Polar Capital Funds plc

Interim Report and Unaudited Financial Statements
for the six months ended 30 June 2011

Contents

Investment Manager's Report

for the six months ended 30 June 2011

Fund Performance

Fund performance has been essentially flat for the first half of this year compared with +3.05% for the MSCI World Insurance Index (£), +1.1% for the FTSE Allshare and +1.9% for the S&P500 (£). Relative performance has been hurt by our minimal exposure to the European life assurance sector, which enjoyed a strong start to 2011, although this has tailed off in recent months on heightened European sovereign debt concerns.

Market Review

The first six months of 2011 saw an unprecedented level of losses from catastrophes, led by the earthquakes in New Zealand and Japan, the Australian flooding and most recently the tornadoes in the US. Losses of c.$70 billion are estimated for the period making it the costliest first half on record for the industry. 2011's losses have already exceeded all of 2009 and 2010's catastrophe losses combined. We have reached this position in 2011 before the onset of the US hurricane season which runs from June until November.

Given these catastrophes it is therefore unsurprising that the reinsurance market has started to harden. Prior to Japan the events in Chile, New Zealand and Australia were being met with material catastrophe rate rises in those local markets of over 50%. Many of the Japanese renewals, which were postponed from 1 April due to the earthquake, completed with rate rises of 50-60% on 1 July. Importantly, the magnitude of these combined losses has been sufficient for reinsurance rates to rise on a broader basis. US catastrophe reinsurance is largely bought on 1 June and 1 July ahead of the hurricane season. Rates on 1 June for the Florida renewals were up over 10%, with demand rising driven by fear from primary insurers that they have insufficient cover against further large losses and also a material change in a widely used US hurricane catastrophe model from RMS. The model change effectively reflects the belief that hurricanes have the potential to go further inland than was previously assumed (which occurred with Hurricane Ike in 2008). Renewals on 1 July followed a similar trend. At the start of this year the consensus expectation was for US catastrophe rates to be flat/down 5%. Recently we met the CEO of a global reinsurer who characterised the reinsurance market as one which is "building momentum". He is not seeing rates declining anywhere and pricing strength has broadened from catastrophe reinsurance into the wider property reinsurance market. The impact of the RMS model change will be felt more fully at the 1 January 2012 renewal and is a key reason why we expect the recent upturn in reinsurance rates to be sustained. Two thirds of the reinsurance market renews on 1 January.

In the direct insurance market, pricing continues to show early signs of improvement but will take longer to materialise than reinsurance. Thin underwriting margins can no longer be sustained given the low interest rate environment and the falling contribution of reserve releases to financial results. Insurers are facing the prospects of increased reinsurance costs. Our recent meetings with underwriters suggest better pricing in property and offshore energy for example.

Fund Activity during the period

Since the tragic events in Japan, we have made some adjustments to the portfolio as we believe this event will prove to be the turning point in insurance rates following 5-6 years of declining prices.

We have increased our exposure to companies which we expect to lead in an upturn in investor sentiment to the industry. These include ACE, Chubb and Travelers (new holding in the period), which are historically bigger companies than our usual mid-cap focus. We have also added the brokers Marsh & McLennan and Jardine Lloyd Thompson as they are early beneficiaries of an upturn in rates.

In May, we bought a holding in AXIS Capital following a recent management appointment. This replaced our position in Flagstone Re which was sold following the Japanese earthquake.

Market Outlook

Premium rate rises have historically been an important driver to analyst and investor sentiment towards the sector. We believe this sentiment is set to improve as rate rises gather pace in the coming months, particularly as we approach the 1 January reinsurance renewal. With this backdrop it is unlikely that the US/Bermuda sector will continue to trade at 94% of book value (as at 30 June 2011). After two years away Mother Nature could well return to the East coast of America and the Gulf of Mexico this summer. If she does, the growing momentum on rates we have seen so far this year will be given a significant boost.

