financial and Suntrust Banks. US banks, having undergone a very painful period are now, unlike many of their European peers, appropriately capitalised. Perhaps just as importantly, this healthy capital picture is at a time when house prices have adjusted to valuation levels below historic norms and on any long-term view are close to a trough. All three banks have good franchises that should enable them to benefit from parts of the economy that are recovering. They are also very attractively valued with Capital One and PNC Financial trading at low multiples of normalised earnings and Suntrust trading around tangible book value. Other notable additions to the portfolio included: Liberty Interactive (whose main asset is the shopping network QVC), Microsoft and Time Warner Cable. All three companies have strong franchises, are prodigious cash generators, and are returning significant amounts of cash to shareholders through dividends or consistent buybacks and trade at free cashflow yields far in excess of the market average.

Reflecting our philosophy and process, our additions have both quality and value characteristics. Whilst not all our new positions are immune from a weaker economy we do have confidence that, in general, they are well positioned to deliver attractive returns given their respective franchise quality, high cash generation and generous capital return policies. We believe that by investing in quality businesses with a keen eye on valuation the portfolio should benefit from both a value and fundamental margin of safety which provides some downside protection.

Over the last couple of months of the period we pared down some of the industrial positions in the portfolio. We continue to be focused in this area on companies that are secularly gaining market share, are exposed to cycles that we consider to be at below normalised levels and have pricing power. We remain confident about the long term business value creation potential of these businesses. However, we do feel that slowing economic growth could make the attractive cashflow growth we have seen in recent years more difficult to replicate in the next year or two.

### Outlook

The US economy should enjoy some tailwinds such as the long-term recovery in the housing and construction market from trough levels and the benefits of the transformation of the energy industry. However, we continue to expect below long-term trend real economic growth in most developed markets over the

# Investment Manager's Reports continued
For the six months ended 30 June 2012

## North American Fund continued

next 3–5 years because of the necessary deleveraging that needs to take place. US households have been paying down debt, which along with low interest rates means that the proportion of their income taken up in interest payments is now the lowest since 1994, but deleveraging will likely continue amongst households and significant debt has been taken onto the government balance sheet. It is addressing the latter in the form of trying to lower the very large fiscal deficit that is America's largest economic challenge over the next couple of years.

This backdrop, along with the fact that corporate margins are historically very high means that corporate profit growth should also slow in the medium-term, and we are seeing nascent signs of this in recent corporate results. However, we still expect an environment conducive to positive medium to long term profit growth and do not subscribe to the bearish view that margins will revert to the long-term mean. On a positive note, corporate America's balance sheet is strong, cashflow generation is robust and is covering dividends by around 3x, and the valuation of the market is still attractive at around 13–14x expected 2012 earnings.

It should also be remembered that Central banks around the world are following a reflationary agenda. This makes nominal profit growth easier to come by and should make equities as an asset class more attractive from a risk and reward perspective than bonds or cash. Moreover, companies with strong franchises and pricing power with inherent robust cashflow generation are well placed to deliver both attractive inflation adjusted returns as well as nominal returns. Although we find some classically 'defensive' areas of the market (such as telecommunications and utilities) to be expensive, we continue to find a number of attractively valued, well run and financially strong businesses from a wide variety of industries that are well placed to grow profits.

**Polar Capital LLP**

August 2012

## UK Absolute Return Fund

### Fund Performance

The Fund returned (1.86%) over the first six months of 2012, this compares with a rise in the FTSE All Share Index of 1.17%. The Fund's average net long and gross exposure was 21% and 121% respectively. The monthly volatility of the Fund and the index was 10.7% and 18.3% respectively.

### Market Review

Developed equity markets were essentially range-bound during the first half of 2012, although this masked the significant volatility that occurred in the period under review. Initially the year got off to a good start for risk assets, with equities, commodities and credit all posting strong returns, spurred on by improved sentiment towards Europe on the back of the Long Term Refinancing Operations (LTRO) announced in December. As the year progressed however, escalating Eurozone sovereign debt worries together with concerns over the durability of the recovery in the US economy and weaker than expected economic data out of China caused equity markets to largely give up their gains, and in a number of cases move into negative territory. Markets posted a strong recovery in June on the back of the surprise news that came out of the EU summit, where there was agreement to move towards European bank supervision and eventually allowing the ESM to inject capital into banks directly, which hopefully in turn will break the negative feedback loop between banks and sovereigns.

The positioning of the Fund remains focused on where we see the greatest absolute upside value over the medium to long-term (1–3 years). We continue to see the greatest upside from our banks positions where significant progress has been made to shore up capital ratios and to dispose of non core assets. From a sector stance the biggest cost to the Fund's performance has been our exposure to mining companies and specifically Petropavlovsk. The sector has been weak due to falling commodity prices resulting from the uncertainty over the growth outlook for China. On a positive note, the Fund benefitted from a bid for TNT Express. The main disappointment at the stock level came from the Fund's holding in Mecom, which fell sharply on the back of a profits warning from their Dutch business. The meaningful fall in the share price has in our opinion left the shares significantly undervalued, trading at just 3.4x EV/EBITDA and a 9% dividend yield, which is covered 2.5x by the downgraded earnings expectations. Importantly, the company has now disposed of its Norweigan business on a multiple of 7.2x EV/EBITDA, highlighting the difference that Mecom's media assets are valued at by trade buyers and the stockmarket. Subsequently the company has announced a strategic review, which could well see the company disposing of all of the group's subsidiaries and operations. This should ultimately crystallise a valuation meaningfully above the prevailing share price.

### Fund activity during the Period

There were relatively few changes to the Fund's core positions although we did moderate the size of a number of the Fund's holdings following the strong performance in January and February. In addition, we took profits from our trading positions in Diageo and WPP, whilst we also realised profits from our core position in St James Place. We took the decision to cut our losses in APR, fortunately meaningfully above the current share price, following a disappointing trading update which came just six months after the company was listed.

### Outlook

The outlook for equity markets and risk assets in general remains constructive in our opinion, although we acknowledge there are some meaningful tail risks. We think investor concerns are by and large already discounted, as reflected by investor positioning, whilst the valuation of UK equities on CAPE relative to bonds is the cheapest it's been for 100 years.

**Polar Capital LLP**

August 2012

# Unaudited Portfolio Statement

## As at 30 June 2012

## Asian Financials Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 82.75%** | | |
| | **Hong Kong: 13.74%** | | |
| 455,000 | AIA | 1,554,433 | 2.95 |
| 564,961 | China Taiping Insurance | 913,336 | 1.74 |
| 333,740 | Dah Sing Financial | 1,032,605 | 1.96 |
| 82,833 | Hang Seng Bank | 1,131,941 | 2.15 |
| 73,800 | Hong Kong Exchanges and Clearing | 1,046,559 | 1.99 |
| 132,000 | Sun Hung Kai Properties | 1,551,119 | 2.95 |
| | **Total Hong Kong** | 7,229,993 | 13.74 |
| | **India: 2.01%** | | |
| 32,400 | HDFC Bank ADR | 1,056,240 | 2.01 |
| | **Total India** | 1,056,240 | 2.01 |
| | **Indonesia: 9.12%** | | |
| 1,613,500 | Bank Central Asia | 1,254,038 | 2.38 |
| 1,487,000 | Bank Mandiri Persero | 1,139,888 | 2.17 |
| 2,850,000 | Bank Rakyat Indonesia Persero | 1,926,803 | 3.66 |
| 3,650,000 | Ciputra Development | 252,595 | 0.48 |
| 5,300,000 | Clipan Finance Indonesia | 228,533 | 0.43 |
| | **Total Indonesia** | 4,801,857 | 9.12 |
| | **Malaysia: 3.94%** | | |
| 349,574 | Public Bank | 1,516,967 | 2.88 |
| 850,000 | UEM Land | 556,763 | 1.06 |
| | **Total Malaysia** | 2,073,730 | 3.94 |
| | **Netherlands: 1.45%** | | |
| 42,200 | Axis Bank | 764,242 | 1.45 |
| | **Total Netherlands** | 764,242 | 1.45 |
| | **Pakistan: 1.83%** | | |
| 549,700 | MCB Bank | 965,697 | 1.83 |
| | **Total Pakistan** | 965,697 | 1.83 |
| | **People's Republic of China: 14.67%** | | |
| 3,404,700 | Bank of China | 1,290,449 | 2.45 |
| 1,803,296 | China Construction Bank | 1,229,808 | 2.34 |
| 486,000 | China Merchants Bank | 905,981 | 1.72 |
| 600,000 | China Minsheng Banking | 531,401 | 1.01 |
| 639,000 | CITIC Securities | 1,339,479 | 2.54 |
| 2,579,310 | Industrial & Commercial Bank of China | 1,426,512 | 2.71 |
| 125,500 | Ping An Insurance Group | 998,260 | 1.90 |
| | **Total People's Republic of China** | 7,721,890 | 14.67 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Philippines: 8.97%** | | |
| 2,281,000 | Ayala Land | 1,169,327 | 2.22 |
| 735,000 | Security Bank | 2,484,016 | 4.72 |
| 3,456,250 | SM Prime | 1,068,005 | 2.03 |
| | **Total Philippines** | 4,721,348 | 8.97 |
| | **Republic of South Korea: 9.88%** | | |
| 70,000 | DGB Financial Group | 846,466 | 1.61 |
| 34,750 | Dongbu Insurance | 1,272,766 | 2.42 |
| 142,392 | Korean Reinsurance | 1,386,188 | 2.64 |
| 26,700 | LIG Insurance | 548,989 | 1.04 |
| 14,070 | Samsung Life Insurance | 1,143,683 | 2.17 |
| | **Total Republic of South Korea** | 5,198,092 | 9.88 |
| | **Singapore: 3.85%** | | |
| 566,000 | CapitaMall Trust Reits | 853,379 | 1.62 |
| 107,300 | DBS | 1,174,811 | 2.23 |
| | **Total Singapore** | 2,028,190 | 3.85 |
| | **Thailand: 10.42%** | | |
| 440,500 | Bangkok Life Assurance Receipt | 651,873 | 1.24 |
| 350,052 | Kasikornbank | 1,818,595 | 3.46 |
| 349,537 | Siam Commercial Bank | 1,617,819 | 3.07 |
| 2,055,000 | Supalai Receipt | 1,106,439 | 2.10 |
| 240,000 | Tisco Financial Receipt | 290,932 | 0.55 |
| | **Total Thailand** | 5,485,658 | 10.42 |
| | **United Kingdom: 2.87%** | | |
| 80,400 | HSBC | 710,523 | 1.35 |
| 36,630 | Standard Chartered | 795,428 | 1.52 |
| | **Total United Kingdom** | 1,505,951 | 2.87 |
| | **Total Equities** | 43,552,888 | 82.75 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Asian Financials Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **WARRANTS: 9.37%** | | |
| | **Luxembourg: 4.14%** | | |
| 61,991 | Bajaj Finance | 1,015,611 | 1.93 |
| 114,850 | IndusInd Bank | 704,295 | 1.34 |
| 105,000 | Oberoi Realty | 459,533 | 0.87 |
| | **Total Luxembourg** | 2,179,439 | 4.14 |
| | **Netherlands: 4.70%** | | |
| 6,500 | HDFC Bank | 65,325 | 0.13 |
| 148,800 | Housing Development Finance | 1,733,520 | 3.29 |
| 37,800 | Merrill Lynch Jammu & Kashmir 30/03/2015 | 671,449 | 1.28 |
| | **Total Netherlands** | 2,470,294 | 4.70 |
| | **Switzerland: 0.53%** | | |
| 95,000 | Credit Suisse/Nassau | 279,965 | 0.53 |
| | **Total Switzerland** | 279,965 | 0.53 |
| | **Total Warrants** | 4,929,698 | 9.37 |
| | **Total Value of Investments (Cost: US$ 51,438,062)** | 48,482,586 | 92.12 |
| | Cash | 4,529,637 | 8.61 |
| | Other Net Liabilities | (380,972) | (0.73) |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 52,631,251 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value |
|---|---|
| Transferable securities | 90.57 |
| Other assets | 9.43 |
| | 100.00 |

## Emerging Markets Growth Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 90.93% (31 DEC 2011: 91.51%)** | | |
| | **Bermuda: 2.74% (31 Dec 2011: 0.00%)** | | |
| 100,500 | Digital China | 175,169 | 1.78 |
| 605,213 | PAX Global Technology | 94,408 | 0.96 |
| | **Total Bermuda** | 269,577 | 2.74 |
| | **Brazil: 12.48% (31 Dec 2011: 13.40%)** | | |
| 10,500 | Banco do Brasil | 101,595 | 1.03 |
| 20,000 | CCR | 161,807 | 1.65 |
| 10,005 | CETIP- Mercados Organizados | 124,415 | 1.27 |
| 4,000 | Cia de Bebidas das Americas Pref | 153,187 | 1.56 |
| 9 | Cia de Bebidas das Americas Receipt | 345 | – |
| 7,500 | Cia Hering | 141,569 | 1.44 |
| 7,500 | Itau Unibanco Pref ADR | 104,400 | 1.06 |
| 10,000 | Localiza Rent a Car | 150,363 | 1.53 |
| 34,000 | Marcopolo Pref | 152,444 | 1.55 |
| 5,500 | Telefonica Brasil ADR | 136,070 | 1.39 |
| | **Total Brazil** | 1,226,195 | 12.48 |
| | **Cayman Islands: 3.08% (31 Dec 2011: 0.00%)** | | |
| 1,300 | Baidu ADR | 149,474 | 1.52 |
| 6,000 | Eurasia Drilling GDR | 153,000 | 1.56 |
| | **Total Cayman Islands** | 302,474 | 3.08 |
| | **Cyprus: 1.76% (31 Dec 2011: 2.64%)** | | |
| 9,600 | Globaltrans Investment GDR | 172,800 | 1.76 |
| | **Total Cyprus** | 172,800 | 1.76 |
| | **Egypt: 0.80% (31 Dec 2011: 1.59%)** | | |
| 100,000 | Juhayna Food Industries | 78,402 | 0.80 |
| | **Total Egypt** | 78,402 | 0.80 |
| | **Hong Kong: 4.54% (31 Dec 2011: 9.01%)** | | |
| 14,900 | China Mobile | 162,795 | 1.66 |
| 218,000 | Guangdong Investment | 156,821 | 1.60 |
| 48,000 | Shanghai Industrial | 126,237 | 1.28 |
| | **Total Hong Kong** | 445,853 | 4.54 |
| | **Indonesia: 1.57% (31 Dec 2011: 1.09%)** | | |
| 252,000 | Indofood CBP Sukses Makmur | 154,272 | 1.57 |
| | **Total Indonesia** | 154,272 | 1.57 |

# Unaudited Portfolio Statement continued

**As at 30 June 2012**

## Emerging Markets Growth Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Malaysia: 5.53% (31 Dec 2011: 6.19%)** | | |
| 89,000 | Gamuda | 98,095 | 1.00 |
| 63,000 | IJM | 99,594 | 1.01 |
| 93,000 | Parkson | 134,133 | 1.37 |
| 211,382 | Sapurakencana Petroleum | 146,446 | 1.49 |
| 30,706 | Tenaga Nasional | 65,173 | 0.66 |
| | **Total Malaysia** | 543,441 | 5.53 |
| | **Mexico: 3.42% (31 Dec 2011: 3.64%)** | | |
| 21,000 | Fomento Economico Mexicano | 186,180 | 1.90 |
| 35,000 | Grupo Televisa SAB | 149,662 | 1.52 |
| | **Total Mexico** | 335,842 | 3.42 |
| | **Netherlands: 1.28% (31 Dec 2011: 0.00%)** | | |
| 1,800 | X5 Retail GDR – London Intl | 40,950 | 0.42 |
| 3,700 | X5 Retail GDR – London Intl | 84,175 | 0.86 |
| | **Total Netherlands** | 125,125 | 1.28 |
| | **People's Republic of China: 7.03% (31 Dec 2011: 7.67%)** | | |
| 214,100 | China BlueChemical | 121,446 | 1.24 |
| 162,000 | China Communications Construction | 141,390 | 1.44 |
| 50,000 | China Pacific Insurance | 160,503 | 1.63 |
| 40,000 | China Shenhua Energy | 139,490 | 1.42 |
| 231,000 | Industrial & Commercial Bank of China | 127,757 | 1.30 |
| | **Total People's Republic of China** | 690,586 | 7.03 |
| | **Qatar: 1.62% (31 Dec 2011: 1.70%)** | | |
| 4,400 | Qatar National Bank SAQ | 158,649 | 1.62 |
| | **Total Qatar** | 158,649 | 1.62 |
| | **Republic of South Korea: 9.64% (31 Dec 2011: 10.62%)** | | |
| 940 | Hyundai Department Store | 116,541 | 1.19 |
| 2,900 | KB Financial Group | 93,430 | 0.95 |
| 2,300 | KT&G | 163,059 | 1.66 |
| 1,300 | MegaStudy | 88,532 | 0.90 |
| 14,999 | Meritz Fire & Marine Insurance | 146,670 | 1.49 |
| 780 | NHN | 170,254 | 1.74 |
| 160 | Samsung Electronics | 167,774 | 1.71 |
| | **Total Republic of South Korea** | 946,260 | 9.64 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Russian Federation: 7.93% (31 Dec 2011: 7.74%)** | | |
| 8,971 | Cherkizovo GDR | 95,541 | 0.97 |
| 12,000 | Gazprom ADR | 113,160 | 1.15 |
| 2,200 | Lukoil ADR | 122,650 | 1.25 |
| 1,430 | M Video | 10,725 | 0.11 |
| 5,078 | Mechel Pref | 24,136 | 0.25 |
| 1,200 | NovaTek GDR | 127,200 | 1.30 |
| 13,000 | Sberbank of Russia ADR | 139,750 | 1.42 |
| 7,800 | Sistema JSFC GDR | 145,548 | 1.48 |
| | **Total Russian Federation** | 778,710 | 7.93 |
| | **Singapore: 1.13% (31 Dec 2011: 1.26%)** | | |
| 39,000 | Wilmar International | 111,138 | 1.13 |
| | **Total Singapore** | 111,138 | 1.13 |
| | **South Africa: 13.12% (31 Dec 2011: 10.87%)** | | |
| 18,000 | Adcock Ingram | 132,163 | 1.35 |
| 33,000 | African Bank Investments | 146,510 | 1.49 |
| 10,000 | Aspen Pharmacare | 153,879 | 1.57 |
| 11,000 | Foschini Group | 172,172 | 1.75 |
| 55,000 | Life Healthcare | 209,348 | 2.13 |
| 2,700 | Naspers | 143,605 | 1.46 |
| 9,800 | Shoprite | 180,542 | 1.84 |
| 5,000 | Tiger Brands | 149,777 | 1.53 |
| | **Total South Africa** | 1,287,996 | 13.12 |
| | **Taiwan: 9.43% (31 Dec 2011: 9.70%)** | | |
| 3,580 | Chunghwa Telecom ADR | 112,519 | 1.15 |
| 164,079 | First Financial | 95,257 | 0.97 |
| 33,000 | Giant Manufacturing | 151,832 | 1.55 |
| 49,000 | Hon Hai Precision Industry | 146,582 | 1.49 |
| 130,000 | Taiwan Cement | 153,773 | 1.56 |
| 55,700 | Taiwan Fertilizer | 127,298 | 1.30 |
| 51,000 | Taiwan Semiconductor Manufacturing | 138,742 | 1.41 |
| | **Total Taiwan** | 926,003 | 9.43 |
| | **Thailand: 1.16% (31 Dec 2011: 1.61%)** | | |
| 22,000 | Kasikornbank | 114,295 | 1.16 |
| | **Total Thailand** | 114,295 | 1.16 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Emerging Markets Growth Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Turkey: 2.67% (31 Dec 2011: 1.77%)** | | |
| 7,238 | Bizim Toptan Satis Magazalari | 101,045 | 1.03 |
| 30,000 | TAV Havalimanlari | 161,221 | 1.64 |
| | **Total Turkey** | 262,266 | 2.67 |
| | **United States: 0.00% (31 Dec 2011: 1.01%)** | | |
| | **Total Equities** | 8,929,884 | 90.93 |
| | **WARRANTS: 3.98% (31 DEC 2011: 2.30%)** | | |
| | **Luxembourg: 3.98% (31 Dec 2011: 0.00%)** | | |
| 4,000 | Hero Motocorp | 154,592 | 1.58 |
| 26,000 | Rural Electrification | 89,666 | 0.91 |
| 24,000 | Yes Bank | 146,357 | 1.49 |
| | **Total Luxembourg** | 390,615 | 3.98 |
| | **Total Warrants** | 390,615 | 3.98 |
| | **Total Value of Investments (Cost: US$ 9,824,249)** | 9,320,499 | 94.91 |
| | Cash | 447,016 | 4.55 |
| | Other Net Assets | 53,025 | 0.54 |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 9,820,540 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 94.60 | 93.54 |
| Other assets | 5.40 | 6.46 |
| | 100.00 | 100.00 |

## Emerging Markets Income Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 93.90% (31 DEC 2011: 92.68%)** | | |
| | **Basic Materials: 1.37% (31 Dec 2011: 1.70%)** | | |
| 1,383,900 | China BlueChemical | 785,004 | 1.30 |
| 9,141 | Mechel | 43,447 | 0.07 |
| | **Total Basic Materials** | 828,451 | 1.37 |
| | **Communications: 10.33% (31 Dec 2011: 11.73%)** | | |
| 81,000 | China Mobile | 884,992 | 1.46 |
| 13,000 | Chunghwa Telecom ADR | 408,590 | 0.68 |
| 30,000 | KT | 794,954 | 1.32 |
| 53,000 | Mobile Telesystems ADR | 911,600 | 1.51 |
| 3,800 | NHN | 829,441 | 1.37 |
| 37,000 | Telefonica Brasil ADR | 915,380 | 1.51 |
| 140,000 | Telekomunikacja Polska | 653,163 | 1.08 |
| 71,000 | VTech | 843,010 | 1.40 |
| | **Total Communications** | 6,241,130 | 10.33 |
| | **Consumer, Cyclical: 11.65% (31 Dec 2011: 9.33%)** | | |
| 50,000 | Cia Hering | 943,793 | 1.56 |
| 498,500 | Digital China | 868,873 | 1.44 |
| 59,000 | Foschini Group | 923,469 | 1.53 |
| 158,000 | Giant Manufacturing | 726,953 | 1.20 |
| 25,000 | Hero Motocorp | 962,389 | 1.59 |
| 39,000 | Kangwon Land | 829,135 | 1.37 |
| 220,000 | Marcopolo | 986,400 | 1.63 |
| 279,000 | UMW | 802,163 | 1.33 |
| | **Total Consumer, Cyclical** | 7,043,175 | 11.65 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Emerging Markets Income Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Consumer, Non-cyclical: 18.56% (31 Dec 2011: 18.33%)** | | |
| 120,000 | CCR | 970,844 | 1.61 |
| 25,000 | Cia de Bebidas das Americas | 957,418 | 1.58 |
| 36 | Cia de Bebidas das Americas Receipt | 1,378 | – |
| 75,000 | Estacio Participacoes | 902,921 | 1.50 |
| 75,000 | Grupo Modelo | 658,950 | 1.09 |
| 1,021,500 | Jasa Marga Persero | 587,288 | 0.97 |
| 864,000 | Jiangsu Expressway | 806,430 | 1.34 |
| 440,000 | Kimberly-Clark de Mexico | 858,967 | 1.42 |
| 12,000 | KT&G | 850,744 | 1.41 |
| 240,000 | Life Healthcare | 913,517 | 1.51 |
| 60,000 | Localiza Rent a Car | 902,177 | 1.49 |
| 50,000 | Shoprite | 921,135 | 1.52 |
| 68,000 | Souza Cruz | 993,158 | 1.64 |
| 60,000 | Valid Solucoes e Servicos de Seguranca em Meios de Pagamento | 891,773 | 1.48 |
| | **Total Consumer, Non-cyclical** | 11,216,700 | 18.56 |
| | **Diversified: 1.03% (31 Dec 2011: 1.14%)** | | |
| 392,000 | IJM | 619,695 | 1.03 |
| | **Total Diversified** | 619,695 | 1.03 |
| | **Energy: 7.83% (31 Dec 2011: 5.40%)** | | |
| 215,000 | China Shenhua Energy | 749,757 | 1.24 |
| 32,000 | Eurasia Drilling GDR | 816,000 | 1.35 |
| 85,000 | Gazprom ADR | 801,550 | 1.33 |
| 13,000 | Lukoil ADR | 724,750 | 1.20 |
| 1,400,000 | Surgutneftegas | 804,468 | 1.33 |
| 39,000 | Tupras Turkiye Petrol Rafinerileri | 834,467 | 1.38 |
| | **Total Energy** | 4,730,992 | 7.83 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Financial: 22.19% (31 Dec 2011: 24.75%)** | | |
| 191,000 | African Bank Investments | 847,981 | 1.40 |
| 95,000 | Banco do Brasil | 919,195 | 1.52 |
| 440,000 | Bolsa Mexicana de Valores | 862,244 | 1.43 |
| 78,025 | CETIP- Mercados Organizados | 970,263 | 1.61 |
| 290,000 | China Pacific Insurance | 930,919 | 1.54 |
| 250,000 | Coronation Fund Managers | 845,815 | 1.40 |
| 315,491 | Fubon Financial | 314,594 | 0.52 |
| 300,000 | Growthpoint Properties | 843,675 | 1.40 |
| 120,000 | Highwealth Construction | 187,117 | 0.31 |
| 1,455,000 | Industrial & Commercial Bank of China | 804,702 | 1.33 |
| 49,900 | Kasikornbank | 259,241 | 0.43 |
| 94,999 | Meritz Fire & Marine Insurance | 928,964 | 1.54 |
| 7,200 | Powszechny Zaklad Ubezpieczen | 720,583 | 1.19 |
| 26,000 | Qatar National Bank | 937,471 | 1.55 |
| 74,000 | Rural Electrification | 254,199 | 0.42 |
| 71,000 | Sberbank of Russia ADR | 763,250 | 1.26 |
| 271,000 | Shanghai Industrial | 712,712 | 1.18 |
| 1,117,500 | Soho China | 849,991 | 1.41 |
| 75,000 | Yes Bank | 455,897 | 0.75 |
| | **Total Financial** | 13,408,813 | 22.19 |
| | **Industrial: 10.82% (31 Dec 2011: 9.95%)** | | |
| 268,000 | Delta Electronics | 815,165 | 1.35 |
| 563,000 | Gamuda | 620,532 | 1.03 |
| 51,000 | Globaltrans Investment GDR | 918,000 | 1.52 |
| 135,000 | Grupo Aeroportuario del Sureste | 1,048,555 | 1.74 |
| 702,000 | Taiwan Cement | 830,373 | 1.37 |
| 158,000 | TAV Havalimanlari | 849,096 | 1.40 |
| 40,000 | Turk Traktor ve Ziraat Makineleri | 674,518 | 1.12 |
| 343,893 | United Tractors | 781,700 | 1.29 |
| | **Total Industrial** | 6,537,939 | 10.82 |
| | **Technology: 2.99% (31 Dec 2011: 2.96%)** | | |
| 900 | Samsung Electronics | 943,729 | 1.56 |
| 318,000 | Taiwan Semiconductor Manufacturing | 865,096 | 1.43 |
| | **Total Technology** | 1,808,825 | 2.99 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Emerging Markets Income Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Utilities: 7.13% (31 Dec 2011: 7.39%)** | | |
| 65,000 | AES Tiete Pref | 920,682 | 1.52 |
| 50,000 | Cia Energetica de Minas Gerais ADR | 921,000 | 1.53 |
| 1,176,000 | Guangdong Investment | 845,972 | 1.40 |
| 2,156,000 | Perusahaan Gas Negara Persero | 809,146 | 1.34 |
| 3,922,000 | Thai Tap Water Supply Receipt | 808,851 | 1.34 |
| | **Total Utilities** | 4,305,651 | 7.13 |
| | **Total Equities** | 56,741,371 | 93.90 |
| | **COLLECTIVE INVESTMENT SCHEMES: 1.33% (31 DEC 2011: 0.00%)** | | |
| | **Financial: 1.33% (31 Dec 2011: 0.00%)** | | |
| 2,086,000 | Tesco Lotus Retail Growth Freehold & Leasehold Property Fund | 807,865 | 1.33 |
| | **Total Financial** | 807,865 | 1.33 |
| | **Total Collective Investment Schemes** | 807,865 | 1.33 |
| | **WARRANTS: 1.48% (31 DEC 2011: 1.16%)** | | |
| 126,000 | Rural Electrification | 434,536 | 0.72 |
| 75,000 | Yes Bank | 457,365 | 0.76 |
| | **Total Warrants** | 891,901 | 1.48 |
| | **Total Value of Investments (Cost: US$ 58,365,468)** | 58,441,137 | 96.71 |
| | Cash | 3,083,780 | 5.10 |
| | Other Net Liabilities | (1,095,483) | (1.81) |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 60,429,434 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Collective Investment Schemes | 1.30 | – |
| Transferable securities | 92.55 | 93.09 |
| Other assets | 6.15 | 6.91 |
| | 100.00 | 100.00 |

## European Market Neutral Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value EUR€ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 30.81%** | | |
| | **Basic Materials: 3.70%** | | |
| 3,168 | Koninklijke DSM | 121,287 | 2.02 |
| 11,610 | UPM-Kymmene | 100,543 | 1.68 |
| | **Total Basic Materials** | 221,830 | 3.70 |
| | **Communications: 1.85%** | | |
| 15,936 | Atea | 111,027 | 1.85 |
| | **Total Communications** | 111,027 | 1.85 |
| | **Consumer, Cyclical: 0.51%** | | |
| 2,373 | Faurecia | 30,529 | 0.51 |
| | **Total Consumer, Cyclical** | 30,529 | 0.51 |
| | **Consumer, Non-cyclical: 3.15%** | | |
| 1,164 | Actelion | 37,749 | 0.63 |
| 5,944 | Arseus | 81,195 | 1.35 |
| 2,241 | Brunel International | 69,919 | 1.17 |
| | **Total Consumer, Non-cyclical** | 188,863 | 3.15 |
| | **Energy: 4.94%** | | |
| 4,761 | Det Norske Oljeselskap | 48,491 | 0.81 |
| 7,150 | Petroleum Geo-Services | 66,087 | 1.10 |
| 80,866 | Polarcus | 42,174 | 0.71 |
| 4,488 | Rockhopper Exploration – London | 13,958 | 0.23 |
| 6,738 | Statoil | 125,094 | 2.09 |
| | **Total Energy** | 295,804 | 4.94 |
| | **Financial: 6.02%** | | |
| 18,857 | Blackstone | 188,420 | 3.14 |
| 83,000 | Intesa Sanpaolo | 87,814 | 1.47 |
| 1,686 | Wereldhave Reits | 84,384 | 1.41 |
| | **Total Financial** | 360,618 | 6.02 |
| | **Industrial: 4.70%** | | |
| 9,557 | Aker Solutions | 101,715 | 1.70 |
| 971 | FLSmidth | 41,344 | 0.69 |
| 7,665 | Hoegh LNG | 45,672 | 0.76 |
| 29,430 | PostNL | 92,763 | 1.55 |
| | **Total Industrial** | 281,494 | 4.70 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## European Market Neutral Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value EUR€ | % of Net Assets |
|---|---|---|---|
| | **Technology: 2.12%** | | |
| 2,263 | Gemalto | 126,752 | 2.12 |
| | **Total Technology** | 126,752 | 2.12 |
| | **Utilities: 3.82%** | | |
| 15,634 | Fortum | 228,569 | 3.82 |
| | **Total Utilities** | 228,569 | 3.82 |
| | **Total Equities** | 1,845,486 | 30.81 |
| | **CONTRACTS FOR DIFFERENCE – UNREALISED GAINS: 2.17%** | | |
| | **Basic Materials: 0.00%** | | |
| (428) | EMS-Chemie | 98 | – |
| | **Total Basic Materials** | 98 | – |
| | **Communications: 0.25%** | | |
| (36,463) | Arnoldo Mondadori Editore | 5,031 | 0.08 |
| (3,408) | Sanoma | 10,224 | 0.17 |
| | **Total Communications** | 15,255 | 0.25 |
| | **Consumer, Cyclical: 0.08%** | | |
| (7,145) | Euro Disney | 828 | 0.01 |
| (2,944) | Stockmann | 706 | 0.01 |
| (9,295) | Volvo | 3,734 | 0.06 |
| | **Total Consumer, Cyclical** | 5,268 | 0.08 |
| | **Consumer, Non-cyclical: 0.17%** | | |
| (1,154) | Carlsberg | 2,259 | 0.04 |
| (6,936) | Novozymes | 1,921 | 0.03 |
| (481) | Straumann | 5,923 | 0.10 |
| | **Total Consumer, Non-cyclical** | 10,103 | 0.17 |
| | **Energy: 0.27%** | | |
| 13,669 | Ophir Energy | 16,279 | 0.27 |
| | **Total Energy** | 16,279 | 0.27 |
| | **Financial: 0.93%** | | |
| 26,419 | Bankia | 50,425 | 0.84 |
| 20,205 | Bankinter | 5,246 | 0.09 |
| | **Total Financial** | 55,671 | 0.93 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value EUR€ | % of Net Assets |
|---|---|---|---|
| | **Industrial: 0.40%** | | |
| (903) | Aeroports de Paris | 1,752 | 0.03 |
| 6,385 | CRH | 4,748 | 0.08 |
| (7,598) | Interpump | 2,002 | 0.03 |
| (854) | Kuehne + Nagel International | 6,608 | 0.11 |
| (287) | Pfeiffer Vacuum Technology | 2,057 | 0.03 |
| (2,607) | Royal Imtech | 6,984 | 0.12 |
| | **Total Industrial** | 24,151 | 0.40 |
| | **Technology: 0.07%** | | |
| (1,120) | SAP | 3,801 | 0.07 |
| | **Total Technology** | 3,801 | 0.07 |
| | **Total Contracts for Difference – Unrealised Gains** | 130,626 | 2.17 |
| | **EQUITY INDEX SWAP: (11.30%)** | | |
| (2,720) | EIS Stoxx EUR 600 Pol1900 25/10/2013 | (677,144) | (11.30) |
| | **Total Equity Index Swap** | (677,144) | (11.30) |
| | **CONTRACTS FOR DIFFERENCE – UNREALISED LOSSES: (2.72%)** | | |
| | **Basic Materials: (0.45%)** | | |
| (2,419) | Fresnillo | (2,029) | (0.03) |
| 17,757 | Smurfit Kappa | (24,890) | (0.42) |
| | **Total Basic Materials** | (26,919) | (0.45) |
| | **Communications: (0.16%)** | | |
| (751) | Iliad | (9,819) | (0.16) |
| (1,639) | Schibsted | (72) | – |
| | **Total Communications** | (9,891) | (0.16) |
| | **Consumer, Cyclical: (0.38%)** | | |
| (24,129) | Fiat | (3,816) | (0.06) |
| 44,209 | Millennium & Copthorne Hotels | (3,386) | (0.06) |
| (3,581) | Norwegian Air Shuttle | (10,733) | (0.18) |
| (1,950) | Whitbread | (4,930) | (0.08) |
| | **Total Consumer, Cyclical** | (22,865) | (0.38) |

# Unaudited Portfolio Statement continued
As at 30 June 2012

## European Market Neutral Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value EUR€ | % of Net Assets |
|---|---|---|---|
| | **Consumer, Non-cyclical: (0.40%)** | | |
| (8,818) | Abertis Infraestructuras Rts | (4,532) | (0.08) |
| (1,051) | Anheuser-Busch InBev | (5,817) | (0.10) |
| (83) | Barry Callebaut | (431) | (0.01) |
| 15,827 | C&C | (4,888) | (0.08) |
| (1,853) | Luxottica | (2,287) | (0.04) |
| (20,979) | QinetiQ | (1,481) | (0.02) |
| (6,427) | Unilever | (4,230) | (0.07) |
| | **Total Consumer, Non-cyclical** | (23,666) | (0.40) |
| | **Energy: (0.15%)** | | |
| 5,493 | Rockhopper Exploration | (3,528) | (0.06) |
| (2,370) | Royal Dutch Shell | (3,734) | (0.06) |
| (913) | Saipem | (1,768) | (0.03) |
| | **Total Energy** | (9,030) | (0.15) |
| | **Financial: (0.16%)** | | |
| 55,273 | Paragon | (6,953) | (0.12) |
| (4,391) | Provident Financial | (2,428) | (0.04) |
| | **Total Financial** | (9,381) | (0.16) |
| | **Industrial: (1.02%)** | | |
| (4,983) | ACS Actividades de Construccion y Servicios | (8,725) | (0.15) |
| 46,470 | Bodycote | (44,324) | (0.74) |
| (4,082) | Flughafen Wien | (3,698) | (0.06) |
| (1,582) | Hochtief | (91) | – |
| (4,602) | Legrand | (1,294) | (0.02) |
| (177) | LEM | (2,290) | (0.04) |
| (32) | Sika | (623) | (0.01) |
| | **Total Industrial** | (61,045) | (1.02) |
| | **Total Contracts for Difference – Unrealised Losses** | (162,797) | (2.72) |

| Currency Buys | | Currency Sells | | Currency Rate | Maturity Date | Unrealised Gain/(Loss) | % of Net Assets |
|---|---|---|---|---|---|---|---|
| **Forward Currency Contracts: (0.19%)** | | | | | | | |
| USD | 1,876 | EUR | 1,502 | 0.8008 | 27–Jul–2012 | (11) | – |
| GBP | 1,877,809 | EUR | 2,340,124 | 1.2462 | 27–Jul–2012 | (11,676) | (0.19) |
| **Total Unrealised Losses on Forward Currency Contracts** | | | | | | (11,687) | (0.19) |
| **Total Forward Currency Contracts** | | | | | | (11,687) | (0.19) |

| | | |
|---|---|---|
| **Total Value of Investments (Cost: EUR€ 2,023,284)** | 1,124,484 | 18.77 |
| Cash | 4,836,050 | 80.73 |
| Other Net Assets | 29,760 | 0.50 |
| **Net Assets Attributable to Holders of Redeemable Participating Shares** | 5,990,294 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

The counterparty for all over the counter financial derivative instruments is Northern Trust (Guernsey) Limited.

| Portfolio classification | 30 June 2012 % of Total Asset Value |
|---|---|
| Transferable securities | 26.88 |
| OTC financial derivative instruments | (10.50) |
| Other assets | 83.62 |
| | 100.00 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Financials Income Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **CORPORATE BONDS: 51.28%** | | |
| | **Cayman Islands: 0.48%** | | |
| 350,000 | Montana Re 07/12/2012 | 215,920 | 0.48 |
| | **Total Cayman Islands** | 215,920 | 0.48 |
| | **France: 1.09%** | | |
| 300,000 | BNP Paribas 29/09/2049 | 235,678 | 0.53 |
| 350,000 | Societe Generale 29/06/2049 | 248,185 | 0.56 |
| | **Total France** | 483,863 | 1.09 |
| | **Guernsey: 0.59%** | | |
| 250,000 | Rothschild Continuation Finance 9% 29/12/2049 | 261,225 | 0.59 |
| | **Total Guernsey** | 261,225 | 0.59 |
| | **Ireland: 1.93%** | | |
| 300,000 | Aquarius Investments for Swiss Reinsurance 01/09/2049 | 189,302 | 0.43 |
| 1,000,000 | Cloverie for Zurich Insurance 18/10/2049 | 670,025 | 1.50 |
| | **Total Ireland** | 859,327 | 1.93 |
| | **Jersey: 2.63%** | | |
| 1,900,000 | HBOS Capital Funding 29/11/2049 | 1,170,780 | 2.63 |
| | **Total Jersey** | 1,170,780 | 2.63 |
| | **Netherlands: 1.85%** | | |
| 1,500,000 | Brit Insurance 09/12/2030 | 824,700 | 1.85 |
| | **Total Netherlands** | 824,700 | 1.85 |
| | **Sweden: 1.38%** | | |
| 425,000 | Nordea Bank 29/09/2049 | 285,221 | 0.64 |
| 400,000 | Skandinaviska Enskilda Banken 29/12/2049 | 328,272 | 0.74 |
| | **Total Sweden** | 613,493 | 1.38 |
| | **United Kingdom: 39.62%** | | |
| 750,000 | Amlin 19/12/2026 | 614,494 | 1.38 |
| 200,000 | Bank of Scotland 10.5% 16/02/2018 | 210,801 | 0.47 |
| 600,000 | Barclays Bank 29/06/2049 | 359,194 | 0.81 |
| 900,000 | Barclays Bank 29/11/2049 | 1,020,089 | 2.29 |
| 965,000 | Beazley 17/10/2026 | 815,714 | 1.83 |
| 500,000 | Clerical Medical Finance 29/11/2049 | 384,950 | 0.86 |
| 1,200,000 | Co-Operative Bank PLC/United Kingdom 9.25% 28/04/2021 | 1,155,182 | 2.59 |
| 800,000 | Co-Operative Bank PLC/United Kingdom 29/08/2049 | 558,000 | 1.25 |
| 1,000,000 | Direct Line Insurance 27/04/2042 | 1,006,290 | 2.26 |
| 850,000 | F&C Asset Management 20/12/2026 | 566,865 | 1.27 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **United Kingdom: 39.62%** continued | | |
| 450,000 | F&C Finance 9% 20/12/2016 | 454,640 | 1.02 |
| 700,000 | Friends Life 29/11/2049 | 426,909 | 0.96 |
| 1,500,000 | International Personal Finance 11.5% 06/08/2015 | 1,262,213 | 2.84 |
| 1,000,000 | Investec Bank 9.625% 17/02/2022 | 971,810 | 2.18 |
| 835,000 | Legal & General 29/03/2049 | 659,436 | 1.48 |
| 450,000 | Man 11% 29/05/2049 | 264,930 | 0.60 |
| 800,000 | National Westminster Bank 11.5% 29/12/2049 | 832,000 | 1.87 |
| 800,000 | Nationwide Building Society 6.75% 22/07/2020 | 608,106 | 1.37 |
| 500,000 | Novae 6.5% 27/04/2017 | 454,375 | 1.02 |
| 500,000 | Old Mutual 8% 03/06/2021 | 507,315 | 1.14 |
| 500,000 | Pearl 29/11/2049 | 280,000 | 0.63 |
| 900,000 | Phoenix Life 29/07/2049 | 598,500 | 1.34 |
| 1,000,000 | Provident Financial 8% 23/10/2019 | 998,110 | 2.24 |
| 400,000 | Prudential 29/12/2049 | 288,616 | 0.65 |
| 500,000 | RL Finance Bonds 29/12/2049 | 350,060 | 0.79 |
| 708,000 | Scottish Amicable Finance 8.5% 29/06/2049 | 715,350 | 1.61 |
| 200,000 | Standard Chartered Bank 29/05/2049 | 208,952 | 0.47 |
| 650,000 | Standard Chartered Bank 29/06/2049 | 456,237 | 1.02 |
| 250,000 | SVG Capital 8.25% 05/06/2016 | 252,500 | 0.57 |
| 375,000 | Tullett Prebon 7.04% 06/07/2016 | 360,761 | 0.81 |
| | **Total United Kingdom** | 17,642,399 | 39.62 |
| | **United States: 1.71%** | | |
| 1,250,000 | Wachovia Capital Trust III 29/03/2049 | 761,102 | 1.71 |
| | **Total United States** | 761,102 | 1.71 |
| | **Total Corporate Bonds** | 22,832,809 | 51.28 |
| | **EQUITIES: 45.84%** | | |
| | **Bermuda: 6.04%** | | |
| 37,000 | Arch Capital | 934,407 | 2.10 |
| 85,000 | Lancashire | 677,025 | 1.52 |
| 13,000 | PartnerRe | 627,518 | 1.41 |
| 1,750,000 | Public Financial | 450,222 | 1.01 |
| | **Total Bermuda** | 2,689,172 | 6.04 |
| | **Finland: 2.13%** | | |
| 57,500 | Sampo | 950,018 | 2.13 |
| | **Total Finland** | 950,018 | 2.13 |

# Unaudited Portfolio Statement continued

**As at 30 June 2012**

## Financials Income Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **Germany: 0.81%** | | |
| 4,000 | Muenchener Rueckversicherungs | 358,760 | 0.81 |
| | **Total Germany** | 358,760 | 0.81 |
| | **Guernsey: 2.36%** | | |
| 750,000 | AcenciA Debt Strategies | 592,500 | 1.33 |
| 100,000 | Princess Private Equity – Xetra | 456,871 | 1.03 |
| | **Total Guernsey** | 1,049,371 | 2.36 |
| | **Hong Kong: 1.56%** | | |
| 80,000 | Hang Seng Bank | 694,381 | 1.56 |
| | **Total Hong Kong** | 694,381 | 1.56 |
| | **Indonesia: 0.77%** | | |
| 800,000 | Bank Rakyat Indonesia Persero | 342,120 | 0.77 |
| | **Total Indonesia** | 342,120 | 0.77 |
| | **Jersey: 1.15%** | | |
| 950,000 | INVESCO Leveraged High Yield Fund | 510,625 | 1.15 |
| | **Total Jersey** | 510,625 | 1.15 |
| | **Malaysia: 1.12%** | | |
| 177,000 | Public Bank | 489,000 | 1.10 |
| 3,235 | Public Bank | 8,937 | 0.02 |
| | **Total Malaysia** | 497,937 | 1.12 |
| | **Norway: 2.53%** | | |
| 188,500 | SpareBank 1 SMN | 648,984 | 1.46 |
| 140,000 | SpareBank 1 SR Bank | 474,496 | 1.07 |
| | **Total Norway** | 1,123,480 | 2.53 |
| | **Singapore: 1.51%** | | |
| 800,000 | Frasers Centrepoint Trust Reits | 670,387 | 1.50 |
| | **Total Singapore** | 670,387 | 1.50 |
| | **Switzerland: 2.51%** | | |
| 17,000 | ACE | 803,475 | 1.80 |
| 7,500 | Baloise | 315,755 | 0.71 |
| | **Total Switzerland** | 1,119,230 | 2.51 |
| | **Thailand: 1.38%** | | |
| 150,000 | Bangkok Bank | 614,285 | 1.38 |
| | **Total Thailand** | 614,285 | 1.38 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **United Kingdom: 15.66%** | | |
| 300,000 | Abbey Protection | 241,500 | 0.54 |
| 170,000 | City of London Investment | 544,850 | 1.22 |
| 30,000 | Electra Private Equity | 491,100 | 1.10 |
| 125,000 | Helical Bar | 230,625 | 0.52 |
| 175,000 | HSBC | 985,309 | 2.21 |
| 240,000 | Intermediate Capital | 648,000 | 1.46 |
| 250,000 | International Personal Finance | 597,750 | 1.34 |
| 60,000 | Investec Pref | 195,000 | 0.44 |
| 95,444 | Jardine Lloyd Thompson | 667,631 | 1.50 |
| 190,000 | Novae | 693,500 | 1.56 |
| 225,000 | Personal | 724,500 | 1.63 |
| 45,000 | Schroders | 483,750 | 1.09 |
| 165,000 | Tullett Prebon | 467,940 | 1.05 |
| | **Total United Kingdom** | 6,971,455 | 15.66 |
| | **United States: 6.31%** | | |
| 57,500 | Blackstone | 479,151 | 1.08 |
| 12,500 | Legg Mason | 210,000 | 0.47 |
| 39,000 | Marsh & McLennan | 801,160 | 1.80 |
| 11,500 | Signature Bank/New York | 447,184 | 1.00 |
| 35,250 | WR Berkley | 874,480 | 1.96 |
| | **Total United States** | 2,811,975 | 6.31 |
| | **Total Equities** | 20,403,196 | 45.83 |
| | Total Value of Investments (Cost: GBP£ 44,719,156) | 43,236,005 | 97.11 |
| | Cash | 521,212 | 1.17 |
| | Other Net Assets | 424,423 | 0.95 |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices** | 44,181,640 | 99.23 |
| | Adjustment from bid to dealing prices | 340,432 | 0.77 |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares at dealing prices** | 44,522,072 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value |
|---|---|
| Transferable securities | 96.98 |
| Other assets | 3.02 |
| | 100.00 |