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Fund Performance

The fund underperformed the benchmark by 2.07% over the last six months returning -1.19% compared to the index return of +0.88%. This disappointing outcome can be attributed to a number of factors amongst which were the popular uprisings in North Africa, which caused considerable harm to the Fund's two holdings in Egypt. Korea also subtracted value in part because the Fund was underweight what turned out to be one of the best performing markets in the first half of 2011, but also because of a large underweight in the auto sector. Auto stocks registered some extraordinary gains on the back of the troubles in Japan as well as the continued strength of the Yen against the Won. There were also some disappointing individual stocks notably Huabao in China, which announced in-line earnings numbers but with disappointing guidance, and compounded the sin by announcing that several directors had sold stock in the wake of the earnings release. When this became clear, short sellers drove the stock down aggressively. However, there is no reason to suppose that there is anything fundamentally wrong with the company or that it suffers from any of the issues that have afflicted so many Chinese listed companies over the last six months or so.

Market Review

Overall, emerging markets traded sideways during the last six months but that disguises some considerable volatility in what was in many ways, an extraordinary period that witnessed the popular uprisings in North Africa and the Middle East, as well as the dreadful earthquake and consequent tsunami in Japan. Dramatic as these events were, they were overshadowed from a financial perspective by the ongoing program of quantitative easing conducted by the US Federal Reserve, the most obvious consequences of which were twofold. Firstly, the program was enormously successful in boosting share prices in the United States which was one of the core objectives of the program as outlined the program's author, Ben Bernanke. However the second consequence, which was of greater significance to emerging markets investors, was the impact of loose monetary policy on commodity prices and in particular the oil price which surged from $95 per barrel at the beginning of the year to over $120. Given that many emerging markets had only mild recessions at worst during the financial crisis and had, in many cases, enjoyed very strong recoveries, rising inflation, already an issue in 2010 became the centre of attention for both investors and, more importantly policy makers during 2011. The consequent monetary tightening coming by both orthodox and unorthodox means led to emerging markets continuing to underperforming their developed counterparts, a trend that had started during the last quarter of 2010. This underperformance was accompanied by considerable outflows from the asset class, a trend that reached its apotheosis in February with the second highest monthly outflows on record.

The best performing markets during the review period have been those in Central Europe, primarily because their currencies are mostly closely linked to the Euro which has surged against the dollar thanks to quantitative easing. Russia also performed well on the back of the surge in the oil price and Korea was the main beneficiary of the disruption caused by the earthquake in Japan. In contrast, the Indian market was very weak as a combination of high inflation, rising interest rates, a deteriorating current account and fiscal balance as well as numerous corruption scandals took their toll. Similarly, the Turkish market was very weak as investors started to worry about the soaring current account deficit, a result not just of the high oil price but clear evidence that the economy was overheating badly.

Fund Activity during the period

The Fund has retained a relatively defensive stance throughout the review period although there have been some minor changes. The weighting in Brazil has been reduced through the sale of Gafisa and Vale, but these were for stock specific reasons. Vale was sold as our confidence in the business has been eroded by the change of management, endless political interference, and the continuing weakness of economic data emanating from China, its main customer. Gafisa was sold as we have lost confidence in the management's ability to run the company and more particularly to manage the integration of Tenda, which they bought last year. The Indian weighting has been increased slightly through the purchase of Yes Bank, an Indian private sector bank primarily focused on corporate lending. The bank has grown rapidly, so much so that 80% of its loan book was initiated post-crisis, but with just 250 branches has substantial scope for further strong growth. The stock has not performed particularly well as a result of monetary tightening in India but on 11.5x forward earnings represents good value as the tightening cycle nears its conclusion. The weightings in China and Taiwan have also been increased slightly.

Taiwan exposure has been increased though the purchase of Giant as well as through topping up on existing holdings. Giant is the largest bicycle company in the world with a 10% global market share, a share which we expect them to be able to maintain due to their cost competitiveness. Growth will come from lifestyle changes in the West as well as rising demand in emerging markets and China in particular. Giant shares are trading on an undemanding PE multiple of 11.5x FY11E and 10.5x FY12E with a sustainable c.5% yield. In China, the Fund purchased Digital China which is one of the leading domestic IT services providers. The company is well positioned to continue to benefit from both the industrial growth and any potential government policy initiatives. It has managed growth of 23% over the past 6 years; we believe this rate of growth is sustainable over the medium term. The shares are currently trading on a forward earnings multiple of 14x, in line with peers and its own history.