# Unaudited Portfolio Statement continued
As at 30 June 2012

## Financial Opportunities Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 88.53% (31 DEC 2011: 96.22%)** | | |
| | **Bermuda: 6.38% (31 Dec 2011: 5.60%)** | | |
| 13,193 | Arch Capital | 523,630 | 3.71 |
| 2,989 | Credicorp | 376,285 | 2.67 |
| | **Total Bermuda** | 899,915 | 6.38 |
| | **Brazil: 2.71% (31 Dec 2011: 1.73%)** | | |
| 23,400 | Brasil Insurance Participacoes e Administracao | 206,936 | 1.47 |
| 14,050 | CETIP– Mercados Organizados | 174,716 | 1.24 |
| | **Total Brazil** | 381,652 | 2.71 |
| | **Czech Republic: 0.00% (31 Dec 2011: 1.83%)** | – | – |
| | **Curacao: 0.92% (31 Dec 2011: 0.00%)** | | |
| 7,120 | Axis Bank | 129,408 | 0.92 |
| | **Total Curacao** | 129,408 | 0.92 |
| | **Finland: 0.99% (31 Dec 2011: 1.04%)** | | |
| 5,392 | Sampo | 139,728 | 0.99 |
| | **Total Finland** | 139,728 | 0.99 |
| | **France: 0.00% (31 Dec 2011: 0.93%)** | – | – |
| | **Germany: 0.00% (31 Dec 2011: 3.40%)** | – | – |
| | **Hong Kong: 5.03% (30 Dec 2011: 4.54%)** | | |
| 46,000 | AIA | 157,151 | 1.12 |
| 74,000 | Dah Sing Financial | 228,959 | 1.62 |
| 12,850 | Hong Kong Exchanges and Clearing | 182,226 | 1.29 |
| 12,050 | Sun Hung Kai Properties | 141,598 | 1.00 |
| | **Total Hong Kong** | 709,934 | 5.03 |
| | **India: 1.67% (31 Dec 2011: 1.03%)** | | |
| 7,250 | HDFC Bank ADR | 236,350 | 1.67 |
| | **Total India** | 236,350 | 1.67 |
| | **Indonesia: 4.32% (31 Dec 2011: 4.60%)** | | |
| 274,500 | Bank Central Asia | 213,346 | 1.51 |
| 586,500 | Bank Rakyat Indonesia Persero | 396,516 | 2.81 |
| | **Total Indonesia** | 609,862 | 4.32 |
| | **Malaysia: 1.51% (31 Dec 2011: 1.58%)** | | |
| 49,000 | Public Bank | 212,634 | 1.51 |
| | **Total Malaysia** | 212,634 | 1.51 |
| | **Netherlands: 0.00% (31 Dec 2011: 1.46%)** | – | – |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Norway: 2.49% (31 Dec 2011: 2.92%)** | | |
| 35,506 | DNB | 352,106 | 2.49 |
| | **Total Norway** | 352,106 | 2.49 |
| | **Pakistan: 0.00% (31 Dec 2011:0.95%)** | – | – |
| | **People's Republic of China: 4.85% (31 Dec 2011: 0.00%)** | | |
| 152,350 | China Minsheng Banking | 134,932 | 0.96 |
| 127,100 | CITIC Securities | 266,429 | 1.89 |
| 381,350 | Industrial & Commercial Bank of China | 210,909 | 1.49 |
| 9,000 | Ping An Insurance Group | 71,588 | 0.51 |
| | **Total People's Republic of China** | 683,858 | 4.85 |
| | **Philippines: 6.10% (31 Dec 2011: 4.48%)** | | |
| 563,300 | Ayala Land | 288,769 | 2.05 |
| 169,300 | Security Bank | 572,169 | 4.05 |
| | **Total Philippines** | 860,938 | 6.10 |
| | **Poland: 0.00% (31 Dec 2011:2.31%)** | – | – |
| | **Republic of South Korea: 1.48% (31 Dec 2011: 7.31%)** | | |
| 5,707 | Dongbu Insurance | 209,027 | 1.48 |
| | **Total Republic of South Korea** | 209,027 | 1.48 |
| | **Russian Federation: 3.28% (31 Dec 2011: 3.03%)** | | |
| 173,821 | Sberbank of Russia | 462,769 | 3.28 |
| | **Total Russian Federation** | 462,769 | 3.28 |
| | **Singapore: 1.53% (31 Dec 2011: 1.13%)** | | |
| 19,700 | DBS | 215,692 | 1.53 |
| | **Total Singapore** | 215,692 | 1.53 |
| | **Sweden: 0.00% (31 Dec 2011:3.06%)** | – | – |
| | **Switzerland: 4.68% (31 Dec 2011: 5.75%)** | | |
| 6,524 | ACE | 483,624 | 3.43 |
| 15,156 | UBS | 176,940 | 1.25 |
| | **Total Switzerland** | 660,564 | 4.68 |
| | **Taiwan: 0.00% (31 Dec 2011:2.01%)** | – | – |
| | **Thailand: 4.31% (31 Dec 2011: 4.74%)** | | |
| 87,200 | Siam Commercial Bank | 403,602 | 2.86 |
| 380,000 | Supalai Receipt | 204,597 | 1.45 |
| | **Total Thailand** | 608,199 | 4.31 |

# Unaudited Portfolio Statement continued
As at 30 June 2012

## Financial Opportunities Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Turkey: 1.18% (31 Dec 2011: 0.46%)** | | |
| 26,292 | Finansbank AS/Turkey | 55,965 | 0.40 |
| 109,000 | Turkiye Sinai Kalkinma Bankasi | 110,886 | 0.78 |
| | **Total Turkey** | 166,851 | 1.18 |
| | **United Kingdom: 7.61% (31 Dec 2011: 8.48%)** | | |
| 8,850 | Bank of Georgia | 148,663 | 1.05 |
| 27,373 | HSBC | 240,898 | 1.71 |
| 68,294 | International Personal Finance | 256,114 | 1.81 |
| 72,744 | Jupiter Fund Management | 245,533 | 1.74 |
| 8,430 | Standard Chartered | 183,059 | 1.30 |
| | **Total United Kingdom** | 1,074,267 | 7.61 |
| | **United States: 27.49% (31 Dec 2011: 21.85%)** | | |
| 17,512 | Bank of New York Mellon | 384,389 | 2.72 |
| 5,970 | Citigroup | 163,638 | 1.16 |
| 12,859 | First Republic Bank | 432,062 | 3.06 |
| 10,999 | JPMorgan Chase | 392,994 | 2.79 |
| 6,870 | Marsh & McLennan | 221,420 | 1.57 |
| 345 | Mastercard | 148,388 | 1.05 |
| 6,345 | PNC Financial Services Group | 387,743 | 2.75 |
| 7,400 | Progressive | 154,142 | 1.09 |
| 5,849 | Prosperity Bancshares | 245,834 | 1.74 |
| 2,400 | Signature Bank/New York | 146,328 | 1.04 |
| 11,140 | US Bancorp | 358,263 | 2.54 |
| 12,636 | Wells Fargo | 422,548 | 2.99 |
| 10,844 | WR Berkley | 422,049 | 2.99 |
| | **Total United States** | 3,879,798 | 27.49 |
| | **Total Equities** | 12,493,552 | 88.53 |
| | **WARRANTS: 2.85% (31 DEC 2011: 1.30%)** | | |
| | **Luxembourg: 2.39% (31 Dec 2011: 1.30%)** | | |
| 28,773 | Housing Development Finance | 337,939 | 2.39 |
| | **Total Luxembourg** | 337,939 | 2.39 |
| | **Switzerland: 0.46% (31 Dec 2011: 0.00%)** | | |
| 5,600 | Credit Suisse/Nassau | 65,458 | 0.46 |
| | **Total Switzerland** | 65,458 | 0.46 |
| | **TOTAL WARRANTS** | 403,397 | 2.85 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Total Value of Investments (Cost: US$ 12,259,794 )** | 12,896,949 | 91.38 |
| | Cash | 1,278,100 | 9.06 |
| | Other Net Liabilities | (62,361) | (0.44) |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares at dealing prices** | 14,112,688 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 90.21 | 96.74 |
| Other assets | 9.79 | 3.26 |
| | 100.00 | 100.00 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Global Insurance Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 96.97% (31 DEC 2011: 95.70%)** | | |
| | **Bermuda: 23.37% (31 Dec 2011: 23.67%)** | | |
| 500,000 | Alterra Capital | 7,443,654 | 3.27 |
| 625,000 | Arch Capital | 15,815,773 | 6.95 |
| 260,000 | Axis Capital | 5,395,773 | 2.37 |
| 525,000 | Lancashire | 4,181,625 | 1.84 |
| 230,000 | PartnerRe | 11,096,369 | 4.88 |
| 125,000 | RenaissanceRe | 6,057,732 | 2.66 |
| 500,000 | Third Point Reinsurance | 3,187,860 | 1.40 |
| | **Total Bermuda** | 53,178,786 | 23.37 |
| | **Denmark: 1.20% (31 Dec 2011: 0.71%)** | | |
| 25,000 | Topdanmark | 2,731,737 | 1.20 |
| | **Total Denmark** | 2,731,737 | 1.20 |
| | **Finland: 3.00% (31 Dec 2011: 3.10%)** | | |
| 412,500 | Sampo | 6,815,343 | 3.00 |
| | **Total Finland** | 6,815,343 | 3.00 |
| | **Germany: 3.46% (31 Dec 2011: 3.16%)** | | |
| 87,500 | Muenchener Rueckversicherungs | 7,869,109 | 3.46 |
| | **Total Germany** | 7,869,109 | 3.46 |
| | **Ireland: 1.65% (31 Dec 2011: 1.37%)** | | |
| 575,000 | FBD – Dublin | 3,751,240 | 1.65 |
| | **Total Ireland** | 3,751,240 | 1.65 |
| | **Switzerland: 9.37% (31 Dec 2011: 9.31%)** | | |
| 310,000 | ACE | 14,651,598 | 6.44 |
| 90,000 | Allied World AssuranceHoldings | 4,560,107 | 2.00 |
| 50,000 | Baloise | 2,105,032 | 0.93 |
| | **Total Switzerland** | 21,316,737 | 9.37 |
| | **United Kingdom: 7.44% (31 Dec 2011: 5.32%)** | | |
| 275,000 | Admiral | 3,278,000 | 1.44 |
| 125,000 | Aon | 3,728,203 | 1.64 |
| 500,000 | Jardine Lloyd Thompson | 3,500,000 | 1.54 |
| 1,250,000 | Novae | 4,562,500 | 2.01 |
| 563,507 | Personal | 1,837,033 | 0.81 |
| | **Total United Kingdom** | 16,905,736 | 7.44 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **United States: 47.48% (31 Dec 2011: 49.06%)** | | |
| 40,000 | Aflac | 1,086,168 | 0.48 |
| 65,905 | Alleghany | 14,276,020 | 6.28 |
| 255,000 | Berkshire Hathaway | 13,547,865 | 5.95 |
| 160,000 | Chubb | 7,428,480 | 3.26 |
| 375,000 | Employers | 4,313,175 | 1.90 |
| 350,000 | HCC Insurance | 7,006,917 | 3.08 |
| 25,500 | Markel | 7,181,198 | 3.16 |
| 400,000 | Marsh & McLennan | 8,219,580 | 3.61 |
| 550,000 | Old Republic International | 2,907,010 | 1.28 |
| 130,000 | ProAssurance | 7,384,169 | 3.25 |
| 500,000 | Progressive | 6,640,313 | 2.92 |
| 210,000 | Reinsurance of America | 7,124,294 | 3.13 |
| 75,000 | RLI | 3,261,181 | 1.43 |
| 125,000 | Travelers | 5,087,825 | 2.24 |
| 505,000 | WR Berkley | 12,531,225 | 5.51 |
| | **Total United States** | 107,995,420 | 47.48 |
| | **Total Equities** | 220,564,108 | 96.97 |
| | **Total Value of Investments (Cost: GBP£ 200,188,276)** | 220,564,108 | 96.97 |
| | Cash | 7,446,598 | 3.27 |
| | Other Net Liabilities | (547,975) | (0.24) |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 227,462,731 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 96.55 | 95.55 |
| Other assets | 3.45 | 4.45 |
| | 100.00 | 100.00 |

# Unaudited Portfolio Statement continued

**As at 30 June 2012**

## Global Technology Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 94.64% (31 DEC 2011: 100.03%)** | | |
| | **Bermuda: 0.00% (31 Dec 2011: 1.07%)** | – | – |
| | **Canada: 0.61% (31 Dec 2011: 0.53%)** | | |
| 2,951,850 | Redknee Solutions | 3,358,817 | 0.61 |
| | **Total Canada** | 3,358,817 | 0.61 |
| | **Cayman Islands: 3.22% (31 Dec 2011: 0.00%)** | | |
| 329,300 | ASM Pacific Technology | 4,179,478 | 0.76 |
| 35,750 | Baidu ADR | 4,110,535 | 0.75 |
| 78,250 | SINA | 4,054,133 | 0.74 |
| 184,000 | Tencent | 5,360,939 | 0.97 |
| | **Total Cayman Islands** | 17,705,085 | 3.22 |
| | **China: 0.00% (31 Dec 2011: 6.01%)** | – | – |
| | **Finland: 0.00% (31 Dec 2011: 0.66%)** | – | – |
| | **France: 1.12% (31 Dec 2011: 0.88%)** | | |
| 126,700 | Ingenico | 6,161,421 | 1.12 |
| | **Total France** | 6,161,421 | 1.12 |
| | **Germany: 1.99% (31 Dec 2011: 2.84%)** | | |
| 712,411 | ADVAOptical Networking | 3,694,996 | 0.67 |
| 123,200 | SAP | 7,277,169 | 1.32 |
| | **Total Germany** | 10,972,165 | 1.99 |
| | **Hong Kong: 0.77% (31 Dec 2011: 0.77%)** | | |
| 5,013,200 | Lenovo | 4,226,758 | 0.77 |
| | **Total Hong Kong** | 4,226,758 | 0.77 |
| | **India: 0.00% (31 Dec 2011: 0.69%)** | – | – |
| | **Israel: 2.94% (31 Dec 2011: 4.04%)** | | |
| 99,650 | Check Point Software Technologies | 4,941,644 | 0.90 |
| 135,559 | NICE Systems ADR | 4,961,459 | 0.90 |
| 163,245 | RADWARE | 6,250,651 | 1.14 |
| | **Total Israel** | 16,153,754 | 2.94 |
| | **Japan: 1.49% (31 Dec 2011: 1.44%)** | | |
| 24,550 | FANUC | 3,984,491 | 0.72 |
| 17,281 | Keyence | 4,249,320 | 0.77 |
| | **Total Japan** | 8,233,811 | 1.49 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Netherlands: 1.70% (31 Dec 2011: 0.90%)** | | |
| 96,961 | ASML | 4,929,933 | 0.90 |
| 61,100 | Gemalto | 4,387,930 | 0.80 |
| | **Total Netherlands** | 9,317,863 | 1.70 |
| | **Republic of South Korea: 3.09% (31 Dec 2011: 2.84%)** | | |
| 16,235 | Samsung Electronics | 17,023,822 | 3.09 |
| | **Total Republic of South Korea** | 17,023,822 | 3.09 |
| | **Sweden: 0.94% (31 Dec 2011: 1.33%)** | | |
| 565,090 | Telefonaktiebolaget LM Ericsson | 5,161,817 | 0.94 |
| | **Total Sweden** | 5,161,817 | 0.94 |
| | **Taiwan: 1.70% (31 Dec 2011: 1.64%)** | | |
| 3,438,900 | Taiwan Semiconductor Manufacturing | 9,355,281 | 1.70 |
| | **Total Taiwan** | 9,355,281 | 1.70 |
| | **United Kingdom: 2.08% (31 Dec 2011: 1.87%)** | | |
| 494,855 | ARM | 3,923,465 | 0.71 |
| 198,287 | Dialog Semiconductor | 3,589,589 | 0.65 |
| 395,849 | SDL | 3,985,981 | 0.72 |
| | **Total United Kingdom** | 11,499,035 | 2.08 |
| | **United States: 72.99% (31 Dec 2011: 72.52%)** | | |
| 147,942 | Adobe Systems | 4,788,883 | 0.87 |
| 146,645 | Altera | 4,962,467 | 0.90 |
| 17,900 | Amazon.com | 4,087,465 | 0.74 |
| 70,695 | Apple | 41,285,880 | 7.50 |
| 140,001 | Ariba | 6,266,445 | 1.14 |
| 217,317 | Aruba Networks | 3,270,621 | 0.60 |
| 148,300 | Broadcom | 5,012,540 | 0.91 |
| 184,704 | BroadSoft | 5,349,028 | 0.97 |
| 78,375 | Citrix Systems | 6,578,798 | 1.20 |
| 64,466 | Cognizant Technology Solutions | 3,867,960 | 0.70 |
| 90,505 | Coherent | 3,918,866 | 0.71 |
| 209,906 | comScore | 3,455,053 | 0.63 |
| 76,600 | Concur Technologies | 5,216,460 | 0.95 |
| 355,200 | Cypress Semiconductor | 4,695,744 | 0.85 |
| 159,735 | eBay | 6,710,467 | 1.22 |
| 332,819 | EMC | 8,530,151 | 1.55 |
| 433,150 | Envivio | 2,776,491 | 0.51 |
| 66,702 | F5 Networks | 6,640,851 | 1.21 |

# **Unaudited Portfolio Statement** continued
**As at 30 June 2012**

## **Global Technology Fund** continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **United States: 72.99% (31 Dec 2011: 72.52%)** continued | | |
| 147,080 | Facebook | 4,577,130 | 0.83 |
| 106,050 | FARO Technologies | 4,462,584 | 0.81 |
| 217,764 | Fortinet | 5,056,480 | 0.92 |
| 213,686 | Fusion-io | 4,463,901 | 0.81 |
| 44,524 | Google | 25,827,037 | 4.69 |
| 679,250 | Infinera | 4,646,070 | 0.85 |
| 98,602 | Informatica | 4,176,781 | 0.76 |
| 901,800 | Integrated Device Technology | 5,068,116 | 0.92 |
| 573,128 | Intel | 15,273,861 | 2.78 |
| 68,750 | Intuit | 4,080,312 | 0.74 |
| 472,997 | Ixia | 5,685,424 | 1.03 |
| 470,950 | JDS Uniphase | 5,180,450 | 0.94 |
| 329,761 | Juniper Networks | 5,378,402 | 0.98 |
| 128,596 | Lam Research | 4,853,213 | 0.88 |
| 1,060,462 | Lattice Semiconductor | 3,997,942 | 0.73 |
| 45,750 | LinkedIn | 4,861,852 | 0.88 |
| 135,850 | LogMeIn | 4,146,142 | 0.75 |
| 709,950 | LSI | 4,522,381 | 0.82 |
| 205,240 | M/A-COM Technology Solutions | 3,796,940 | 0.69 |
| 10,750 | Mastercard | 4,623,682 | 0.84 |
| 184,950 | Maxim Integrated Products | 4,742,118 | 0.86 |
| 508,170 | Meru Networks | 889,297 | 0.16 |
| 839,018 | Microsoft | 25,665,561 | 4.66 |
| 45,850 | MicroStrategy | 5,954,081 | 1.08 |
| 245,350 | Nanometrics | 3,768,576 | 0.69 |
| 152,407 | National Instruments | 4,093,652 | 0.74 |
| 211,350 | NetApp | 6,725,157 | 1.22 |
| 193,806 | Netscout Systems | 4,184,272 | 0.76 |
| 200,000 | Nuance Communications | 4,764,000 | 0.87 |
| 411,248 | Oracle | 12,214,066 | 2.22 |
| 486,864 | Polycom | 5,121,809 | 0.93 |
| 194,700 | QLIK Technologies | 4,306,764 | 0.78 |
| 237,437 | QUALCOMM | 13,220,492 | 2.40 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **United States: 72.99% (31 Dec 2011: 72.52%)** continued | | |
| 92,663 | Red Hat | 5,233,606 | 0.95 |
| 262,638 | Riverbed Technology | 4,241,604 | 0.77 |
| 36,912 | Salesforce.com | 5,103,453 | 0.93 |
| 170,376 | SanDisk | 6,215,316 | 1.13 |
| 265,935 | SciQuest | 4,776,193 | 0.87 |
| 164,662 | Semtech | 4,004,580 | 0.73 |
| 85,850 | Sourcefire | 4,412,690 | 0.80 |
| 57,325 | Teradata | 4,127,973 | 0.75 |
| 243,803 | TIBCO Software | 7,294,586 | 1.33 |
| 135,646 | VeriFone Systems | 4,488,526 | 0.82 |
| 171,550 | Volterra Semiconductor | 4,022,847 | 0.73 |
| | **Total United States** | 401,664,089 | 72.99 |
| | **Total Equities** | 520,833,718 | 94.64 |
| | **Total Value of Investments (Cost: US$ 511,690,351)** | 520,833,718 | 94.64 |
| | Cash | 28,517,945 | 5.18 |
| | Other Net Assets | 974,562 | 0.18 |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 550,326,225 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total AssetValue | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 94.32 | 99.47 |
| Other assets | 5.68 | 0.53 |
| | 100.00 | 100.00 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Healthcare Opportunities Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 100.43% (31 DEC 2011: 95.49%)** | | |
| | **Biotechnology: 15.58% (31 Dec 2011: 11.81%)** | | |
| 55,000 | Alexion Pharmaceuticals | 5,461,500 | 2.72 |
| 500,000 | Arqule | 2,965,000 | 1.48 |
| 26,000 | Biogen Idec | 3,753,880 | 1.87 |
| 100,000 | Celgene | 6,416,000 | 3.19 |
| 90,000 | Cubist Pharmaceuticals | 3,411,900 | 1.70 |
| 110,000 | Gilead Sciences | 5,640,800 | 2.81 |
| 160,000 | Incyte | 3,632,000 | 1.81 |
| | **Total Biotechnology** | 31,281,080 | 15.58 |
| | **Commercial Services: 3.89% (31 Dec 2011: 2.70%)** | | |
| 70,000 | Advisory Board | 3,471,300 | 1.73 |
| 130,000 | HMS | 4,330,300 | 2.16 |
| | **Total Commercial Services** | 7,801,600 | 3.89 |
| | **Electronics: 0.00% (31 Dec 2011: 2.00%)** | – | – |
| | **Healthcare-Products: 18.42% (31 Dec 2011: 12.74%)** | | |
| 123,390 | Asahi Intecc | 3,245,966 | 1.62 |
| 660,000 | Boston Scientific | 3,742,200 | 1.86 |
| 25,752 | Consort Medical | 284,351 | 0.14 |
| 48,000 | Cooper | 3,828,480 | 1.91 |
| 110,000 | Covidien | 5,885,000 | 2.93 |
| 90,000 | Cyberonics | 4,044,600 | 2.01 |
| 42,500 | Edwards Lifesciences | 4,390,250 | 2.19 |
| 233,481 | Endologix | 3,604,947 | 1.80 |
| 30,000 | HeartWare International | | |
| 180,000 | Insulet | 3,846,600 | 1.92 |
| 124,263 | Spectranetics | 1,419,083 | 0.71 |
| | **Total Healthcare-Products** | 36,995,477 | 18.42 |
| | **Healthcare-Services: 14.56% (31 Dec 2011: 10.87%)** | | |
| 42,000 | Air Methods | 4,126,500 | 2.06 |
| 60,000 | AMERICorp | 3,954,600 | 1.97 |
| 107,871 | Amsurg | 3,233,972 | 1.61 |
| 50,000 | Humana | 3,872,000 | 1.93 |
| 242,727 | Synergy Health | 3,432,057 | 1.71 |
| 105,000 | UnitedHealth Group | 6,142,500 | 3.06 |
| 70,000 | WellPoint | 4,465,300 | 2.22 |
| | **Total Healthcare-Services** | 29,226,929 | 14.56 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Pharmaceuticals: 47.98% (31 Dec 2011: 50.48%)** | | |
| 150,000 | Abbott Laboratories | 9,670,500 | 4.82 |
| 108,600 | Actelion | 4,463,328 | 2.22 |
| 120,000 | Astellas Pharma | 5,211,179 | 2.59 |
| 102,408 | BioMarin Pharmaceutical | 4,053,309 | 2.02 |
| 107,000 | Express Scripts | 5,973,810 | 2.97 |
| 88,000 | Jazz Pharmaceuticals | 3,960,880 | 1.97 |
| 55,000 | McKesson | 5,156,250 | 2.57 |
| 45,000 | Medivation | 4,113,000 | 2.05 |
| 285,000 | Merck | 11,898,750 | 5.93 |
| 114,970 | Onyx Pharmaceuticals | 7,639,757 | 3.80 |
| 34,300 | Perrigo | 4,044,999 | 2.01 |
| 600,000 | Pfizer | 13,800,000 | 6.87 |
| 40,000 | SXC Health Solutions | 3,968,400 | 1.98 |
| 360,000 | Threshold Pharmaceuticals | 2,664,000 | 1.33 |
| 98,885 | UCB | 4,999,522 | 2.49 |
| 64,000 | Watson Pharmaceuticals | 4,735,360 | 2.36 |
| | **Total Pharmaceuticals** | 96,353,044 | 47.98 |
| | **Retail: 0.00% (31 Dec 2011: 3.11%)** | – | – |
| | **Software: 0.00% (31 Dec 2011: 1.78%)** | – | – |
| | **Total Equities** | 201,618,130 | 100.43 |
| | **Total Value of Investments (Cost: US$ 180,450,617)** | 201,618,130 | 100.43 |
| | Cash | 3,386,849 | 1.69 |
| | Other Net Liabilities | (4,246,448) | (2.12) |
| | **Net Assets Attributable to Holders of Redeemable Participating Shares** | 200,758,531 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

| Portfolio classification | 30 June 2012 % of Total AssetValue | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 94.16 | 93.54 |
| Other assets | 5.84 | 6.46 |
| | 100.00 | 100.00 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Japan Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value JPY ¥ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 105.42% (31 DEC 2011: 108.88%)** | | |
| | **Basic Materials: 11.27% (31 Dec 2011: 13.42%)** | | |
| 1,050,000 | ADEKA | 723,450,000 | 0.71 |
| 694,100 | Aica Kogyo | 830,143,600 | 0.81 |
| 1,258,000 | Air Water | 1,211,454,000 | 1.18 |
| 209,800 | C Uyemura | 633,596,000 | 0.62 |
| 3,481,000 | Godo Steel | 623,099,000 | 0.61 |
| 1,519,000 | JFE | 2,002,042,000 | 1.96 |
| 597,300 | Kyoei Steel | 866,682,300 | 0.85 |
| 950,000 | Lintec | 1,342,350,000 | 1.31 |
| 678,000 | Nihon Parkerizing | 833,262,000 | 0.81 |
| 2,744,000 | Sakai Chemical Industry | 732,648,000 | 0.72 |
| 2,840,000 | Sanyo Special Steel | 974,120,000 | 0.94 |
| 434,300 | Tokyo Ohka Kogyo | 765,236,600 | 0.75 |
| | **Total Basic Materials** | 11,538,083,500 | 11.27 |
| | **Communications: 0.43% (31 Dec 2011: 0.53%)** | | |
| 1,000,000 | Asahi Broadcasting | 438,000,000 | 0.43 |
| | **Total Communications** | 438,000,000 | 0.43 |
| | **Consumer, Cyclical: 34.86% (31 Dec 2011: 29.65%)** | | |
| 23,386 | Accordia Golf | 1,237,119,400 | 1.21 |
| 1,625,200 | Bridgestone | 2,949,738,000 | 2.88 |
| 2,500,000 | H2O Retailing | 1,992,500,000 | 1.95 |
| 626,900 | HAJIME CONSTRUCTION | 1,441,870,000 | 1.41 |
| 1,560,000 | Honda Motor | 4,288,440,000 | 4.19 |
| 610,000 | Komeri | 1,274,290,000 | 1.25 |
| 22,708,000 | Mazda Motor | 2,429,756,000 | 2.38 |
| 2,792,000 | Mitsui-Soko | 812,472,000 | 0.79 |
| 1,500,000 | NGK Spark Plug | 1,569,000,000 | 1.53 |
| 853,000 | Nippon Seiki | 694,342,000 | 0.68 |
| 2,460,000 | Nisshinbo | 1,490,760,000 | 1.46 |
| 2,258,000 | Noritake | 469,664,000 | 0.46 |
| 410,000 | Sankyo | 1,590,800,000 | 1.56 |
| 2,609,000 | Sekisui Chemical | 1,925,442,000 | 1.88 |

| Holdings | Financial assets at fair value through profit or loss | Fair Value JPY ¥ | % of Net Assets |
|---|---|---|---|
| | **Consumer, Cyclical: 34.86% (31 Dec 2011: 29.65%)** continued | | |
| 488,700 | Shimachu | 851,804,100 | 0.83 |
| 3,327,200 | Sumitomo Electric Industries | 3,270,637,600 | 3.20 |
| 407,300 | Takamatsu Construction | 557,593,700 | 0.55 |
| 1,759,000 | Toei | 664,902,000 | 0.65 |
| 970,000 | Tokai Rika | 1,268,760,000 | 1.24 |
| 510,900 | Xebio | 928,305,300 | 0.91 |
| 970,000 | Yamada Denki | 3,933,350,000 | 3.85 |
| | **Total Consumer, Cyclical** | 35,641,546,100 | 34.86 |
| | **Consumer, Non-cyclical: 3.58% (31 Dec 2011: 8.36%)** | | |
| 343,200 | Asahi Intecc | 720,376,800 | 0.70 |
| 781,000 | Nippon Shinyaku | 781,000,000 | 0.76 |
| 217,500 | Paramount Bed | 533,092,500 | 0.52 |
| 663,600 | Pola Orbis | 1,634,446,800 | 1.60 |
| | **Total Consumer, Non-cyclical** | 3,668,916,100 | 3.58 |
| | **Financial: 20.48% (31 Dec 2011: 19.78%)** | | |
| 4,921,000 | Bank of Yokohama | 1,845,375,000 | 1.80 |
| 944,700 | Daibiru | 572,488,200 | 0.56 |
| 1,198,400 | Jafco | 1,838,345,600 | 1.80 |
| 15,341,200 | Mitsubishi UFJ Financial Group | 5,798,973,600 | 5.67 |
| 524,730 | Mitsubishi UFJ Lease & Finance | 1,731,609,000 | 1.69 |
| 1,674,500 | MS&AD Insurance | 2,315,833,500 | 2.26 |
| 1,694,600 | Sumitomo Mitsui Financial Group | 4,426,295,200 | 4.33 |
| 2,736,000 | T&D | 2,306,448,000 | 2.26 |
| 256,300 | Toho Real Estate | 115,591,300 | 0.11 |
| | **Total Financial** | 20,950,959,400 | 20.48 |

# Unaudited Portfolio Statement continued
**As at 30 June 2012**

## Japan Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value JPY ¥ | % of Net Assets |
|---|---|---|---|
| | **Industrial: 32.29% (31 Dec 2011: 35.16%)** | | |
| 379,100 | Amano | 256,271,600 | 0.26 |
| 497,900 | Azbil | 808,589,600 | 0.79 |
| 608,400 | Fuji Seal International | 921,726,000 | 0.90 |
| 3,140,800 | FUJIFILM | 4,704,918,400 | 4.60 |
| 952,100 | HI-LEX | 1,256,772,000 | 1.23 |
| 959,000 | Hisaka Works | 730,758,000 | 0.71 |
| 1,240,400 | Hitachi Koki | 826,106,400 | 0.81 |
| 431,000 | Horiba | 1,198,180,000 | 1.17 |
| 3,673,000 | Kandenko | 1,381,048,000 | 1.35 |
| 800,000 | Kuroda Electric | 724,800,000 | 0.71 |
| 450,000 | Kyocera | 3,073,500,000 | 3.01 |
| 1,650,000 | LIXIL | 2,768,700,000 | 2.71 |
| 291,500 | Mabuchi Motor | 921,140,000 | 0.90 |
| 3,104,000 | Mitsubishi Electric | 2,048,640,000 | 2.00 |
| 2,238,000 | Nichias | 915,342,000 | 0.89 |
| 1,318,600 | Nichiha | 1,163,005,200 | 1.14 |
| 1,425,300 | Nippon Signal | 738,305,400 | 0.72 |
| 2,599,000 | Nippon Thompson | 979,823,000 | 0.96 |
| 600,400 | Nitta | 742,694,800 | 0.73 |
| 620,900 | Noritz | 939,421,700 | 0.92 |
| 3,660,000 | NSK | 1,866,600,000 | 1.83 |
| 433,000 | Rengo | 215,201,000 | 0.21 |
| 3,926,000 | Ryobi | 997,204,000 | 0.98 |
| 1,105,000 | Sanki Engineering | 480,675,000 | 0.47 |
| 2,900,000 | Sankyu | 823,600,000 | 0.81 |
| 813,000 | Taikisha | 1,349,580,000 | 1.32 |
| 188,000 | Tenma | 159,048,000 | 0.16 |
| | **Total Industrial** | 32,991,650,100 | 32.29 |
| | **Technology: 2.51% (31 Dec 2011: 1.98%)** | | |
| 904,600 | Mimasu Semiconductor Industry | 618,746,400 | 0.60 |
| 1,500,000 | NSD | 976,500,000 | 0.95 |
| 230,000 | OBIC Business Consultants | 984,400,000 | 0.96 |
| | **Total Technology** | 2,579,646,400 | 2.51 |
| | **Total Equities** | 107,808,801,600 | 105.42 |

| Currency Buys | | Currency Sells | | Currency Rate | Maturity Date | Unrealised Gain/(Loss) JPY ¥ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| **Forward Currency Contracts: (0.03%) (31 Dec 2011: (0.69%))** | | | | | | | |
| EUR | 22,164,133 | JPY | 2,203,868,392 | 99.4340 | 27/07/2012 | 12,152,706 | 0.01 |
| EUR | 13,161,309 | JPY | 1,308,681,552 | 99.4340 | 27/07/2012 | 7,216,413 | 0.01 |
| JPY | 32,925,670 | GBP | 265,070 | 124.2150 | 27/07/2012 | 63,316 | – |
| JPY | 9,832,739 | USD | 123,117 | 79.8650 | 27/07/2012 | 49,638 | – |
| GBP | 57,397 | JPY | 7,078,485 | 123.3250 | 27/07/2012 | 37,394 | – |
| USD | 356,400 | JPY | 28,290,676 | 79.3790 | 27/07/2012 | 29,577 | – |
| GBP | 39,263 | JPY | 4,857,186 | 123.7090 | 27/07/2012 | 10,498 | – |
| JPY | 5,740,440 | GBP | 46,229 | 124.1740 | 27/07/2012 | 9,147 | – |
| USD | 59,152 | JPY | 4,691,345 | 79.3100 | 27/07/2012 | 8,992 | – |
| EUR | 9,000 | JPY | 892,485 | 99.1650 | 27/07/2012 | 7,356 | – |
| GBP | 22,797 | JPY | 2,820,194 | 123.7090 | 27/07/2012 | 6,095 | – |
| USD | 12,738 | JPY | 1,010,582 | 79.3360 | 27/07/2012 | 1,605 | – |
| GBP | 81,998 | JPY | 10,164,882 | 123.9650 | 27/07/2012 | 922 | – |
| EUR | 6,000 | JPY | 599,040 | 99.8400 | 27/07/2012 | 853 | – |
| JPY | 80,195 | USD | 1,007 | 79.6375 | 27/07/2012 | 177 | – |
| **Total Fair Value Gains on Forward Currency Contracts** | | | | | | 19,594,689 | 0.02 |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## Japan Fund continued

| Currency Buys | | Currency Sells | | Currency Rate | Maturity Date | Unrealised Gain/(Loss) JPY ¥ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| JPY | 441,067 | GBP | 3,558 | 123.9649 | 27/07/2012 | (41) | – |
| JPY | 421,624 | EUR | 4,223 | 99.8399 | 27/07/2012 | (601) | – |
| JPY | 915,379 | USD | 11,538 | 79.3360 | 27/07/2012 | (1,454) | – |
| USD | 14,447 | JPY | 1,153,810 | 79.8650 | 27/07/2012 | (5,825) | – |
| GBP | 25,795 | JPY | 3,204,126 | 124.2150 | 27/07/2012 | (6,162) | – |
| JPY | 2,860,960 | EUR | 28,700 | 99.6850 | 27/07/2012 | (8,531) | – |
| GBP | 68,819 | JPY | 8,545,531 | 124.1740 | 27/07/2012 | (13,616) | – |
| JPY | 2,931,435 | GBP | 23,770 | 123.3250 | 27/07/2012 | (15,486) | – |
| JPY | 5,768,439 | EUR | 58,025 | 99.4130 | 27/07/2012 | (33,034) | – |
| JPY | 26,147,892 | EUR | 265,119 | 98.6270 | 27/07/2012 | (359,351) | – |
| GBP | 243,631,141 | JPY | 30,220,250,391 | 124.0410 | 27/07/2012 | (15,785,987) | (0.02) |
| USD | 125,694,121 | JPY | 10,017,570,042 | 79.6980 | 27/07/2012 | (29,679,324) | (0.03) |
| **Total Fair Value Losses on Forward Currency Contracts** | | | | | | (45,909,412) | (0.05) |
| **Total Forward Currency Contracts** | | | | | | (26,314,723) | (0.03) |
| **Total Value of Investments (Cost: JPY ¥ 115,523,471,794)** | | | | | | 107,782,486,877 | 105.39 |
| Bank Overdraft | | | | | | (5,776,916,612) | (5.65) |
| Other Net Assets | | | | | | 269,332,533 | 0.26 |
| **Net Assets Attributable to Holders of Redeemable Participating Shares** | | | | | | 102,274,902,798 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

The counterparty for all over the counter financial derivative instruments is Northern Trust (Guernsey) Limited.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 96.42 | 100.40 |
| OTC financial derivative instruments | (0.02) | (0.64) |
| Other assets | 3.60 | 0.24 |
| | 100.00 | 100.00 |

## North American Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 95.12% (31 DEC 2011: 95.42%)** | | |
| | **Communications: 12.60% (31 Dec 2011: 12.67%)** | | |
| 130,784 | CBS | 4,287,100 | 1.64 |
| 79,915 | eBay | 3,357,229 | 1.29 |
| 11,935 | Google | 6,923,135 | 2.66 |
| 259,883 | Liberty Interactive | 4,623,319 | 1.77 |
| 233,046 | Time Warner | 8,972,271 | 3.44 |
| 57,133 | Time Warner Cable | 4,690,619 | 1.80 |
| | **Total Communications** | 32,853,673 | 12.60 |
| | **Consumer, Cyclical: 9.54% (31 Dec 2011: 10.24%)** | | |
| 102,392 | Advance Auto Parts | 6,985,182 | 2.68 |
| 7,584 | AutoZone | 2,784,617 | 1.07 |
| 55,416 | Lear | 2,090,846 | 0.80 |
| 178,284 | Lowe's Cos | 5,070,397 | 1.95 |
| 60,025 | McDonald's | 5,314,013 | 2.04 |
| 45,174 | WESCO International | 2,599,764 | 1.00 |
| | **Total Consumer, Cyclical** | 24,844,819 | 9.54 |
| | **Consumer, Non-cyclical: 23.68% (31 Dec 2011: 23.54%)** | | |
| 109,400 | Aetna | 4,241,438 | 1.63 |
| 144,788 | Altria Group | 5,002,425 | 1.92 |
| 90,384 | Coca-Cola | 7,067,125 | 2.71 |
| 41,379 | Colgate-Palmolive | 4,307,554 | 1.65 |
| 117,232 | Covidien | 6,271,912 | 2.41 |
| 51,771 | Henry Schein | 4,063,506 | 1.56 |
| 33,439 | Laboratoryof America | 3,096,786 | 1.19 |
| 115,379 | MacDonald Dettwiler & Associates | 6,614,104 | 2.54 |
| 76,987 | McKesson | 7,217,531 | 2.77 |
| 285,562 | Pfizer | 6,567,926 | 2.52 |
| 83,171 | Philip Morris International | 7,257,501 | 2.78 |
| | **Total Consumer, Non-cyclical** | 61,707,808 | 23.68 |
| | **Energy: 1.83% (31 Dec 2011: 3.81%)** | | |
| 246,467 | Canadian Oil Sands | 4,767,599 | 1.83 |
| | **Total Energy** | 4,767,599 | 1.83 |

# Unaudited Portfolio Statement continued

**As at 30 June 2012**

## North American Fund continued

| Holdings | Financial assets at fair value through profit or loss | Fair Value US$ | % of Net Assets |
|---|---|---|---|
| | **Financial: 18.51% (31 Dec 2011: 18.33%)** | | |
| 56,668 | ACE | 4,200,799 | 1.61 |
| 107,992 | Arch Capital | 4,286,203 | 1.64 |
| 78,914 | Berkshire Hathaway | 6,575,904 | 2.53 |
| 126,225 | Blackstone | 1,649,761 | 0.63 |
| 93,231 | Capital One Financial | 5,096,007 | 1.95 |
| 9,698 | Fairfax Financial | 3,835,060 | 1.47 |
| 137,025 | JPMorgan Chase | 4,895,903 | 1.88 |
| 73,849 | PNC Financial Services Group | 4,512,912 | 1.73 |
| 139,632 | SunTrust Banks | 3,383,283 | 1.30 |
| 112,560 | TD Ameritrade | 1,913,520 | 0.73 |
| 34,868 | Visa | 4,310,731 | 1.65 |
| 99,213 | Willis | 3,620,282 | 1.39 |
| | **Total Financial** | 48,280,365 | 18.51 |
| | **Industrial: 15.84% (31 Dec 2011: 17.37%)** | | |
| 187,029 | CSX | 4,181,968 | 1.60 |
| 29,246 | Cummins | 2,834,230 | 1.09 |
| 87,022 | Danaher | 4,532,106 | 1.74 |
| 50,124 | Flowserve | 5,751,729 | 2.21 |
| 39,305 | Hubbell | 3,063,432 | 1.18 |
| 34,377 | Roper Industries | 3,388,885 | 1.30 |
| 66,631 | Thermo Fisher Scientific | 3,458,815 | 1.33 |
| 90,330 | Tyco International | 4,773,941 | 1.83 |
| 51,498 | United Technologies | 3,889,644 | 1.49 |
| 180,585 | Waste Connections | 5,403,103 | 2.07 |
| | **Total Industrial** | 41,277,853 | 15.84 |
| | **Technology: 13.12% (31 Dec 2011: 9.46%)** | | |
| 23,157 | Apple | 13,523,688 | 5.19 |
| 39,091 | International Business Machines | 7,645,418 | 2.93 |
| 273,815 | Microsoft | 8,376,001 | 3.21 |
| 157,323 | Oracle | 4,672,493 | 1.79 |
| | **Total Technology** | 34,217,600 | 13.12 |
| | **Total Equities** | 247,949,717 | 95.12 |

| Currency Buys | | Currency Sells | | Currency Rate | Maturity Date | Unrealised Gain/(Loss) US$ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| **FORWARD CURRENCY CONTRACTS: 0.09% (31 DEC 2011: (0.08)%)** | | | | | | | |
| GBP | 3,831 | USD | 5,959 | 1.5554 | 27/07/2012 | 50 | – |
| GBP | 6,495 | USD | 10,102 | 1.5554 | 27/07/2012 | 84 | – |
| GBP | 12,945 | USD | 20,122 | 1.5544 | 27/07/2012 | 181 | – |
| GBP | 44,762 | USD | 69,726 | 1.5577 | 27/07/2012 | 478 | – |
| GBP | 167,897 | USD | 261,535 | 1.5577 | 27/07/2012 | 1,791 | – |
| EUR | 987,070 | USD | 1,232,555 | 1.2487 | 27/07/2012 | 20,281 | 0.01 |
| GBP | 16,031,151 | USD | 24,939,341 | 1.5557 | 27/07/2012 | 203,591 | 0.08 |
| **Total Forward Currency Contracts** | | | | | | 226,456 | 0.09 |
| **Total Value of Investments (Cost: US$ 238,130,534 )** | | | | | | 248,176,173 | 95.21 |
| Cash | | | | | | 18,289,790 | 7.01 |
| Other Net Liabilities | | | | | | (5,778,032) | (2.22) |
| **Net Assets Attributable to Holders of Redeemable Participating Shares** | | | | | | 260,687,931 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

The counterparty for all over the counter financial derivative instruments is Northern Trust (Guernsey) Limited.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 86.94 | 95.16 |
| OTC financial derivative instruments | 0.08 | (0.08) |
| Other assets | 12.98 | 4.92 |
| | 100.00 | 100.00 |

# Unaudited Portfolio Statement continued

**As at 30 June 2012**

## UK Absolute Return Fund

| Holdings | Financial assets at fair value through profit or loss | Fair Value GBP£ | % of Net Assets |
|---|---|---|---|
| | **EQUITIES: 31.52% (31 DEC 2011: 54.74%)** | | |
| | **Germany: 3.94% (31 Dec 2011: 5.45%)** | | |
| 10,421 | Deutsche Boerse | 347,842 | 1.80 |
| 4,699 | Muenchener Rueckversicherungs | 414,662 | 2.14 |
| | **Total Germany** | 762,504 | 3.94 |
| | **Jersey: 2.17% (31 Dec 2011: 0.00%)** | | |
| 17,788 | Wolseley | 420,153 | 2.17 |
| | **Total Jersey** | 420,153 | 2.17 |
| | **Luxembourg: 1.43% (31 Dec 2011: 0.00%)** | | |
| 222,188 | Colt | 277,735 | 1.43 |
| | **Total Luxembourg** | 277,735 | 1.43 |
| | **Netherlands: 0.00% (31 Dec 2011: 1.70%)** | – | – |
| | **Swizerland: 0.00% (31 Dec 2011: 6.59%)** | – | – |
| | **United Kingdom: 23.98% (31 Dec 2011: 41.00%)** | | |
| 933,840 | Ark Therapeutics | 26,848 | 0.14 |
| 197,247 | Carphone Warehouse | 282,063 | 1.46 |
| 124,856 | Daily Mail & General Trust | 525,644 | 2.71 |
| 169,713 | EnQuest | 183,290 | 0.95 |
| 198,343 | GKN – London | 355,375 | 1.84 |
| 651,329 | ITV | 498,267 | 2.57 |
| 165,000 | Kingfisher – London | 474,045 | 2.45 |
| 1,046,790 | Lloyds Banking – London | 319,405 | 1.64 |
| 577,220 | Pendragon – London | 83,697 | 0.43 |
| 79,509 | Petropavlovsk – London | 359,381 | 1.86 |
| 110,175 | Reed Elsevier | 562,382 | 2.90 |
| 66,800 | RPC | 256,779 | 1.33 |
| 240,506 | Shanks | 186,993 | 0.97 |
| 312,878 | Tanfield | 153,310 | 0.79 |
| 190,000 | Taylor Wimpey | 90,763 | 0.47 |
| 35,160 | Xstrata | 284,374 | 1.47 |
| | **Total United Kingdom** | 4,642,616 | 23.98 |
| | **Total Equities** | 6,103,008 | 31.52 |

| Holdings | Description | Base Currency | Strike Price | No. of Contracts | Maturity Date | Unrealised Gain/(Loss) GBP£ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| | **CONTRACTS FOR DIFFERENCE – UNREALISED GAINS: 0.98% (31 DEC 2011: 2.65%)** | | | | | | |
| | **Guernsey: 0.16% (31 Dec 2011: 0.00%)** | | | | | | |
| (179,749) | Stobart | | | | | 31,228 | 0.16 |
| | **Total Guernsey** | | | | | 31,228 | 0.16 |
| | **United Kingdom: 0.82% (31 Dec 2011: 2.65%)** | | | | | | |
| (126,742) | Capita | | | | | 31,185 | 0.16 |
| (84,265) | Hargreaves Lansdown | | | | | 47,322 | 0.24 |
| 3,052 | Kingfisher | | | | | 2,007 | 0.01 |
| (8,891) | Renishaw | | | | | 122 | – |
| 430,000 | Taylor Wimpey | | | | | 79,327 | 0.41 |
| | **Total United Kingdom** | | | | | 159,963 | 0.82 |
| | **Total Contracts for Difference – Unrealised Gains** | | | | | 191,191 | 0.98 |
| | **OPTIONS PURCHASED: 0.25% (31 DEC 2011: 0.08%)** | | | | | | |
| | **United Kingdom: 0.05% (31 Dec 2011: 0.08%)** | | | | | | |
| | FTSE 100 Index 5200 Put 20/07/2012 | GBP | 13.5000 | 70 | 20/07/2012 | 9,450 | 0.05 |
| | **Total United Kingdom** | | | | | 9,450 | 0.05 |
| | **United States: 0.20% (31 Dec 2011: 0.00%)** | | | | | | |
| | S&P 500 Index Put 1250 21/07/2012 | USD | 5.0000 | 120 | 21/07/2012 | 38,454 | 0.20 |
| | **Total United States** | | | | | 38,454 | 0.20 |
| | **Total Options Purchased** | | | | | 47,904 | 0.25 |
| | **EQUITIES INDEX SWAP: (16.26%) (31 DEC 2011: (16.78%))** | | | | | | |
| | **Europe: (7.86%) (31 Dec 2011: 0.00%)** | | | | | | |
| (3,248) | EIS Dj Stoxx Food & Beverage Index 11/11/2011 | | | | | (1,102,742) | (5.70) |
| (1,429) | EIS Dj Stoxx Healthcare 600 Index 23/02/2012 | | | | | (523,636) | (2.70) |
| | **Total Europe** | | | | | (1,626,378) | (8.40) |
| | **United Kingdom: (7.86%) (31 Dec 2011: –16.78%)** | | | | | | |
| (140) | EIS FTSE 250 Index Mid Cap 08/06/2010 | | | | | (1,522,627) | (7.86) |
| | **Total United Kingdom** | | | | | (1,522,627) | (7.86) |
| | **Total Equities Index Swap** | | | | | (3,149,005) | (16.26) |

# Unaudited Portfolio Statement continued

As at 30 June 2012

## UK Absolute Return Fund continued

| Holdings | Description | Base Currency | Strike Price | No. of Contracts | Maturity Date | Unrealised Gain/(Loss) GBP£ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| | **CONTRACTS FOR DIFFERENCE – UNREALISED LOSSES: (7.97%) (31 DEC 2011: (8.03%))** | | | | | | |
| | **Spain: (0.57%) (31 Dec 2011: 0.00%)** | | | | | | |
| 336,449 | International Consolidated Airlines | | | | | (109,427) | (0.57) |
| | **Total Spain** | | | | | (109,427) | (0.57) |
| | **United Kingdom: (7.40%) (31 Dec 2011: (8.03%))** | | | | | | |
| 28,646 | Anglo American | | | | | (185,811) | (0.96) |
| (14,500) | ASOS | | | | | (37,062) | (0.19) |
| 136,051 | Aviva | | | | | (159,512) | (0.82) |
| 274,777 | Barclays | | | | | (20,174) | (0.10) |
| 42,000 | BG | | | | | (21,571) | (0.11) |
| 179,865 | BP | | | | | (38,232) | (0.20) |
| 4,321 | Daily Mail & General Trust | | | | | (771) | – |
| (38,000) | Domino's Pizza | | | | | (2,139) | (0.01) |
| (82,000) | Dunelm | | | | | (29,397) | (0.15) |
| (100,000) | Elementis | | | | | (4,817) | (0.02) |
| 65,000 | GKN | | | | | (18,293) | (0.09) |
| (13,500) | Intertek | | | | | (118,106) | (0.61) |
| 1,452,000 | Lloyds Banking | | | | | (49,862) | (0.26) |
| 220,000 | Mecom | | | | | (135,537) | (0.70) |
| 250,000 | Paragon | | | | | (51,340) | (0.27) |
| 662,191 | Pendragon | | | | | (52,467) | (0.27) |
| 19,000 | Petropavlovsk | | | | | (12,144) | (0.06) |
| (13,000) | Rightmove | | | | | (13,606) | (0.07) |
| 19,500 | Rio Tinto | | | | | (51,530) | (0.27) |
| (26,000) | Royal Dutch Shell | | | | | (3,987) | (0.03) |
| 43,823 | Schroders | | | | | (132,203) | (0.68) |
| (37,000) | Serco | | | | | (3,508) | (0.02) |
| 21,065 | Smiths | | | | | (49,791) | (0.26) |
| 414,285 | Trinity Mirror | | | | | (189,343) | (0.98) |
| 24,800 | Xstrata | | | | | (51,837) | (0.27) |
| | **Total United Kingdom** | | | | | (1,433,040) | (7.40) |
| | **Total Contracts for Difference – Unrealised Losses** | | | | | (1,542,467) | (7.97) |
| | **FUTURES CONTRACTS – UNREALISED LOSSES: (0.32%) (31 DEC 2011: 0.78%)** | | | | | | |
| | **United Kingdom: (0.32%) (30 Dec 2011: 0.78%)** | | | | | | |
| | Future FTSE 100 Index Sep 2012 | | GB | GBP | (60) | (62,580) | (0.32) |
| | **Total United Kingdom** | | | | | (62,580) | (0.32) |
| | **Total Futures Contracts – Unrealised Losses** | | | | | (62,580) | (0.32) |

| Currency Buys | | Currency Sells | | Currency Rate | Maturity Date | Unrealised Gain/(Loss) GBP£ | % of Net Assets |
|---|---|---|---|---|---|---|---|
| **FORWARD CURRENCY CONTRACTS: 0.00% (31 DEC 2011: 0.20%)** | | | | | | | |
| EUR | 8,832 | GBP | 7,091 | 0.8029 | 27/07/2012 | 32 | – |
| **Total Fair Value Gains on Forward Currency Contracts** | | | | | | 32 | – |
| USD | 8,869 | GBP | 5,702 | 0.6429 | 27/07/2012 | (17) | – |
| **Total Fair Value Losses on Forward Currency Contracts** | | | | | | (17) | – |
| **Total Forward Currency Contracts** | | | | | | 15 | – |
| **Total Value of Investments (Cost: GBP£ 6,974,885 )** | | | | | | 1,588,066 | 8.20 |
| Cash | | | | | | 17,828,095 | 92.08 |
| Other Net Liabilities | | | | | | (53,646) | (0.28) |
| **Net Assets Attributable to Holders of Redeemable Participating Shares** | | | | | | 19,362,515 | 100.00 |

All securities are transferable and are admitted to an official stock exchange or dealt on a regulated market at period end.

The counterparty for all over the counter financial derivative instruments is Morgan Stanley.

| Portfolio classification | 30 June 2012 % of Total Asset Value | 31 December 2011 % of Total Asset Value |
|---|---|---|
| Transferable securities | 25.24 | 54.14 |
| OTC financial derivative instruments | (5.39) | (22.59) |
| Other assets | 80.15 | 68.45 |
| | 100.00 | 100.00 |

# Unaudited Balance Sheet
## As at 30 June 2012

| | Notes | Asian Financials Fund** 30 June 2012 US$ | Emerging Markets Growth Fund 30 June 2012 US$ | Emerging Markets Income Fund 30 June 2012 US$ | European Market Neutral Fund* 30 June 2012 EUR€ | Financials Income Fund*** 30 June 2012 GBP£ |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Transferable securities | | 48,482,586 | 9,320,499 | 58,441,137 | 1,845,486 | 43,236,005 |
| Financial derivative instruments | 2 | – | – | – | 130,626 | – |
| Dividends and interest receivable | | 325,217 | 51,511 | 425,009 | 641 | 818,739 |
| Amounts receivable on sale of securities | | 134,759 | – | | 22,805 | – |
| Amounts receivable on sale of redeemable participating shares | | – | – | 160,974 | 15,283 | 8,313 |
| Sundry debtors | | 55,775 | 33,361 | 162,619 | 14,475 | – |
| Cash at bank | | 4,529,637 | 447,016 | 3,083,780 | 4,836,050 | 521,212 |
| **Total Assets** | | 53,527,974 | 9,852,387 | 62,273,519 | 6,865,366 | 44,584,269 |
| **Liabilities** | | | | | | |
| Financial derivative instruments | 2 | – | – | – | (851,628) | – |
| Bank overdraft | | – | – | – | – | – |
| Amounts payable on redemption of redeemable participating shares | | (38,004) | – | (33,751) | – | – |
| Amounts payable on purchase of securities | | (132,132) | – | (1,349,866) | – | – |
| Investment management fee payable | | (13,567) | (9,282) | (42,438) | (5,697) | (37,797) |
| Performance fee payable | | – | – | (234,806) | – | (284,751) |
| Sundry creditors | | (713,020) | (22,565) | (183,224) | (17,747) | (80,081) |
| **Toal liabilities (excluding net assets attributable to holders of redeemable participating shares)** | | (896,723) | (31,847) | (1,844,085) | (875,072) | (402,629) |
| **Net assets attributable to holders of redeemable participating shares (bid-market prices)** | | 52,631,251 | 9,820,540 | 60,429,434 | 5,990,294 | 44,181,640 |
| Adjustment from bid-market prices to mid-market prices | | – | – | – | – | 340,432 |
| **Net assets attributable to holders of redeemable participating shares** | | 52,631,251 | 9,820,540 | 60,429,434 | 5,990,294 | 44,522,072 |

| Financial Opportunities Fund 30 June 2012 US$ | Global Insurance Fund 30 June 2012 GBP£ | Global Technology Fund 30 June 2012 US$ | Healthcare Opportunities Fund 30 June 2012 US$ | Japan Fund 30 June 2012 JPY ¥ | North American Fund 30 June 2012 US$ | UK Absolute Return Fund 30 June 2012 GBP£ | Total 30 June 2012 US$ |
|---|---|---|---|---|---|---|---|
| 12,896,949 | 220,564,108 | 520,833,718 | 201,618,130 | 107,808,801,600 | 247,949,717 | 6,103,008 | 2,879,281,505 |
| – | – | – | – | 19,594,689 | 226,456 | 239,127 | 1,010,427 |
| 46,037 | 128,063 | 3,021 | 58,143 | 145,082,251 | 173,105 | 2,908 | 4,389,955 |
| 34,242 | 229,271 | 2,663,297 | 7,905,103 | 17,866,177 | – | – | 11,348,608 |
| 5,556 | 82,210 | 123,571 | 1,118,080 | 3,806,753,928 | 15,509,043 | – | 64,967,425 |
| 35,989 | – | 33,991 | 45,710 | 7,804,592 | 3,059,246 | 9,217 | 3,557,466 |
| 1,278,100 | 7,446,598 | 28,517,945 | 3,386,849 | – | 18,289,790 | 17,828,095 | 105,869,192 |
| 14,296,873 | 228,450,250 | 552,175,543 | 214,132,015 | 111,805,903,237 | 285,207,357 | 24,182,355 | 3,070,424,578 |
| – | – | – | – | (45,909,412) | – | (4,754,069) | (9,067,219) |
| – | – | – | – | (5,776,916,612) | – | – | (72,674,761) |
| – | (62,316) | (635,395) | (70,901) | (106,848,813) | (40,136) | (22,632) | (2,294,920) |
| (140,786) | (456,385) | (28,139) | (12,002,353) | (3,389,477,223) | (21,158,690) | – | (78,164,414) |
| (12,051) | (280,807) | (717,439) | (180,974) | (128,745,792) | (122,497) | (19,292) | (3,252,321) |
| (3,466) | (2,692) | – | (984,838) | – | (92,643) | – | (1,764,283) |
| (27,882) | (185,319) | (468,345) | (134,418) | (83,102,587) | (3,105,460) | (23,847) | (6,174,032) |
| (184,185) | (987,519) | (1,849,318) | (13,373,484) | (9,531,000,439) | (24,519,426) | (4,819,840) | (173,391,950) |
| 14,112,688 | 227,462,731 | 550,326,225 | 200,758,531 | 102,274,902,798 | 260,687,931 | 19,362,515 | 2,897,032,628 |
| – | – | – | – | – | – | – | 531,215 |
| 14,112,688 | 227,462,731 | 550,326,225 | 200,758,531 | 102,274,902,798 | 260,687,931 | 19,362,515 | 2,897,563,843 |

# Unaudited Balance Sheet continued

## As at 30 June 2012

### Number of redeemable participating shares outstanding and Net asset value per redeemable participating share

| | June 2012 Number of shares | June 2012 NAV/Share | December 2011 Number of shares | December 2011 NAV/Share |
|---|---|---|---|---|
| **Asian Financials Fund** | | | | |
| Class A US dollar | 230,229 | $228.60 | – | – |
| **Emerging Markets Growth Fund** | | | | |
| Class I US dollar | 1,000 | $9.02 | 1,000 | $8.62 |
| Class I Sterling | 106,771 | £5.75 | 97,361 | £5.55 |
| Class I Euro | 1,302 | €7.11 | 1,302 | €6.64 |
| Class R US dollar | 1,000 | $8.95 | 1,000 | $8.57 |
| Class R Sterling | 985,549 | £5.70 | 757,359 | £5.51 |
| Class R Euro | 1,302 | €7.05 | 1,302 | €6.60 |
| **Emerging Markets Income Fund** | | | | |
| Class I US dollar Accumulating | 1,000 | $9.93 | 1,000 | $9.08 |
| Class I US dollar Distributing | 1,037 | $9.57 | 1,017 | $8.94 |
| Class I Sterling Accumulating | 483,521 | £6.33 | 475,436 | £5.84 |
| Class I Sterling Distributing | 2,750,420 | £6.10 | 1,513,004 | £5.75 |
| Class I Euro Accumulating | 1,340 | €7.83 | 1,340 | €7.00 |
| Class I Euro Distributing | 1,390 | €7.54 | 1,363 | €6.89 |
| Class R US dollar Accumulating | 1,000 | $9.86 | 1,000 | $9.04 |
| Class R US dollar Distributing | 1,037 | $9.52 | 1,017 | $8.91 |
| Class R Sterling Accumulating | 1,660 | £6.29 | 2,283 | £5.82 |
| Class R Sterling Distributing | 619,655 | £6.07 | 555,490 | £5.74 |
| Class R Euro Accumulating | 1,340 | €7.77 | 1,340 | €6.97 |
| Class R Euro Distributing | 1,391 | €7.50 | 1,363 | €6.87 |
| Class S US dollar Accumulating | 10 | $9.53 | – | – |
| Class S US dollar Distributing | 25,339 | $9.53 | – | – |
| Class S Sterling Accumulating | 76,580 | £6.07 | – | – |
| Class S Sterling Distributing | 2,342,524 | £6.08 | – | – |
| Class S Euro Accumulating | 13 | €7.51 | – | – |
| Class S Euro Distributing | 13 | €7.51 | – | – |
| **European Market Neutral Fund** | | | | |
| Class I Euro | 390,010 | €9.38 | – | – |
| Class I US dollar | 8 | $11.80 | – | – |
| Class I Sterling | 12 | £7.56 | – | – |
| Class R Euro | 10 | €9.37 | – | – |
| Class R US dollar | 8 | $11.78 | – | – |

| | June 2012 Number of shares | June 2012 NAV/Share | December 2011 Number of shares | December 2011 NAV/Share |
|---|---|---|---|---|
| **European Market Neutral Fund** continued | | | | |
| Class R Sterling | 12 | £7.55 | – | – |
| Class I Hedged US dollar | 100 | $9.39 | – | – |
| Class R Hedged US dollar | 100 | $9.38 | – | – |
| Class I Hedged Sterling | 100 | £9.39 | – | – |
| Class R Hedged Sterling | 200,360 | £9.38 | – | – |
| Class A1 Sterling Distribution | 549,843 | £0.94 | – | – |
| Class A2 Sterling Accumulation | 244,470 | £1.09 | – | – |
| Class B1 Sterling Distribution | 20,558,064 | £0.95 | – | – |
| Class B2 Sterling Accumulation | 22,048,694 | £1.10 | – | – |
| **Financial Opportunities Fund** | | | | |
| Class I US dollar | 10 | $8.65 | 10 | $8.01 |
| Class I Sterling | 1,448,428 | £5.51 | 1,430,097 | £5.15 |
| Class I Euro | 15 | €6.82 | 15 | €6.17 |
| Class R US dollar | 1,367 | $8.57 | 1,367 | $7.96 |
| Class R Sterling | 183,416 | £5.47 | 179,437 | £5.12 |
| Class R Euro | 15 | €6.76 | 15 | €6.13 |
| **Global Insurance Fund** | | | | |
| Class A Sterling Distributing | 49,740,604 | £2.14 | 46,777,227 | £2.01 |
| Class B Sterling Accumulating | 5,485,131 | £2.37 | 6,323,093 | £2.20 |
| Class E Sterling Distributing | 23,167,250 | £2.15 | 25,929,825 | £2.01 |
| Class F Sterling Accumulating | 17,575,324 | £2.40 | 17,686,189 | £2.23 |
| Class I US dollar Accumulating | 15,028 | $3.68 | 15,028 | $3.39 |
| Class I US dollar Distributing | 31 | $3.32 | 30 | $3.08 |
| Class I Sterling Accumulating | 3,430,239 | £2.34 | 3,394,045 | £2.18 |
| Class I Sterling Distributing | 1,585,042 | £2.12 | 1,067,645 | £1.98 |
| Class I Euro Accumulating | 40 | €2.90 | 40 | €2.61 |
| Class I Euro Distributing | 44 | €2.62 | 44 | €2.38 |
| Class R US dollar Accumulating | 41,377 | $3.62 | 33,129 | $3.34 |
| Class R US dollar Distributing | 31 | $3.30 | 30 | $3.07 |
| Class R Sterling Accumulating | 203,435 | £2.31 | 70,935 | £2.15 |
| Class R Sterling Distributing | 1,968,090 | £2.10 | 1,941,435 | £1.97 |
| Class R Euro Accumulating | 40 | €2.85 | 40 | €2.58 |
| Class R Euro Distributing | 44 | €2.60 | 44 | €2.36 |

# Unaudited Balance Sheet continued

## As at 30 June 2012

### Number of redeemable participating shares outstanding and Net asset value per redeemable participating share continued

| | June 2012 Number of shares | June 2012 NAV/Share | December 2011 Number of shares | December 2011 NAV/Share |
|---|---|---|---|---|
| **Glowbal Technology Fund** | | | | |
| Class A US dollar | 3,239,839 | $16.34 | 3,198,764 | $15.52 |
| Class A Sterling | 688,897 | £10.42 | 796,828 | £9.98 |
| Class A Euro | 1,697 | €12.89 | 2,449 | €11.96 |
| Class I US dollar | 8,940,509 | $14.59 | 9,265,537 | $13.82 |
| Class I Sterling | 17,416,475 | £9.30 | 16,749,181 | £8.89 |
| Class I Euro | 579,851 | €11.50 | 298,023 | €10.64 |
| Class R US dollar | 4,265,299 | $14.36 | 5,042,344 | $13.64 |
| Class R Sterling | 2,156,455 | £9.16 | 2,105,931 | £8.77 |
| Class R Euro | 58,350 | €11.32 | 83,563 | €10.50 |
| **Healthcare Opportunities Fund** | | | | |
| Class A US dollar | 230,704 | $11.39 | 328,796 | $10.07 |
| Class A Sterling | 1,372,752 | £7.26 | 1,366,882 | £6.48 |
| Class A Euro | 41,467 | €8.97 | 36,905 | €7.76 |
| Class I US dollar | 1,508,965 | $16.48 | 1,085,173 | $14.54 |
| Class I Sterling | 8,132,091 | £10.51 | 6,754,282 | £9.36 |
| Class I Euro | 1,014,694 | €12.99 | 122,731 | €11.20 |
| Class R US dollar | 128,423 | $16.26 | 128,696 | $14.38 |
| Class R Sterling | 253,414 | £10.37 | 187,809 | £9.25 |
| Class R Euro | 9,892 | €12.81 | 8,203 | €11.08 |
| **Japan Fund** | | | | |
| Class A Japanese yen | 1,464,418 | ¥1,402.25 | 1,741,870 | ¥1,321.49 |
| Class A US dollar | 3,265,468 | $17.64 | 4,822,903 | $17.08 |
| Class A Sterling | 5,736,958 | £11.31 | 2,674,855 | £11.05 |
| Class I US dollar | 7,866,010 | $13.48 | 5,320,613 | $13.02 |
| Class I Sterling | 2,439,728 | £8.64 | 1,518,266 | £8.43 |
| Class I Euro | 657,986 | €10.72 | 1,181,537 | €10.07 |
| Class I Japanese yen | 23,741,507 | ¥1,071.86 | 13,674,726 | ¥1,007.75 |
| Class R US dollar | 399,063 | $13.31 | 359,649 | $12.89 |
| Class R Sterling | 57,071 | £8.53 | 63,290 | £8.34 |
| Class R Euro | 4,365 | €10.58 | 4,365 | €9.96 |
| Class R Japanese yen | 4,666,807 | ¥1,057.95 | 3,233,198 | ¥996.99 |
| Class I Hedged US dollar | 8,643,923 | $10.57 | 7,091,610 | $9.99 |
| Class R Hedged US dollar | 3,668,072 | $10.42 | 3,920,395 | $9.88 |
| Class I Hedged Euro | 1,590,117 | €8.52 | 1,898,136 | €8.08 |
| Class R Hedged Euro | 2,659,527 | €8.43 | 3,011,668 | €8.01 |
| Class I Hedged Sterling | 16,483,812 | £10.56 | 10,773,458 | £10.00 |
| Class R Hedged Sterling | 7,372,863 | £10.37 | 10,221,617 | £9.84 |

| | June 2012 Number of shares | June 2012 NAV/Share | December 2011 Number of shares | December 2011 NAV/Share |
|---|---|---|---|---|
| **North American Fund** | | | | |
| Class I US dollar | 4,416,619 | $10.99 | 10 | $10.10 |
| Class I Sterling | 1,154,912 | £7.01 | 55,317 | £6.50 |
| Class I Euro | 14 | €8.66 | 14 | €7.78 |
| Class R US dollar | 3,421,511 | $10.94 | 1,610 | $10.09 |
| Class R Sterling | 13,839 | £6.98 | 4,881 | £6.49 |
| Class R Euro | 14 | €8.62 | 14 | €7.77 |
| Class S US dollar | 4,218,986 | $11.00 | 2,360,229 | $10.10 |
| Class S Sterling | 7,974,343 | £7.01 | 5,043,001 | £6.50 |
| Class S Euro | 14 | €8.67 | 14 | €7.78 |
| Class I Hedged Euro | 100 | €10.95 | 100 | €10.08 |
| Class R Hedged Euro | 93,281 | €10.89 | 100 | €10.07 |
| Class S Hedged Euro | 100 | €10.96 | 100 | €10.08 |
| Class I Hedged Sterling | 339,612 | £10.96 | 21,555 | £10.09 |
| Class R Hedged Sterling | 31,070 | £10.93 | 15,550 | £10.09 |
| Class S Hedged Sterling | 1,166,407 | £10.98 | 574,288 | £10.10 |
| **UK Absolute Return Fund** | | | | |
| Class I Sterling | 2,006,790 | £9.50 | 1,868,345 | £9.68 |
| Class I Euro | 1,007 | €11.78 | 1,007 | €11.56 |
| Class R Sterling | 29,511 | £9.34 | 69,334 | £9.53 |
| Class I Hedged US dollar | 10 | $9.48 | 10 | $9.61 |
| Class R Hedged US dollar | 1,000 | $8.80 | 1,000 | $8.98 |
| Class I Hedged Euro | 10 | €9.39 | 281,301 | €9.59 |
| Class R Hedged Euro | 1,000 | €8.76 | 1,000 | €8.98 |

* The European Market Neutral Fund launched on 8 March 2012.

** The Asian Financials Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

*** The Financials Income Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

The accompanying notes form an integral part of these Financial Statements

# Unaudited Comparative Balance Sheet

## As at 31 December 2011

| | Notes | Emerging Markets Growth Fund 31 December 2011 US$ | Emerging Markets Income Fund* 31 December 2011 US$ | Financial Opportunities Fund** 31 December 2011 US$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Transferable securities | | 6,912,183 | 21,489,095 | 12,570,669 |
| Financial derivative instruments | 2 | – | – | – |
| Dividends and interest receivable | | 16,570 | 58,784 | 6,621 |
| Amounts receivable on sale of securities | | – | – | 26 |
| Amounts receivable on sale of redeemable participating shares | | 16,537 | 47,562 | – |
| Sundry debtors | | 13,118 | 8,990 | 15,631 |
| Cash at bank | | 430,878 | 1,480,923 | 401,391 |
| **Total Assets** | | 7,389,286 | 23,085,354 | 12,994,338 |
| **Liabilities** | | | | |
| Financial derivative instruments | 2 | – | – | – |
| Bank overdraft | | – | – | – |
| Amounts payable on redemption of redeemable participating shares | | – | – | – |
| Amounts payable on purchase of securities | | – | – | – |
| Investment management fee payable | | (7,420) | (22,352) | (11,362) |
| Performance fee payable | | – | (136,718) | (71,766) |
| Sundry creditors | | (13,897) | (26,374) | (21,377) |
| **Toal liabilities (excluding net assets attributable to holders of redeemable participating shares)** | | (21,317) | (185,444) | (104,505) |
| **Net assets attributable to holders of redeemable participating shares** | | 7,367,969 | 22,899,910 | 12,889,833 |

* The Emerging Markets Income Fund launched 21 January 2011.
** The Financial Opportunities Fund launched 3 May 2011.
*** The Global Insurance Fund launched 27 May 2011.
**** The North American Fund launched 14 November 2011.

The accompanying notes form an integral part of these Financial Statements

| | Global Insurance Fund*** 31 December 2011 GBP£ | Global Technology Fund 31 December 2011 US$ | Healthcare Opportunities Fund 31 December 2011 US$ | Japan Fund 31 December 2011 JPY ¥ | North American Fund**** 31 December 2011 US$ | UK Absolute Return Fund 31 December 2011 GBP£ | Total 31 December 2011 US$ |
|---|---|---|---|---|---|---|---|
| | 203,932,491 | 524,387,586 | 131,664,796 | 81,743,542,800 | 81,130,358 | 11,509,508 | 2,167,657,673 |
| | – | – | – | 1,780,881 | 290 | 578,180 | 917,092 |
| | 129,049 | 63,352 | 100,865 | 89,338,218 | 67,422 | 20,718 | 1,699,747 |
| | – | – | – | – | – | – | 26 |
| | 87,949 | 39,922 | 49,939 | 93,905,822 | 87,748 | – | 1,591,311 |
| | 16,257 | 7,518 | 996 | 662,298 | 27,601 | 193 | 107,843 |
| | 9,496,912 | 2,692,912 | 6,611,459 | – | 4,009,673 | 14,530,468 | 52,770,254 |
| | 213,662,658 | 527,191,290 | 138,428,055 | 81,929,230,019 | 85,323,092 | 26,639,067 | 2,224,743,946 |
| | – | – | – | (520,584,826) | (67,695) | (5,379,909) | (15,112,368) |
| | – | – | – | (5,146,068,299) | – | – | (66,508,152) |
| | (40,376) | (1,900,984) | (49,411) | (711,800,624) | (84,239) | (193,439) | (11,595,442) |
| | – | – | – | – | – | – | – |
| | (260,188) | (743,935) | (142,943) | (98,407,537) | (41,065) | (22,432) | (2,677,795) |
| | (159,809) | – | (272,231) | (324,203,901) | (52,766) | – | (4,970,558) |
| | (111,558) | (313,871) | (76,464) | (50,701,806) | (56,394) | (18,945) | (1,365,390) |
| | (571,931) | (2,958,790) | (541,049) | (6,851,766,993) | (302,159) | (5,614,725) | (102,229,705) |
| | 213,090,727 | 524,232,500 | 137,887,006 | 75,077,463,026 | 85,020,933 | 21,024,342 | 2,122,514,241 |

# Unaudited Profit and Loss Account

## For the six months ended 30 June 2012

| | Notes | Asian Financials Fund** 30 June 2012 US$ | Emerging Markets Growth Fund 30 June 2012 US$ | Emerging Markets Income Fund 30 June 2012 US$ | European Market Neutral Fund* 30 June 2012 EUR€ | Financials Income Fund*** 30 June 2012 GBP£ |
|---|---|---|---|---|---|---|
| **Investment income** | | | | | | |
| Investment income | | 842,393 | 140,659 | 1,096,421 | 4,932 | 963,061 |
| Net realised and unrealised (loss)/gain on investments | | (3,830,780) | 127,918 | 1,219,817 | (260,748) | (1,570,049) |
| Income equalisation | | (1,883) | 495 | 305,489 | – | (15,253) |
| **Net investment (loss)/income** | | (2,990,270) | 269,072 | 2,621,727 | (255,816) | (622,241) |
| **Expenses** | | | | | | |
| Investment management fees | 6 | (13,567) | (65,934) | (194,340) | (16,586) | (84,806) |
| Administration fees | | (27,133) | (15,049) | (38,600) | (5,698) | (22,296) |
| General expenses | | (114,560) | (2,027) | (20,918) | (1,225) | (46,749) |
| Performance fee | 6 | – | – | (234,806) | – | (284,751) |
| Custodian's fees | | (16,958) | (9,649) | (18,266) | (3,419) | (13,971) |
| Legal fees | | (1,976) | (446) | (2,259) | (187) | (1,596) |
| Directors' fees | | (2,973) | (322) | (858) | (652) | (2,401) |
| Auditor's fees | | (1,579) | (532) | (1,406) | (225) | (1,275) |
| Transaction costs | | – | – | – | – | – |
| Withholding tax | | (77,039) | (12,682) | (110,883) | (7,655) | (40,296) |
| **Operating expenses** | | (255,785) | (106,641) | (622,336) | (35,647) | (498,141) |
| **Net (expense)/income from operations before finance costs** | | (3,246,055) | 162,431 | 1,999,391 | (291,463) | (1,120,382) |
| **Finance costs** | | | | | | |
| Bank interest | | (1,217) | (383) | (2,056) | (11,959) | (678) |
| Distributions to holders of redeemable participating shares | 10 | – | – | (393,918) | – | (283,148) |
| **Total finance costs** | | (1,217) | (383) | (395,974) | (11,959) | (283,826) |
| Adjustment from bid prices to last traded prices | | – | – | – | – | 340,432 |
| **Change in net assets attributable to holders of redeemable participating shares** | | (3,247,272) | 162,048 | 1,603,417 | (303,422) | (1,063,776) |

*The European Market Neutral Fund launched on 8 March 2012.

**The Asian Financials Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

***The Financials Income Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes form an integral part of these Financial Statements

| Financial Opportunities Fund 30 June 2012 US$ | Global Insurance Fund 30 June 2012 GBP£ | Global Technology Fund 30 June 2012 US$ | Healthcare Opportunities Fund 30 June 2012 US$ | Japan Fund 30 June 2012 JPY ¥ | North American Fund 30 June 2012 US$ | UK Absolute Return Fund 30 June 2012 GBP£ | Total 30 June 2012 US$ |
|---|---|---|---|---|---|---|---|
| 220,885 | 2,957,663 | 1,680,432 | 1,060,424 | 1,191,958,770 | 1,130,142 | 152,344 | 27,554,250 |
| 941,203 | 14,843,056 | 29,419,535 | 21,130,525 | 3,366,431,477 | 10,702,466 | (367,965) | 121,956,631 |
| 320 | 12,142 | – | – | 79,504,532 | 25,748 | – | 1,322,881 |
| 1,162,408 | 17,812,861 | 31,099,967 | 22,190,949 | 4,637,894,779 | 11,858,356 | (215,621) | 150,833,762 |
| (74,671) | (1,106,828) | (3,309,663) | (868,152) | (541,891,805) | (454,972) | (104,236) | (13,844,857) |
| (20,885) | (182,808) | (476,779) | (143,239) | (73,450,164) | (125,951) | (20,565) | (2,132,334) |
| (1,370) | (80,595) | (163,213) | (55,500) | (33,458,731) | (34,421) | (12,229) | (1,033,421) |
| (3,466) | (2,886) | – | (984,838) | – | (92,688) | – | (1,769,169) |
| (11,696) | (65,346) | (185,142) | (48,493) | (22,607,966) | (42,011) | (5,143) | (753,436) |
| (910) | (12,392) | (31,937) | (8,255) | (4,393,299) | (5,433) | (1,218) | (130,552) |
| (599) | (2,532) | (7,329) | (1,850) | (821,767) | (1,483) | (215) | (34,681) |
| (342) | (4,863) | (7,877) | (3,247) | (1,606,517) | (2,742) | (424) | (48,517) |
| – | – | – | – | – | – | (35,714) | (56,292) |
| (28,755) | (453,126) | (405,294) | (278,916) | (83,437,115) | (293,399) | (27,952) | (3,085,595) |
| (142,694) | (1,911,376) | (4,587,234) | (2,392,490) | (761,667,364) | (1,053,100) | (207,696) | (22,888,854) |
| 1,019,714 | 15,901,485 | 26,512,733 | 19,798,459 | 3,876,227,415 | 10,805,256 | (423,317) | 127,944,908 |
| (201) | – | (18,935) | (6,981) | (23,566,477) | (7,051) | (2,138) | (352,408) |
| – | (1,291,962) | – | – | – | – | – | (2,876,593) |
| (201) | (1,291,962) | (18,935) | (6,981) | (23,566,477) | (7,051) | (2,138) | (3,229,001) |
| – | – | – | – | – | – | – | 536,586 |
| 1,019,513 | 14,609,523 | 26,493,798 | 19,791,478 | 3,852,660,938 | 10,798,205 | (425,455) | 125,252,493 |

# Unaudited Comparative Profit and Loss Account

## For the year ended 31 December 2011

| | Notes | Emerging Markets Growth Fund 31 December 2011 US$ | Emerging Markets Income Fund* 31 December 2011 US$ | Financial Opportunities Fund** 31 December 2011 US$ | Global Insurance Fund*** 31 December 2011 GBP£ |
|---|---|---|---|---|---|
| **Investment income** | | | | | |
| Investment income | | 174,996 | 632,288 | 114,063 | 2,226,493 |
| Net realised and unrealised (loss)/ gain on investments | | (1,258,650) | (1,606,833) | (1,625,579) | 5,973,057 |
| Income equalisation | | 12 | 196,269 | – | 2,869 |
| **Net investment (loss)/income** | | (1,083,642) | (778,276) | (1,511,516) | 8,202,419 |
| **Expenses** | | | | | |
| Investment management fees | 6 | (107,317) | (154,503) | (64,917) | (1,005,354) |
| Administration fees | | (41,885) | (39,865) | (27,732) | (173,552) |
| General expenses | | (67,639) | (64,857) | (33,370) | (107,823) |
| Performance fee | 6 | – | (136,718) | (71,766) | (159,823) |
| Custodian's fees | | (15,838) | (16,239) | (10,122) | (59,554) |
| Legal fees | | 176 | (3,116) | (639) | (11,332) |
| Directors' fees | | (17,628) | (763) | (8,168) | (16,816) |
| Auditor's fees | | (331) | (1,028) | (578) | (9,563) |
| Transaction costs | | – | – | – | – |
| Withholding tax | | (15,130) | (49,571) | (15,061) | (336,418) |
| **Operating expenses** | | (265,592) | (466,660) | (232,353) | (1,880,235) |
| **Net (expense)/income from operations before finance costs** | | (1,349,234) | (1,244,936) | (1,743,869) | 6,322,184 |
| **Finance costs** | | | | | |
| Bank interest | | (597) | (5,507) | (3,241) | (19,873) |
| Distributions to holders of redeemable participating shares | 10 | – | (172,133) | – | (595,635) |
| **Total finance costs** | | (597) | (177,640) | (3,241) | (615,508) |
| **Change in net assets attributable to holders of redeemable participating shares** | | (1,349,831) | (1,422,576) | (1,747,110) | 5,706,676 |

* The Emerging Markets Income Fund launched 21 January 2011.
** The Financial Opportunities Fund launched 3 May 2011.
*** The Global Insurance Fund launched 27 May 2011.
**** The North American Fund launched 14 November 2011.

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes form an integral part of these Financial Statements

| | Global Technology Fund 31 December 2011 US$ | Healthcare Opportunities Fund 31 December 2011 US$ | Japan Fund 31 December 2011 JPY ¥ | North American Fund**** 31 December 2011 US$ | UK Absolute Return Fund 31 December 2011 GBP£ | Total 31 December 2011 US$ |
|---|---|---|---|---|---|---|
| | 3,566,299 | 1,711,815 | 1,760,850,520 | 159,631 | 525,024 | 32,863,777 |
| | (107,049,093) | 3,673,263 | (16,306,326,412) | 2,495,808 | (9,464,656) | (315,551,137) |
| | – | 12,065 | 37,616,296 | 36 | – | 684,920 |
| | (103,482,794) | 5,397,143 | (14,507,859,596) | 2,655,475 | (8,939,632) | (282,002,440) |
| | (7,328,152) | (1,356,717) | (871,367,412) | (52,128) | (589,628) | (22,554,032) |
| | (1,016,278) | (216,179) | (121,424,334) | (16,868) | (103,220) | (3,326,098) |
| | (397,403) | (125,845) | (56,290,875) | (15,678) | (63,383) | (1,685,605) |
| | – | (272,231) | (390,786,369) | (52,812) | – | (5,692,684) |
| | (395,342) | (70,596) | (37,238,525) | (5,921) | (27,921) | (1,121,549) |
| | (78,580) | (14,106) | (8,908,752) | (1,947) | (6,121) | (237,973) |
| | (69,896) | (32,203) | (9,421,349) | (4,597) | (11,972) | (297,627) |
| | (23,526) | (6,188) | (3,369,284) | (3,816) | (944) | (94,590) |
| | – | – | – | – | (173,261) | (277,880) |
| | (795,721) | (420,181) | (123,259,538) | (44,607) | (126,234) | (3,628,705) |
| | (10,104,898) | (2,514,246) | (1,622,066,438) | (198,374) | (1,102,684) | (38,916,743) |
| | (113,587,692) | 2,882,897 | (16,129,926,034) | 2,457,101 | (10,042,316) | (320,919,183) |
| | (80,924) | (23,730) | (24,451,799) | (6,018) | (49,603) | (538,218) |
| | – | – | – | – | – | (1,127,427) |
| | (80,924) | (23,730) | (24,451,799) | (6,018) | (49,603) | (1,665,645) |
| | (113,668,616) | 2,859,167 | (16,154,377,833) | 2,451,083 | (10,091,919) | (322,584,828) |

# Unaudited Comparative Profit and Loss Account

## For the six months ended 30 June 2011

| | Notes | Global Insurance Fund*** 30 June 2011 GBP£ | Emerging Markets Growth Fund 30 June 2011 US$ | Emerging Markets Income Fund* 30 June 2011 US$ |
|---|---|---|---|---|
| **Investment income** | | | | |
| Investment income | | 214,793 | 101,161 | 303,130 |
| Net realised and unrealised gain/(loss) on investments | | 831,292 | (68,862) | 455,912 |
| Income equalisation | | 6,349 | 12 | 19,114 |
| **Net investment income/(loss)** | | 1,052,434 | 32,311 | 778,156 |
| **Expenses** | | | | |
| Investment management fees | 6 | (117,201) | (53,273) | (62,025) |
| Administration fees | | (20,828) | (20,828) | (18,526) |
| General expenses | | (4,206) | (15,786) | (48,879) |
| Performance fee | 6 | – | – | (21,827) |
| Custodian's fees | | (6,072) | (8,243) | (8,191) |
| Legal fees | | (433) | (4,000) | – |
| Directors' fees | | (1,069) | (6,691) | – |
| Auditor's fees | | (1,183) | – | – |
| Transaction costs | | – | – | – |
| Withholding tax | | (54,914) | (8,013) | (23,348) |
| **Operating expenses** | | (205,906) | (116,834) | (182,796) |
| **Net income/(expense) from operations before finance costs** | | 846,528 | (84,523) | 595,360 |
| **Finance costs** | | | | |
| Bank interest | | (136) | (463) | (2,616) |
| **Total finance costs** | | (136) | (463) | (2,616) |
| **Change in net assets attributable to holders of redeemable participating shares** | | 846,392 | (84,986) | 592,744 |

* The Emerging Markets Income Fund launched 21 January 2011.
** The Financial Opportunities Fund launched 3 May 2011.
*** The Global Insurance Fund launched 31 May 2011.

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes form an integral part of these Financial Statements

| | Financial Opportunities Fund** 30 June 2011 US$ | Global Technology Fund 30 June 2011 US$ | Healthcare Opportunities Fund 30 June 2011 US$ | Japan Fund 30 June 2011 JPY ¥ | UK Absolute Return Fund 30 June 2011 GBP£ | Total 30 June 2011 US$ |
|---|---|---|---|---|---|---|
| | 35,489 | 2,376,221 | 970,226 | 824,173,980 | 396,700 | 14,837,184 |
| | (190,314) | (4,920,734) | 11,054,173 | 553,957,446 | (6,922,425) | 3,249,445 |
| | – | – | 12,009 | 35,972,666 | – | 480,601 |
| | (154,825) | (2,544,513) | 12,036,408 | 1,414,104,092 | (6,525,725) | 18,567,230 |
| | (7,642) | (3,873,930) | (573,035) | (440,156,312) | (455,461) | (10,869,471) |
| | (6,674) | (527,330) | (89,132) | (61,923,405) | (77,111) | (1,576,824) |
| | (9,125) | (136,927) | (27,344) | (12,422,943) | (29,016) | (443,430) |
| | (13,030) | (564,332) | (353,060) | (361,017,905) | – | (5,360,069) |
| | (2,288) | (205,378) | (28,218) | (23,445,362) | (21,394) | (582,962) |
| | (743) | (37,376) | (5,005) | (3,608,293) | (6,083) | (101,710) |
| | (2,058) | (43,494) | (9,893) | (4,228,312) | (9,692) | (131,153) |
| | (1,058) | (14,593) | (1,362) | (1,174,758) | (740) | (34,464) |
| | – | – | – | – | (139,614) | (225,638) |
| | (4,536) | (516,351) | (234,626) | (57,692,179) | (107,024) | (1,752,980) |
| | (47,154) | (5,919,711) | (1,321,675) | (965,669,469) | (846,135) | (21,078,701) |
| | (201,979) | (8,464,224) | 10,714,733 | 448,434,623 | (7,371,860) | (2,511,471) |
| | – | (44,776) | (20,128) | (6,618,739) | (14,993) | (173,245) |
| | – | (44,776) | (20,128) | (6,618,739) | (14,993) | (173,245) |
| | (201,979) | (8,509,000) | 10,694,605 | 441,815,884 | (7,386,853) | (2,684,716) |

# Unaudited Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

## For the six months ended 30 June 2012

| | Asian Financials Fund** 30 June 2012 US$ | Emerging Markets Growth Fund 30 June 2012 US$ | Emerging Markets Income Fund 30 June 2012 US$ | European Market Neutral Fund* 30 June 2012 EUR€ | Financials Income Fund*** 30 June 2012 GBP£ | Financial Opportunities Fund 30 June 2012 US$ |
|---|---|---|---|---|---|---|
| **Net assets attributable to holders of redeemable participating shares at the beginning of the period** | – | 7,367,969 | 22,899,910 | – | – | 12,889,833 |
| Issue of redeemable shares during the period | 57,750,909 | 2,389,390 | 42,719,599 | 6,293,716 | 47,803,562 | 203,342 |
| FX loss on consolidation | – | – | – | – | – | – |
| Redemption of redeemable shares during the period | (1,872,386) | (98,867) | (6,793,492) | – | (2,217,714) | – |
| Change in net assets attributable to holders of redeemable participating shares | (3,247,272) | 162,048 | 1,603,417 | (303,422) | (1,063,776) | 1,019,513 |
| **Net assets attributable to holders of redeemable participating shares at the end of the period** | 52,631,251 | 9,820,540 | 60,429,434 | 5,990,294 | 44,522,072 | 14,112,688 |

* The European Market Neutral Fund launched on 8 March 2012.

** The Asian Financials Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

*** The Financials Income Fund transferred from Polar Capital Financial Funds Plc on 30 March 2012.

The accompanying notes form an integral part of these Financial Statements

| | Global Insurance Fund 30 June 2012 GBP£ | Global Technology Fund 30 June 2012 US$ | Healthcare Opportunities Fund 30 June 2012 US$ | Japan Fund 30 June 2012 JPY ¥ | North American Fund 30 June 2012 US$ | UK Absolute Return Fund 30 June 2012 GBP | Total 30 June 2012 US$ |
|---|---|---|---|---|---|---|---|
| | 213,090,727 | 524,232,500 | 137,887,006 | 75,077,463,026 | 85,020,933 | 21,024,342 | 2,122,514,241 |
| | 19,584,809 | 94,534,483 | 56,880,170 | 44,414,575,837 | 173,900,222 | 2,392,764 | 1,103,800,163 |
| | – | – | – | – | – | – | (22,630,707) |
| | (19,822,328) | (94,934,556) | (13,800,123) | (21,069,797,003) | (9,031,429) | (3,629,136) | (431,372,347) |
| | 14,609,523 | 26,493,798 | 19,791,478 | 3,852,660,938 | 10,798,205 | (425,455) | 125,252,493 |
| | 227,462,731 | 550,326,225 | 200,758,531 | 102,274,902,798 | 260,687,931 | 19,362,515 | 2,897,563,843 |

# Unaudited Comparative Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

## For the year ended 31 December 2011

| | Emerging Markets Growth Fund 31 December 2011 US$ | Emerging Markets Income Fund* 31 December 2011 US$ | Financial Opportunities Fund** 31 December 2011 US$ | Global Insurance Fund*** 31 December 2011 GBP£ |
|---|---|---|---|---|
| **Net assets attributable to holders of redeemable participating shares at the beginning of the year** | 7,196,973 | – | – | – |
| Issue of redeemable shares during the year | 1,683,268 | 25,029,191 | 22,272,281 | 239,471,243 |
| FX gain on consolidation | – | – | – | – |
| Redemption of redeemable shares during the year | (162,441) | (706,705) | (7,635,338) | (32,087,192) |
| Change in net assets attributable to holders of redeemable participating shares | (1,349,831) | (1,422,576) | (1,747,110) | 5,706,676 |
| **Net assets attributable to holders of redeemable participating shares at the end of the year** | 7,367,969 | 22,899,910 | 12,889,833 | 213,090,727 |

* The Emerging Markets Income Fund launched 21 January 2011.

** The Financial Opportunities Fund launched 3 May 2011.

*** The Global Insurance Fund launched 27 May 2011.

**** The North American Fund launched 14 November 2011.

The accompanying notes form an integral part of these Financial Statements

| | Global Technology Fund 31 December 2011 US$ | Healthcare Opportunities Fund 31 December 2011 US$ | Japan Fund 31 December 2011 JPY ¥ | North American Fund**** 31 December 2011 US$ | UK Absolute Return Fund 31 December 2011 GBP | Total 31 December 2011 US$ |
|---|---|---|---|---|---|---|
| | 471,398,636 | 74,023,508 | 53,594,012,208 | – | 118,422,942 | 1,393,066,087 |
| | 490,903,870 | 99,599,379 | 65,920,079,836 | 82,999,789 | 23,009,339 | 1,970,497,767 |
| | – | – | – | – | – | 36,686,619 |
| | (324,401,390) | (38,595,048) | (28,282,251,185) | (429,939) | (110,316,020) | (955,151,404) |
| | (113,668,616) | 2,859,167 | (16,154,377,833) | 2,451,083 | (10,091,919) | (322,584,828) |
| | 524,232,500 | 137,887,006 | 75,077,463,026 | 85,020,933 | 21,024,342 | 2,122,514,241 |

# Unaudited Comparative Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

## For the six months ended 30 June 2011

| | Global Insurance Fund*** 30 June 2011 GBP£ | Emerging Markets Growth Fund 30 June 2011 US$ | Emerging Markets Income Fund* 30 June 2011 US$ |
|---|---|---|---|
| **Net assets attributable to holders of redeemable participating shares at the beginning of the period** | – | 7,196,973 | – |
| Issue of redeemable shares during the period | 172,108,903 | 843,162 | 14,876,087 |
| FX gain on consolidation | | | |
| Redemption of redeemable shares during the period | (1,880,569) | (26,737) | (446,075) |
| Change in net assets attributable to holders of redeemable participating shares | 846,392 | (84,986) | 592,744 |
| **Net assets attributable to holders of redeemable participating shares at the end of the period** | 171,074,726 | 7,928,412 | 15,022,756 |

* The Emerging Markets Income Fund launched 21 January 2011.
** The Financial Opportunities Fund launched 3 May 2011.
*** The Global Insurance Fund launched 27 May 2011.

The accompanying notes form an integral part of these Financial Statements

| Financial Opportunities Fund** 30 June 2011 GBP£ | Global Technology Fund 30 June 2011 US$ | Healthcare Opportunities Fund 30 June 2011 US$ | Japan Fund 30 June 2011 JPY ¥ | UK Absolute Return Fund 30 June 2011 GBP | Total 30 June 2011 US$ |
|---|---|---|---|---|---|
| – | 471,398,636 | 74,023,508 | 53,594,012,208 | 118,422,942 | 1,393,066,087 |
| 4,991,907 | 380,541,086 | 84,128,342 | 41,708,469,454 | 21,452,702 | 1,307,442,999 |
| | | | | | 20,864,873 |
| – | (125,368,375) | (14,519,341) | (11,207,915,253) | (96,277,511) | (435,841,644) |
| (201,979) | (8,509,000) | 10,694,605 | 441,815,884 | (7,386,853) | (2,684,716) |
| 4,789,928 | 718,062,347 | 154,327,114 | 84,536,382,293 | 36,211,280 | 2,282,847,599 |

# Notes to the Financial Statements
**For the six months ended 30 June 2012**

## 1. Organisation and nature of business

Polar Capital Funds plc (the "Company") is an open-ended investment company with variable capital and segregated liability between its sub-funds (the "Funds"), organised under the laws of Ireland. The Company has been authorised by the Central Bank of Ireland ("Central Bank") as an Undertaking for Collective Investment In Transferable Securities ("UCITS") pursuant to the UCITS Regulations, 2011. The redeemable participating shares of the Funds are listed on the Irish Stock Exchange with a secondary listing on the Channel Islands Stock Exchange. The Company is structured as an umbrella fund in that different sub-funds thereof may be established with the prior approval of the Central Bank.

Shares in the following Funds are available:

| | Date of first issue of share class | Investment management fee | Performance fee |
|---|---|---|---|
| Asian Financials Fund | 30/03/2012 | 1.00% | 10% |
| Emerging Markets Growth Fund | 01/12/2010 | 1.0% to 1.5% | 10% |
| Emerging Markets Income Fund | 21/01/2011 | 1.0% to 1.5% | 10% |
| European Market Neutral Fund | 08/03/2012 | 1.0% to 1.5% | 20% |
| Financials Income Fund | 30/03/2012 | 0.75% to 1.25% | 10% |
| Financial Opportunities Fund | 03/05/2011 | 1.0% to 1.5% | 10% |
| Global Insurance Fund | 27/05/2011 | 0.75% to 1.25% | 0% to 10% |
| Global Technology Fund | 22/10/2001 | 1.0% to 1.5% | 10% |
| Healthcare Opportunities Fund | 03/12/2007 | 1.0% to 1.5% | 10% |
| Japan Fund | 22/10/2001 | 1.0% to 1.5% | 10% |
| North American Fund | 14/11/2011 | 0.60% to 1.35% | 10% |
| UK Absolute Return Fund | 28/10/2008 | 1.0% to 1.5% | 20% |

For each Sub Fund, share classes are available to both Institutional and Retail investors where different fee rates may apply. For further information regarding the investment management fee and performance fee relative to each Sub Fund please refer to the Prospectus and Supplements to the Prospectus.

The Company has opted to prepare condensed interim financial statements. As a result, these financial statements are prepared on the basis of the accounting policies set out in the 31 December 2011 annual financial statements.

## 2. Fair Value measurement principles

### Fair value measurement principles

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the Balance Sheet date. Financial assets are priced at bid price, while financial liabilities are priced at asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

### Contracts for Difference and Swaps

Contracts for difference and equity swaps are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities. The changes in contract values are recorded as unrealised gains or losses and the Company recognizes a realised gain or loss when the contract is closed. Unrealised gains and losses on contracts for difference are recognized in the Profit and Loss Account.

**Futures**

A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments ("variation margin") are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealized gains or losses and the Company recognizes a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognized in the Profit and Loss Account.

**Forwards**

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date at a price set at the time the contract is made. Forward foreign exchange contracts will be valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price and recognised in the Profit and Loss account. Where a forward contract is purchased to hedge the currency risk of a specific class which is issued in a currency other than the measurement currency of the Company, all gains or losses on that contract are allocated to that class.

**Options**

As part of the Company's investment strategy, it enters into options which are recognized in the balance sheet at fair value. Premiums received on written call and put options are recorded as a liability and the premiums paid on acquired call and put options are recorded initially as an asset. Subsequently, realised and unrealised gains and losses on options are recognized in the Profit and Loss Account.

## 3. Soft Commission

There are no soft commission arrangements in place between the Investment Manager and the brokers with whom trades are transacted on behalf of the Company. All transactions are placed and executed on the basis that best execution is achieved, while part of the commission payable may be allocated to research services.

## 4. Exchange Rates

The exchange rates used at 30 June 2012 were as follows:

| Exchange Rate | 30 June 2012 to US$ | Exchange Rate | 31 December 2011 to US$ |
|---|---|---|---|
| Brazilian real | 2.0185 | Brazilian real | 1.8653 |
| Canadian dollar | 1.0195 | Canadian dollar | 1.0183 |
| Czech koruna | 20.1194 | Czech koruna | 19.6453 |
| Danish krone | 5.8582 | Danish krone | 5.7254 |
| Egyptian pound | 6.0585 | Egyptian pound | 6.0308 |
| Euro | 0.7880 | Euro | 0.7703 |
| Hong Kong dollar | 7.7569 | Hong Kong dollar | 7.7666 |
| Indian Rupee | 55.8350 | Indian Rupee | N/A |
| Indonesian rupiah | 9392.5000 | Indonesian rupiah | 9067.5000 |
| Japanese yen | 79.7900 | Japanese yen | 76.9400 |
| Korean won | 1145.3500 | Korean won | 1152.0000 |
| Malaysian $ | 3.1755 | Malaysian $ | 3.1700 |
| Mexican peso | 13.4259 | Mexican peso | 13.9554 |
| Norwegian krone | 5.9445 | Norwegian krone | 5.9680 |

# Notes to the Financial Statements continued

## For the six months ended 30 June 2012

### 4. Exchange Rates continued

| Exchange Rate | 30 June 2012 to US$ | Exchange Rate | 31 December 2011 to US$ |
|---|---|---|---|
| Pakistani rupee | 94.5200 | Pakistani rupee | 89.9100 |
| Philippine peso | 42.1350 | Philippine peso | 43.8550 |
| Polish zloty | 3.3373 | Polish zloty | 3.4340 |
| Qatari riyal | 3.6415 | Qatari riyal | 3.6414 |
| Singapore $ | 1.2668 | Singapore $ | 1.2967 |
| South Africa rands | 8.1785 | South Africa rands | 8.0734 |
| Sterling | 0.6376 | Sterling | 0.6435 |
| Swedish krone | 6.9024 | Swedish krone | 6.8553 |
| Swiss franc | 0.9465 | Swiss franc | 0.9351 |
| Taiwan dollar | 29.8850 | Taiwan dollar | 30.2790 |
| Thai bahts | 31.7600 | Thai bahts | 31.5500 |
| Turkish lira | 1.8087 | Turkish lira | 1.8886 |

| Exchange Rate | 30 June 2012 to EUR€ | Exchange Rate | 31 December 2011 to GBP£ |
|---|---|---|---|
| Danish krone | 7.4332 | Danish krone | N/A |
| Norwegian krone | 7.5438 | Norwegian krone | N/A |
| United States dollar | 1.2580 | United States dollar | N/A |
| Sterling | 0.8063 | Sterling | N/A |
| Swedish krone | 8.7595 | Swedish krone | N/A |
| Swiss franc | 1.2020 | Swiss franc | N/A |

| Exchange Rate | 30 June 2012 to GBP£ | Exchange Rate | 31 December 2011 to GBP£ |
|---|---|---|---|
| Danish krone | 9.1883 | Danish krone | 8.8978 |
| Euro | 1.2403 | Euro | 1.1949 |
| Hong Kong dollar | 12.1662 | Hong Kong dollar | N/A |
| Indonesian rupiah | 14731.6672 | Indonesian rupiah | N/A |
| Malaysian $ | 4.9806 | Malaysian $ | N/A |
| Norwegian krone | 9.3463 | Norwegian krone | 9.2924 |
| Singapore $ | 1.9869 | Singapore $ | N/A |
| United States dollar | 1.5603 | United States dollar | 1.5459 |
| Swedish krone | 10.8829 | Swedish krone | 10.6582 |
| Swiss franc | 1.4908 | Swiss franc | 1.4532 |
| Taiwan dollar | 46.8731 | Taiwan dollar | N/A |
| Thai bahts | 49.8140 | Thai bahts | N/A |

| Exchange Rate | 30 June 2012 to JPY ¥ | Exchange Rate | 31 December 2011 to JPY ¥ |
|---|---|---|---|
| Euro | 99.9984 | Euro | 100.1000 |
| Sterling | 124.0283 | Sterling | 119.6140 |
| United States dollar | 79.4900 | United States dollar | 77.3750 |

All exchange rates are official rates and come from quoted sources.

## 5. Taxation

The Company is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, Therefore, the Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a gain on "chargeable event". Generally, a "chargeable event" arises on any distribution, redemption, repurchase, cancellation or transfer of shares on the ending of a "Relevant Period". A "Relevant Period" is an eight year period beginning with the acquisition of the shares by the Shareholder and also each subsequent period of eight years, beginning immediately after the preceding Relevant Period. A gain on a chargeable event does not arise in respect of:

(i) Any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;

(ii) An exchange of shares arising on a qualified amalgamation or reconstruction of the Company with another fund;

(iii) Certain exchanges of shares between spouses and former spouses:

(iv) An exchange by a Shareholder, effected by way of an arm's length bargain where no payment is made to the Shareholder of Shares in the Company for other Shares in the Company;

(v) Shareholders who are neither Irish Resident nor Irish Ordinary Resident for tax purposes at the time of the chargeable event and who have provided the Company with a relevant declaration to that effect;

(vi) Certain exempted Irish tax resident Shareholders who have provided the Company with the necessary signed statutory declarations.

In the absence of an appropriate declaration, the Company will be liable to deduct Irish tax on the occurrence of such an event.

There were no chargeable events during the period under review.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders. In accordance with FRS 16 Current tax, dividends and bank interest are reported gross of withholding tax.

## 6. Transactions with the Investment Manager, the Administrator, the Custodian and related parties

The Company is obliged under the provisions of the UCITS Regulations and relevant accounting standards to provide information regarding transactions undertaken during the period with the Investment Manager, the Custodian, their associated companies which includes the Administrator and other parties related to the Company.

The Company operates under an investment management agreement with the Investment Manager.

All fees in relation to the Investment Manager, including any performance fees, are disclosed separately in the Profit and Loss Account. US$ 5,016,604 (31 December 2011: US$ 7,648,353) was due to the Investment Manager at 30 June 2012 which includes both investment management and performance fees. There were no other transactions entered into with the Investment Manager or group entities who were related and connected to the Investment Manager during the period.

Certain Directors hold shares in or are also Directors of the ultimate holding company of the Investment Manager or may be in a position to exert significant influence over the holders of such shares.

Jonathan Quigley is a Director and employee of the Administrator and he resigned from the Board on 11 April 2012. David Hammond is a Director and employee of Bridge Consulting, which provides governance and monitoring services to the Board of the Company. James Cayzer-Colvin is a Director of the holding company of the Investment Manager.

# Notes to the Financial Statements continued

**For the six months ended 30 June 2012**

## 6. Transactions with Investment Manager, the Administrator, the Custodian and related parties continued

Details of fees paid to the Administrator and Custodian are disclosed in on the Unaudited Profit and Loss Account.

All cash and bank balances are held with Northern Trust (Guernsey) Limited during the period. Details of net bank interest paid are disclosed in the Unaudited Profit and Loss account. The Company used Northern Trust (Guernsey) Limited as a counterparty for forward foreign currency contracts with the exception of UK Absolute Return Fund. UK Absolute Return Fund used Morgan Stanley & Co. International Plc as a counterparty to forward foreign currency contracts and CFDs during the period. Details of gains and losses on such contracts are disclosed in the net realised and unrealised (loss)/gain on investments in the Unaudited Profit and Loss account.

All transactions with related parties were entered into on normal commercial terms and at an arms length basis during the period.

## 7. Financial Derivative Instruments

Depending on the Funds involved, the Company may invest in financial derivative instruments for both speculative and efficient portfolio management purposes, subject to the conditions and within the limits from time to time stipulated by the Central Bank under the Regulations.

The maximum risk arising from an investment in a financial instrument is determined by the fair value of the financial instruments, or in the case of certain derivative(s) the nominal value of the underlying assets, except for short positions in derivatives where the loss may potentially be unlimited.

At 30 June 2012 and 31 December 2011, the fair value of the investments for each Fund can be seen on the Portfolio Statements and subject to the comment in the previous paragraph regarding derivatives exposure, this fair value can be said to represent each Fund's overall market exposure.

## 8. Cross/Segregated Liability

The Company is an umbrella fund investment company with segregated liability between the Funds of the Company. Under Irish law, being the law applicable to the Company, this should result in any liabilities attributable to any Fund being borne solely by that Fund in the event of any insolvency.

## 9. Distributor Reporting Fund Status

HM Revenue and Customs in the United Kingdom have given notice that each of the share classes in the Polar Capital Funds Plc were accepted into UK Reporting Fund regime with effect from 1 January 2011 onwards.

## 10. Distributions

In the period ended 30 June 2012 the following Funds declared and paid distributions as follows:

| 2012 | Date declared | Date of payment | Rate per share | No. of shares | Amount | Period |
|---|---|---|---|---|---|---|
| **Emerging Markets Income Fund** | | | | | | |
| Class R US Dollar Distribution Shares | | | | | **$105,995** | |
| Class R US dollar Distribution | 03/01/2012 | 31/01/2012 | $0.1900 | 1,017 | $193 | 01/07/2011 – 31/12/2011 |
| Class R Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.1223 | 555,490 | £67,936 | 01/07/2011 – 31/12/2011 |
| Class R Euro Distribution | 03/01/2012 | 31/01/2012 | €0.1464 | 1,363 | €199 | 01/07/2011 – 31/12/2011 |
| Class I US Dollar Distribution Shares | | | | | **$287,923** | |
| Class I US dollar Distribution | 03/01/2012 | 31/01/2012 | $0.1900 | 1,017 | $193 | 01/07/2011 – 31/12/2011 |
| Class I Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.1223 | 1,513,004 | £185,040 | 01/07/2011 – 31/12/2011 |
| Class I Euro Distribution | 03/01/2012 | 31/01/2012 | €0.1464 | 1,363 | €199 | 01/07/2011 – 31/12/2011 |
| **Total Distributions for Emerging Markets Income Fund** | | | | | **$393,918** | |
| **Financials Income Fund** | | | | | | |
| Class A1 Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0130 | 552,531 | £7,183 | 01/01/2012 – 31/03/2012 |
| Class B1 Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0130 | 21,228,061 | £275,965 | 01/01/2012 – 31/03/2012 |
| **Total Distributions for Financials Income Fund** | | | | | **£283,148** | |

# Notes to the Financial Statements continued

**For the six months ended 30 June 2012**

## 10. Distributions continued

| 2012 | Date declared | Date of payment | Rate per share | No. of shares | Amount | Period |
|---|---|---|---|---|---|---|
| **Global Insurance Fund** | | | | | | |
| Class R Sterling Distribution Shares | | | | | **£17,085** | |
| Class R US dollar Distribution | 03/01/2012 | 31/01/2012 | $0.0137 | 30 | $0 | 01/10/2011 – 31/12/2011 |
| Class R Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.0088 | 1,941,435 | £17,085 | 01/10/2011 – 31/12/2011 |
| Class R Euro Distribution | 03/01/2012 | 31/01/2012 | €0.0105 | 44 | €0 | 01/10/2011 – 31/12/2011 |
| Class R Sterling Distribution Shares | | | | | **£15,737** | |
| Class R US dollar Distribution | 02/04/2012 | 30/04/2012 | $0.0128 | 31 | $0 | 01/01/2012 – 31/03/2012 |
| Class R Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0080 | 1,967,045 | £15,736 | 01/01/2012 – 31/03/2012 |
| Class R Euro Distribution | 02/04/2012 | 30/04/2012 | €0.0096 | 44 | €1 | 01/01/2012 – 31/03/2012 |
| Class I Sterling Distribution Shares | | | | | **£9,396** | |
| Class I US dollar Distribution | 03/01/2012 | 31/01/2012 | $0.0137 | 30 | $0 | 01/10/2011 – 31/12/2011 |
| Class I Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.0088 | 1,067,645 | £9,395 | 01/10/2011 – 31/12/2011 |
| Class I Euro Distribution | 03/01/2012 | 31/01/2012 | €0.0105 | 44 | €1 | 01/10/2011 – 31/12/2011 |
| Class I Sterling Distribution Shares | | | | | **£11,766** | |
| Class I US dollar Distribution | 02/04/2012 | 30/04/2012 | $0.0129 | 31 | $0 | 01/01/2012 – 31/03/2012 |
| Class I Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0081 | 1,452,549 | £11,766 | 01/01/2012 – 31/03/2012 |
| Class I Euro Distribution | 02/04/2012 | 30/04/2012 | €0.0097 | 44 | €0 | 01/01/2012 – 31/03/2012 |
| Class A Sterling Distributing Shares | | | | | **£800,578** | |
| Class A Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.0089 | 46,777,227 | £416,317 | 01/10/2011 – 31/12/2011 |
| Class A Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0082 | 46,776,434 | £384,261 | 01/01/2012 – 31/03/2012 |
| Class E Sterling Distributing Shares | | | | | **£437,400** | |
| Class E Sterling Distribution | 03/01/2012 | 31/01/2012 | £0.0089 | 25,929,825 | £230,775 | 01/10/2011 – 31/12/2011 |
| Class E Sterling Distribution | 02/04/2012 | 30/04/2012 | £0.0082 | 25,198,115 | £206,625 | 01/01/2012 – 31/03/2012 |
| **Total Distributions for Global Insurance Fund** | | | | | **£1,291,962** | |

| 2011 | Date declared | Date of payment | Rate per share | No. of shares | Amount | Period |
|---|---|---|---|---|---|---|
| **Emerging Markets Income Fund** | | | | | | |
| Class R US Dollar Distribution Shares | | | | | **$61,827** | |
| Class R US dollar Distribution | 04/07/2011 | 29/07/2011 | $0.1700 | 1,000 | $170 | 20/01/2011 – 30/06/2011 |
| Class R Sterling Distribution | 04/07/2011 | 29/07/2011 | £0.1059 | 361,348 | £38,263 | 20/01/2011 – 30/06/2011 |
| Class R Euro Distribution | 04/07/2011 | 29/07/2011 | €0.1173 | 1,340 | €157 | 20/01/2011 – 30/06/2011 |
| Class I US Dollar Distribution Shares | | | | | **$110,306** | |
| Class I US dollar Distribution | 04/07/2011 | 29/07/2011 | $0.1700 | 1,000 | $170 | 20/01/2011 – 30/06/2011 |
| Class I Sterling Distribution | 04/07/2011 | 29/07/2011 | £0.1059 | 646,516 | £68,459 | 20/01/2011 – 30/06/2011 |
| Class I Euro Distribution | 04/07/2011 | 29/07/2011 | €0.1173 | 1,340 | €157 | 20/01/2011 – 30/06/2011 |
| **Total Distributions for Emerging Markets Income Fund** | | | | | **$172,133** | |
| **Global Insurance Fund** | | | | | | |
| Class R Sterling Distribution Shares | | | | | **£20,210** | |
| Class R US dollar Distribution | 03/10/2011 | 28/10/2011 | $0.0162 | 30 | $0 | 31/05/2011 – 30/09/2011 |
| Class R Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0104 | 1,942,371 | £20,209 | 31/05/2011 – 30/09/2011 |
| Class R Euro Distribution | 03/10/2011 | 28/10/2011 | €0.0121 | 44 | €1 | 31/05/2011 – 30/09/2011 |
| Class I Sterling Distribution Shares | | | | | **£4,969** | |
| Class I US dollar Distribution | 03/10/2011 | 28/10/2011 | $0.0174 | 30 | $1 | 31/05/2011 – 30/09/2011 |
| Class I Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0112 | 445,207 | £4,968 | 31/05/2011 – 30/09/2011 |
| Class I Euro Distribution | 03/10/2011 | 28/10/2011 | €0.0130 | 44 | €1 | 31/05/2011 – 30/09/2011 |
| Class A Sterling Distributing Shares | | | | | **£295,667** | |
| Class A Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0112 | 26,438,500 | £295,667 | 31/05/2011 – 30/09/2011 |
| Class E Sterling Distributing Shares | | | | | **£274,785** | |
| Class E Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0111 | 24,864,172 | £274,785 | 31/05/2011 – 30/09/2011 |
| Class R Hedged Sterling Distribution Shares | | | | | **£2** | |
| Class R Hedged Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0078 | 250 | £2 | 31/05/2011 – 30/09/2011 |
| Class I Hedged Sterling Distribution Shares | | | | | **£2** | |
| Class I Hedged Sterling Distribution | 03/10/2011 | 28/10/2011 | £0.0078 | 250 | £2 | 31/05/2011 – 30/09/2011 |
| **Total Distributions for Global Insurance Fund** | | | | | **£595,635** | |

# Notes to the Financial Statements continued

**For the six months ended 30 June 2012**

## 10. Distributions continued

The following distributions were declared in respect of the Company on 2 July 2012 and are therefore not accrued in the financial statements for the period ended 30 June 2012:

| 2012 | Date declared | Date of payment | Rate per share | No. of shares | Amount | Period |
|---|---|---|---|---|---|---|
| **Emerging Markets Income Fund** | | | | | | |
| Class R US Dollar Distribution Shares | | | | | **$114,463** | |
| Class R US dollar Distribution | 02/07/2012 | 31/07/2012 | $0.1840 | 1,037 | $191 | 01/01/2012 – 30/06/2012 |
| Class R Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.1173 | 619,655 | £72,686 | 01/01/2012 – 30/06/2012 |
| Class R Euro Distribution | 02/07/2012 | 31/07/2012 | €0.1450 | 1,391 | €202 | 01/01/2012 – 30/06/2012 |
| Class I US Dollar Distribution Shares | | | | | **$514,914** | |
| Class I US dollar Distribution | 02/07/2012 | 31/07/2012 | $0.1840 | 1,037 | $191 | 01/01/2012 – 30/06/2012 |
| Class I Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.1173 | 2,796,020 | £327,973 | 01/01/2012 – 30/06/2012 |
| Class I Euro Distribution | 02/07/2012 | 31/07/2012 | €0.1450 | 1,390,499 | €202 | 01/01/2012 – 30/06/2012 |
| Class S US Dollar Distribution Shares | | | | | **$374,616** | |
| Class S US dollar Distribution | 02/07/2012 | 31/07/2012 | $0.1450 | 25,339 | $3,674 | 01/01/2012 – 30/06/2012 |
| Class S Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0924 | 2,558,207 | £236,378 | 01/01/2012 – 30/06/2012 |
| Class S Euro Distribution | 02/07/2012 | 31/07/2012 | €0.1143 | 13 | €2 | 01/01/2012 – 30/06/2012 |
| **Total Distributions for Emerging Markets Income Fund** | | | | | **£1,003,993** | |
| **Financials Income Fund** | | | | | | |
| Class A1 Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0150 | 549,843 | £8,248 | 01/04/2012 – 30/06/2012 |
| Class B1 Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0150 | 20,558,064 | £308,371 | 01/04/2012 – 30/06/2012 |
| **Total Distributions for Financials Income Fund** | | | | | **£316,619** | |

| 2012 | Date declared | Date of payment | Rate per share | No. of shares | Amount | Period |
|---|---|---|---|---|---|---|
| **Global Insurance Fund** | | | | | | |
| Class R Sterling Distribution Shares | | | | | **£30,113** | |
| Class R US dollar Distribution | 02/07/2012 | 31/07/2012 | $0.0240 | 31 | $1 | 01/04/2012 – 30/06/2012 |
| Class R Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0153 | 1,968,090 | £30,112 | 01/04/2012 – 30/06/2012 |
| Class R Euro Distribution | 02/07/2012 | 31/07/2012 | €0.0191 | 44 | €1 | 01/04/2012 – 30/06/2012 |
| Class I Sterling Distribution Shares | | | | | **£24,411** | |
| Class I US dollar Distribution | 02/07/2012 | 31/07/2012 | $0.0242 | 31 | $1 | 01/04/2012 – 30/06/2012 |
| Class I Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0154 | 1,585,042 | £24,410 | 01/04/2012 – 30/06/2012 |
| Class I Euro Distribution | 02/07/2012 | 31/07/2012 | €0.0192 | 44 | €1 | 01/04/2012 – 30/06/2012 |
| Class A Sterling Distributing Shares | | | | | **£770,979** | |
| Class A Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0155 | 49,740,604 | £770,979 | 01/04/2012 – 30/06/2012 |
| Class E Sterling Distributing Shares | | | | | **£361,793** | |
| Class E Sterling Distribution | 02/07/2012 | 31/07/2012 | £0.0156 | 23,191,850 | £361,793 | 01/04/2012 – 30/06/2012 |
| **Total Distributions for Global Insurance Fund** | | | | | **£1,187,296** | |

## 11. Events during the Period

The European Market Neutral Fund was launched on 8 March 2012.

On 30 March 2012 the Asian Financials Fund and the Financials Income sub funds of the UCITS Polar Capital Financial Funds plc were merged into the Company as two new sub funds were established to receive the assets transferred.

## 12. Subsequent Events

There have been no material events subsequent to the period end 30 June 2012 which affect the Financial Statements.

## 13. Portfolio changes

A complete listing of the purchases and sales during the period is available free from the Company on request.

## 14. Approval of the Financial Statements

The Financial Statements were authorised by the Board of Directors on 20 August 2012.

# Unaudited Statement of Significant Portfolio Movements
**For the six months ended 30 June 2012**

## Asian Financials Fund

| Purchases | Cost US$'000 |
|---|---|
| Security Bank | 2,893 |
| Bank Rakyat Indonesia Persero | 2,177 |
| Siam Commercial Bank | 1,942 |
| Kasikornbank | 1,932 |
| Industrial & Commercial Bank of China | 1,923 |
| Housing Development Finance | 1,914 |
| Sun Hung Kai Properties | 1,889 |
| Dongbu Insurance | 1,800 |
| Hong Kong Exchanges and Clearing | 1,731 |
| Bank Central Asia | 1,707 |
| China Construction Bank | 1,684 |
| Korean Reinsurance | 1,672 |
| AIA | 1,647 |
| MCB Bank | 1,620 |
| Public Bank | 1,559 |
| Bank of China | 1,493 |
| HSBC | 1,268 |
| CITIC Securities | 1,255 |
| Bank Mandiri Persero | 1,235 |
| Samsung Life Insurance | 1,227 |

| Sales | Proceeds US$'000 |
|---|---|
| Oversea-Chinese Banking | 1,176 |
| Bank Danamon Indonesia | 966 |
| Kb Financial | 828 |
| MCB Bank | 572 |
| HSBC | 552 |
| Yuanta Financial | 496 |
| Security Bank | 434 |
| Hong Kong Exchanges and Clearing | 399 |
| Bank Central Asia | 282 |
| Siam Commercial Bank | 274 |
| China Construction Bank | 258 |
| Industrial & Commercial Bank of China | 257 |
| Dongbu Insurance | 246 |
| Bangkok Life Assurance | 144 |
| HDFC Bank ADR | 134 |
| China Merchants Bank | 132 |
| Bank of China | 131 |
| Axis Bank | 129 |
| Kasikornbank | 128 |
| Bank Mandiri Persero | 126 |

## Emerging Markets Growth Fund

| Purchases | Cost US$'000 |
|---|---|
| African Bank Investments | 162 |
| NovaTek GDR | 160 |
| Hero Motocorp | 155 |
| Baidu ADR | 152 |
| Cia Hering | 144 |
| TAV Havalimanlari | 83 |
| Indofood CBP Sukses Makmur | 64 |
| China Shenhua Energy | 64 |
| Cia de Bebidas das Americas | 62 |
| Wilmar International | 60 |
| Parkson | 60 |
| Cherkizovo GDR | 58 |
| Eurasia Drilling GDR | 56 |
| Sistema JSFC GDR | 56 |
| Taiwan Cement | 53 |
| Taiwan Fertilizer | 53 |
| Localiza Rent a Car | 52 |
| Meritz Fire & Marine Insurance | 52 |
| Digital China | 52 |
| Adcock Ingram | 47 |

| Sales | Proceeds US$'000 |
|---|---|
| Lojas Renner | 156 |
| Kunlun Energy | 156 |
| Commercial International Bank | 74 |
| NII | 73 |
| Kasikornbank | 35 |
| China Communications Construction | 30 |
| Kencana Petroleum | 20 |
| Yes Bank | 18 |
| Localiza Rent a Car | 14 |
| Bizim Toptan Satis Magazalari | 10 |
| Mechel | 8 |

## Emerging Markets Income Fund

| Purchases | Cost US$'000 |
|---|---|
| Cia Hering | 962 |
| Hero Motocorp | 929 |
| Tupras Turkiye Petrol Rafinerileri | 890 |
| China Pacific Insurance | 848 |
| Bolsa Mexicana de Valores | 838 |
| Valid Solucoes e Servicos de Seguranca em Meios de Pagamento | 830 |
| Turk Traktor ve Ziraat Makineleri | 800 |
| CETIP- Mercados Organizados | 783 |
| Banco do Brasil | 758 |
| Tesco Lotus Retail Growth Freehold & Leasehold Property Fund | 753 |
| China BlueChemical | 705 |
| Surgutneftegaz | 666 |
| Marcopolo | 664 |
| Meritz Fire & Marine Insurance | 638 |
| TAV Havalimanlari | 636 |
| Telefonica Brasil ADR | 618 |
| Localiza Rent a Car | 612 |
| Gazprom ADR | 596 |
| Mobile Telesystems ADR | 596 |
| Qatar National Bank | 593 |

| Sales | Proceeds US$'000 |
|---|---|
| Sul America | 538 |
| Grupo Modelo | 394 |
| Aveng | 345 |
| China Life Insurance | 331 |
| Bizim Toptan Satis | 266 |
| Philippine Long Distance Telephone | 165 |
| Commercial International Bank Egypt | 43 |
| Mechel | 15 |

# Unaudited Statement of Significant Portfolio Movements continued

**For the six months ended 30 June 2012**

## European Market Neutral Fund

| Purchases | Cost EUR €'000 |
|---|---|
| Fortum | 270 |
| Statoil | 253 |
| Blackstone | 203 |
| EIS Dj Stoxx 600 Pol1900 25/10/2013 | 197 |
| Gemalto | 193 |
| SBM Offshore | 183 |
| Koninklijke DSM | 176 |
| ING Groep | 168 |
| PostNL | 160 |
| Bayerische Motoren Werke | 160 |
| Atea | 154 |
| UPM-Kymmene | 145 |
| BNP Paribas | 122 |
| Aker Solutions | 114 |
| Brunel International | 101 |
| Total | 95 |
| Randstad Holdings | 93 |
| Wereldhave Reits | 89 |
| Intesa Sanpaolo | 88 |
| Vossloh | 81 |

| Sales | Proceeds EUR €'000 |
|---|---|
| EIS Dj Stoxx 600 Pol1900 25/10/2013 | 885 |
| SBM Offshore | 150 |
| Bayerische Motoren Werke | 146 |
| ING Groep | 132 |
| BNP Paribas | 97 |
| Statoil | 97 |
| Gemalto | 89 |
| Total | 84 |
| Randstad Holdings | 84 |
| Vossloh | 76 |
| Aperam | 62 |
| Bayer | 61 |
| Yara International | 58 |
| DaimlerChyrsler | 49 |
| Koninklijke DSM | 49 |
| SNS Reaal Groep | 47 |
| Swiss Life Holding | 45 |
| Swatch Group | 41 |
| Tomra Systems | 40 |
| TomTom Group | 36 |

## Financials Income Fund

| Purchases | Cost GBP£'000 |
|---|---|
| International Personal Finance 11.5% 06/08/2015 | 1,330 |
| HBOS Capital Funding 29/11/2049 | 1,313 |
| Co-Operative Bank 9.25% 28/04/2021 | 1,206 |
| Barclays Bank 29/11/2049 | 1,105 |
| Sampo | 1,010 |
| Direct Line Insurance 27/04/2042 | 999 |
| Provident Financial 8% 23/10/2019 | 992 |
| Investec Bank 9.625% 17/02/2022 | 988 |
| HSBC | 981 |
| Brit Insurance 09/12/2030 | 947 |
| National Westminster Bank 11.5% 29/12/2049 | 880 |
| Arch Capital | 867 |
| DBS | 816 |
| Beazley 17/10/2026 | 816 |
| WR Berkley | 805 |
| Marsh & McLennan | 803 |
| ACE | 781 |
| Wachovia Capital Trust III FRN 29/03/2049 | 747 |
| Scottish Amicable Finance 8.5% 29/06/2049 | 722 |
| Legal & General 29/03/2049 | 717 |

| Sales | Proceeds GBP£'000 |
|---|---|
| DBS | 767 |
| Alterra Capital Holding | 460 |
| ING Groep | 304 |
| Prudential Bond 11.75% 23/12/2014 | 285 |
| Credit Agricole 8.125% 29/10/2049 | 232 |
| Ecclesiastical Insurance Office | 195 |
| Baloise Holding | 104 |
| International Personal Finance | 64 |
| City of London Investment Group | 46 |
| Helical Bar | 41 |

# Unaudited Statement of Significant Portfolio Movements continued

**For the six months ended 30 June 2012**

## Financial Opportunities Fund

| Purchases | Cost US$'000 |
|---|---|
| Industrial & Commercial Bank of China | 344 |
| Credicorp | 343 |
| China Taiping Insurance Holdings | 292 |
| Dah Singh Financial | 272 |
| CITIC Securities | 260 |
| Prosperity Bancshares | 251 |
| US Bancorp | 250 |
| Axis Bank | 225 |
| KBC | 222 |
| Housing Development Finance | 218 |
| Bank Central Asia | 216 |
| DBS | 211 |
| Supalai Receipt | 185 |
| CETIP-Mercados Organizados | 178 |
| Bank Rakyat Indonesia Persero | 177 |
| Standard Chartered | 173 |
| Blackstone Group | 155 |
| Siam Commercial Bank | 150 |
| China Minsheng Banking | 148 |
| Sun Hung Kai Properties | 148 |

| Sales | Proceeds US$'000 |
|---|---|
| Swedbank | 467 |
| Berkshire Hathaway | 372 |
| KB Financial Group | 362 |
| Kasikornbank | 333 |
| Muenchener Rueckversicherungs | 314 |
| China Taiping Insurance Holdings | 285 |
| Fubon Financial Holding | 280 |
| Samsung Life Insurance | 280 |
| PartnerRe | 275 |
| ING Groep | 259 |
| Komercni banka | 253 |
| BNP Paribas | 248 |
| HSBC | 218 |
| Hang Seng Bank | 213 |
| Dah Sing Financial | 208 |
| Bank Mandiri (Persero) | 202 |
| Jardine Lloyd Thompson | 198 |
| Deutsche Bank | 180 |
| MCB BanK | 178 |
| Bank Pekao | 177 |

## Global Insurance Fund

| Purchases | Cost GBP £'000 |
|---|---|
| Alleghany | 8,517 |
| Aon | 1,198 |
| Aflac | 1,019 |
| Topdanmark | 1,018 |
| Progressive | 677 |
| FBD | 227 |
| Muenchener Rueckversicherungs | 213 |
| Personal | 154 |

| Sales | Proceeds GBP £'000 |
|---|---|
| Transatlantic Holdings | 11,258 |

## Global Technology Fund

| Purchases | Cost US$'000 |
|---|---|
| Microsoft | 9,665 |
| JDS Uniphase | 6,676 |
| MicroStrategy | 6,444 |
| Infinera | 6,297 |
| Cypress Semiconductor | 6,291 |
| Nuance Communications | 5,906 |
| FARO Technologies | 5,883 |
| Volterra Semiconductor | 5,834 |
| Integrated Device Technology | 5,729 |
| Cavium | 5,709 |
| LSI | 5,688 |
| Maxim Integrated Products | 5,342 |
| Facebook | 5,235 |
| Mastercard | 4,914 |
| LogMeIn | 4,801 |
| Amazon.com | 4,631 |
| Priceline | 4,599 |
| Gemalto | 4,577 |
| Finisar | 4,352 |
| Polycom | 4,144 |

| Sales | Proceeds US$'000 |
|---|---|
| Apple | 12,395 |
| Demandtec | 9,720 |
| Microsoft | 7,919 |
| Oracle | 6,169 |
| Marvel Technology | 6,124 |
| Netgear | 5,230 |
| ShoreTel | 4,961 |
| Acme Packet | 4,901 |
| Bmc Software | 4,697 |
| Priceline | 4,665 |
| Cognizant Technology Solutions | 4,628 |
| Cavium | 4,607 |
| Autonavi Holdings | 4,556 |
| Vanceinfo Technologies | 4,547 |
| Commvault Systems | 4,412 |
| Pegasystems | 4,390 |
| Nokia | 4,249 |
| Google | 4,132 |
| Infosys Technologies | 4,020 |
| Finisar | 3,906 |

# Unaudited Statement of Significant Portfolio Movements continued

**For the six months ended 30 June 2012**

## Healthcare Opportunities Fund

| Purchases | Cost US$'000 |
|---|---|
| Pfizer | 13,557 |
| Merck | 11,309 |
| Abbott Laboratories | 9,945 |
| Gilead Sciences | 8,668 |
| AMERICorps | 7,837 |
| Onyx Pharmaceuticals | 7,218 |
| Celgene | 6,367 |
| Bayer | 6,030 |
| Express Scripts | 6,011 |
| Merck Kgaa | 5,841 |
| Covidien | 5,827 |
| HCA Holdings | 5,601 |
| WellPoint | 5,521 |
| Alexion Pharmaceuticals | 5,406 |
| McKesson | 5,007 |
| Astellas Pharma | 4,799 |
| ST.Jude Medical | 4,715 |
| Walgreen | 4,710 |
| Wellcare Health Plans | 4,619 |
| HMS Holdings | 4,524 |

| Sales | Proceeds US$'000 |
|---|---|
| Pfizer | 8,811 |
| Merck | 7,500 |
| Abbott Laboratories | 7,459 |
| Shire | 6,801 |
| Gilead Sciences | 6,702 |
| Teva Pharmaceuticals Industries ADR | 6,495 |
| AMERICorps | 6,138 |
| Bayer | 6,066 |
| HCA Holdings | 5,754 |
| GlaxoSmithKline | 5,642 |
| CVS Caremark | 5,461 |
| Merck Kgaa | 5,235 |
| Roche Holdings | 5,165 |
| Allergan | 4,729 |
| Stryker | 4,542 |
| Medtronic | 4,538 |
| Valeant Pharmaceuticals International | 4,211 |
| ST.Jude Medical | 4,164 |
| Mettler-Toledo International | 4,095 |
| Onyx Pharmaceuticals | 4,089 |

## Japan Fund

| Purchases | Cost ¥'000 |
|---|---|
| Yamada Denki | 4,394,244 |
| Mitsubishi UFJ Financial Group | 3,536,937 |
| Bridgestone | 3,074,967 |
| Mazda Motor | 2,932,904 |
| Sumitomo Mitsui Financial Group | 2,765,093 |
| JFE | 2,579,789 |
| T&D | 2,426,543 |
| Mitsubishi Electric | 2,135,728 |
| NTT Docomo | 2,126,285 |
| NSK | 1,936,819 |
| Bank of Yokohama | 1,849,978 |
| Nisshinbo | 1,803,006 |
| FUJIFILM | 1,791,662 |
| Sankyo | 1,645,021 |
| LIXIL | 1,414,859 |
| Mitsubishi Tanabe Pharma | 1,363,836 |
| Sumitomo Electric Industries | 1,321,609 |
| Lintec | 1,297,738 |
| Taikisha | 1,294,545 |
| Horiba | 1,275,880 |

| Sales | Proceeds ¥'000 |
|---|---|
| Sumitomo Mitsui Financial Group | 3,358,354 |
| Nitto Denko | 2,527,148 |
| Mitsubishi UFJ Financial Group | 2,234,616 |
| West Japan Railway | 2,061,830 |
| NTT Docomo | 2,016,130 |
| Astellas Pharma | 1,660,129 |
| NGK Insulators | 1,616,085 |
| Seven Bank | 1,472,853 |
| Mitsui Fudosan | 1,296,372 |
| Mitsubishi Tanabe Pharma | 1,270,077 |
| TS Tech | 1,255,424 |
| Nissan Chemical Industries | 1,171,281 |
| Chiba Bank | 1,129,715 |
| Hogy Medical | 1,024,747 |
| Aoyama Trading | 1,017,292 |
| Amada | 928,007 |
| Funai Electric | 908,402 |
| Sega Sammy | 830,147 |
| Shinmaywa Industries | 614,110 |
| Pola Orbis | 499,640 |

## North American Fund

| Purchases | Cost US$'000 |
|---|---|
| Microsoft | 9,005 |
| Apple | 8,676 |
| Google | 7,283 |
| Pfizer | 6,372 |
| Time Warner | 6,127 |
| Advance Auto Parts | 5,649 |
| McDonald's | 5,418 |
| International Business Machines | 5,411 |
| Capital One Financial | 4,789 |
| McKesson | 4,783 |
| Philip Morris International | 4,754 |
| Aetna | 4,750 |
| Covidien | 4,631 |
| Liberty Interactive | 4,629 |
| PNC Financial Services Group | 4,621 |
| Coca-Cola | 4,600 |
| JPMorgan Chase | 4,570 |
| Tyco International | 4,515 |
| Time Warner Cable | 4,442 |
| Berkshire Hathaway | 4,261 |

| Sales | Proceeds US$'000 |
|---|---|
| Viacom | 3,624 |
| Procter & Gamble | 2,917 |
| UnitedHealth | 2,917 |
| CBS | 2,786 |
| Interpublic Group of Companies | 2,469 |
| Google | 2,260 |
| Amphenol | 2,224 |
| JPMorgan Chase | 2,210 |
| McDonald's | 2,087 |
| Helmerich & Payne | 1,879 |
| Tyco International | 1,776 |
| TMX | 1,496 |
| Jones Lang Lasalle | 1,412 |
| Roper Industries | 1,012 |
| Flowserve | 943 |
| Apple | 886 |
| Philip Morris International | 875 |
| Oracle | 871 |
| Visa | 835 |
| United Technologies | 820 |

# Unaudited Statement of Significant Portfolio Movements continued

For the six months ended 30 June 2012

## UK Absolute Return Fund

| Purchases | Cost GBP£'000 |
|---|---|
| EIS FTSE 250 Index Mid Cap 08/06/2010 | 3,721 |
| EIS DJ Stoxx 600 POLS04285 03/06/2010 | 1,015 |
| EIS DJ Stoxx Chemicals Sector Index 23/02/2012 | 737 |
| EIS DJ Oil&Gas sector 11/11/2011 | 679 |
| Deutsche Boerse | 525 |
| Daily Mail & General Trust | 154 |
| FTSE 100 Index 5200 Put 21/12/2012 | 120 |
| APR Energy | 78 |
| FTSE 100 Index 6000 Call 20/04/2012 | 63 |
| FTSE 100 Index 5600 Put 15/06/2012 | 62 |
| Stoxx 600 Index Call 520 16/03/2012 | 45 |
| S&P 500 Index Put 1250 21/07/2012 | 37 |
| Carphone Warehouse | 37 |
| FTSE 100 Index 5700 Put 17/02/2012 | 35 |
| FTSE 100 Index 5500 Put 20/01/2012 | 31 |
| FTSE 100 Index 5800 Put 16/03/2012 | 31 |
| FTSE 100 Index 5700 Call 20/04/2012 | 30 |
| FTSE 100 Index 6000 Call 16/03/2012 | 28 |
| SEREG 100 Call 20/04/2012 | 22 |
| FTSE 100 Index 5500 Put 17/02/2012 | 22 |

| Sales | Proceeds GBP£'000 |
|---|---|
| EIS FTSE 250 Index Mid Cap 08/06/2010 | 1,450 |
| EIS DJ Stoxx 600 POLS04285 03/06/2010 | 1,058 |
| EIS DJ Stoxx Food & Beverage Index 11/11/2011 | 1,039 |
| Centrica | 843 |
| EnQuest | 802 |
| Wolseley | 721 |
| EIS DJ Stoxx Chemicals Sector Index 23/02/2012 | 649 |
| EIS DJ Oil&Gas sector 11/11/2011 | 647 |
| Deutsche Boerse | 525 |
| EIS DJ Stoxx Healthcare 600 Index 23/02/2012 | 522 |
| TNT Express | 503 |
| ITV | 501 |
| St James's Place | 386 |
| Shanks | 379 |
| Taylor Wimpey | 335 |
| Muenchener Rueckversicherungs | 330 |
| APR Energy | 300 |
| Johnson Matthey | 272 |
| Kingfisher | 230 |
| Tanfield | 181 |

# Information for Investors

## Information for Investors in the Federal Republic of Germany

The Prospectus, the Key Investor Information Document ("KIID"), the Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company and a complete listing of the purchases and sales during the period, each in paper form, as well as the Net Asset Value per Share, issue and redemption prices and any switching prices are available and may be obtained free of charge at the office of the German Paying and Information Agent.

## Information for Investors in Switzerland

The Company have appointed BNP Paribas Securities Services Paris, Succursale de Zurich, Switzerland as representative and paying agent for Switzerland. For redeemable participating shares distributed in Switzerland, the performance place is at BNP Paribas Securities Services' address. Investors, can obtain free of charge, the prospectus, the simplified prospectus (both also available for potential investors), and the last annual and interim reports, in German and a list of the purchases and sales made on behalf of the Company, from the representative at the above address. Official publications for the Company are made in L'Agesi and the Swiss Official Trade Gazette.

Following a directive of the Swiss Funds Association dated 27 July 2004, the Company is required to supply performance data in conformity with the said directive. This data can be found under each of the Fund reports.

Please note that all references to a specific index are for comparative purposes only.

Past performance is no indication of current or future performance. The value of an investment can fall as well as rise as a result of market fluctuations and investors may not get back the amount originally invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of redeemable participating shares.

Investors should contact the Swiss representative at the above address should they require additional information, e.g. on performance including the composition of the relevant indices where applicable.

## Information for Investors in Switzerland continued

**Total Expense Ratio & Portfolio Turnover Rate – Unaudited**

Pursuant to a guideline from the Swiss Funds Association dated January 2006, the Company is required to publish a Total Expense Ratio (TER) for the period ended 30 June 2012.

The TERs for each Fund for the last two periods are as follows:

| Name of Fund | TER (excluding performance fee) in % 30 June 2012 | TER (including performance fee) in % 30 June 2012 | TER (excluding performance fee) in % 30 June 2011 | TER (including performance fee) in % 30 June 2011 |
|---|---|---|---|---|
| Asian Financials Fund | 1.45 | 1.45 | N/A | N/A |
| Emerging Market Growth Fund | 1.95 | 1.95 | 2.81 | 2.81 |
| Emerging Market Income Fund | 1.40 | 1.40 | 1.75 | 2.36 |
| European Market Neutral Fund | 1.62 | 1.62 | N/A | N/A |
| Financials Income Fund | 1.20 | 1.20 | N/A | N/A |
| Financial Opportunities Fund | 1.56 | 1.61 | 1.04 | 1.59 |
| Global Insurance Fund | 1.34 | 1.34 | 1.26 | 1.26 |
| Global Technology Fund | 1.44 | 1.44 | 1.62 | 1.69 |
| Healthcare Opportunities Fund | 1.40 | 2.62 | 1.56 | 2.32 |
| Japan Fund | 1.48 | 1.49 | 1.59 | 2.58 |
| North American Fund | 0.96 | 1.09 | N/A | N/A |
| UK Absolute Return Fund | 1.37 | 1.37 | 1.38 | 1.38 |

The Portfolio Turnover numbers for each Fund for the last two periods are as follows:

| Name of Fund | PTR in % 30 June 2012 | PTR in % 30 June 2011 |
|---|---|---|
| Asian Financials Fund | 48.91 | N/A |
| Emerging Market Growth Fund | 11.07 | 17.55 |
| Emerging Market Income Fund | 26.23 | 8.82 |
| European Market Neutral Fund | 86.06 | N/A |
| Financials Income Fund | 9.32 | N/A |
| Financial Opportunities Fund | 102.88 | 31.52 |
| Global Insurance Fund | 12.48 | 2.38 |
| Global Technology Fund | 32.72 | 35.74 |
| Healthcare Opportunities Fund | 254.52 | 126.10 |
| Japan Fund | 11.83 | 116.78 |
| North American Fund | 40.28 | N/A |
| UK Absolute Return Fund | 62.31 | 25.67 |

# Fund Information

## Directors: (all non-executive)

David Astor* (appointed 28 May 2012)
Robert Bovet*
James Cayzer-Colvin
Ronan Daly*
David Hammond*
Jonathan Quigley* (resigned 11 April 2012)
Charles Scott*

*Directors independent of the Investment Manager.

## Investment Manager, Global Distributor and UK Facilities Agents:

**Polar Capital LLP**
4 Matthew Parker Street
London SW1H 9NP
United Kingdom

## Administrator, Registrar, Transfer Agent and Secretary:

**Northern Trust Fund Administration Services**
(Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

## Legal Advisers: (as to Irish law)

**Dillon Eustace**
33 Sir John Rogerson's Quay
Dublin 2
Ireland

## Sponsoring Broker:

**Davy Stockbroker**
Davy House
49 Dawson Street
Dublin 2
Ireland

## Swiss Paying Agent/Representative:

**BNP Paribas Securities Services**
Paris
Zurich Branch, Selnaustrasse 16, 8022 Zurich
Switzerland

## French Centralising and Paying Agent:

**BNP Paribas Securities Services**
66 Rue de la Victoire
75009 Paris
France

## Registered Office:

**George's Court**
54-62 Townsend Street
Dublin 2
Ireland

## Company Registration Number:

348391

## Custodian:

**Northern Trust Fiduciary Services (Ireland) Limited**
George's Court
54-62 Townsend Street
Dublin 2
Ireland

## Independent Auditor:

**KPMG**
Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

## Swedish Paying Agent:

**SEB Merchant Banking**
Sergels Tog 2, ST H1
10640 Stockholm
Sweden

## German Paying and Information Agents:

**Deutsche Bank AG**
Taunusanlage 12,
60325
Frankfurt am Main
Germany

## Austrian Paying Agent:

**Meinl Bank AG**
Bauernmarkt 2
1014 Vienna
Austria

## Governance and Monitoring Services:

**Bridge Consulting Limited**
33 Sir John Rogerson's Quay
Dublin 2
Ireland

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