Market Outlook

Although the previous six months have been challenging for all global markets there are several reasons to suppose that life will not get any easier in the immediate future. The financial difficulties of peripheral Europe have spread to the core with a surge in yields on Italian and Spanish debt. It is difficult to envisage how European policy makers are going to avert a crisis in Europe and yet global equity markets seem remarkably robust in the face of such potentially calamitous events. Furthermore, monetary tightening in China looks set to continue for a while, yet given the elevated level of inflation in the country and the ongoing desire of policymakers to ensure that the property bubble is well and truly deflated. In spite of these negatives and a poor economic backdrop, in the US it seems very unlikely that there will be a third round of quantitative easing in the immediate future, given that the negative consequences of the last round seem to be widely recognised. Chairman Bernanke certainly seems to be suggesting that he will wait to see how the US economy behaves before considering any further loosening of monetary policy.

This creates an awkward backdrop for equities and it is hard to see how emerging markets can be completely immune from any Euro crisis or from tightening global liquidity. Nevertheless, experience of the last financial crisis should remind investors that the economic situation in and prospects for the developing nations is vastly superior with the key differentiator being the far lower levels of leverage that apply at almost every level. As a consequence, any sell-off is likely to be relatively short lived and will provide an opportunity for the Fund to increase its exposure again.

On a more positive note, with the exception of a few countries, there are some signs that inflation has either peaked or is close to peaking suggesting that the tightening cycle within emerging markets is close to ending. Any further correction in commodity prices, particularly food and oil, would be great help in this regard and thus it will be necessary to keep a close eye on events in Libya as the departure or surrender of Colonel Qaddafi should be negative for the oil price. The collapse in the Southern Oscillation Index, a measure of the El Nino effect should also presage a period of less dramatic weather patterns which should help global food output.

The fact that emerging markets are in this situation illustrates both the extraordinary difference between emerging market and developed markets, as well as the transformation that has taken place within these countries. In previous cycles, monetary tightening has taken place as a result of currency crisis rather than overheating economies.

From a valuation perspective, emerging markets are now back in line with their averages for the past 15 years in terms of both price to earnings and price to book. Furthermore, the premium to developed markets in terms of price to book has largely disappeared suggesting that they now represent fair value. The only potential negative comes from a possible margin squeeze, as earnings expectations for 2011 and 2012 are very optimistic with consensus growth estimates of 21% and 13% respectively. Although there are several negatives associated with emerging markets, most of these are on the wane and in any case pale into insignificance when compared with the problems confronting the developed world. Quantitative easing created a rare spell of developed markets outperformance which is unlikely to be repeated going forward.

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Fund Performance

The Fund has made a solid start since launching on the 21st of January outperforming the index by 1.44% registering a reasonable gain of 2.99% compared to the index return of 1.55% against a volatile but ultimately directionless market. This was primarily due to strong stock performance in a number of markets including Brazil, Turkey, Taiwan, Mexico and South Africa. If there was one theme running through these countries, it was that companies generating strong returns on equity, and paying good dividends continued to perform well, whilst more cyclical businesses particularly in technology and material sectors did not. The Fund has performed well when markets have been weak, as one would expect, but has also managed to do reasonably well when markets have rallied which is more gratifying. Performance has been helped by some exceptional individual stocks, a notable example being Taiwan Cement, which is a significant beneficiary of the growth of social housing in China. The performance of the stock was enhanced when they announced a much higher than expected dividend for the year, pushing the stock up a further 5% on the day of the announcement. It is clear that dividends are becoming more important to emerging market investors and it has been encouraging that the vast majority of the Fund's holdings have announced very strong increases in both the dividend and, in many cases, the payout ratio.

Dividend Declaration

The fund's record date was the 30th of June with the stock going Ex DIV for its first dividend of 0.17pps on the 1st July. The distributable reserves at this point were 0.20 pps.

The target yield outlined in the prospectus is to deliver a yield of no less than 3.5% pa, the performance of the first half should leave room for the company to meet this target with the final dividend.

Market Review

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The best performing markets during the review period have been those in Central Europe, primarily because their currencies are mostly closely linked to the Euro which has surged against the dollar thanks to quantitative easing. Russia also performed well on the back of the surge in the oil price and Korea was the main beneficiary of the disruption caused by the earthquake in Japan. In contrast, the Indian market was very weak as a combination of high inflation, rising interest rates, a deteriorating current account and fiscal balance as well as numerous corruption scandals took their toll. Similarly, the Turkish market was very weak as investors started to worry about the soaring current account deficit, a result not just of the high oil price but clear evidence that the economy was overheating badly.

Fund Activity during the period

The Fund was initiated with an underweight in Asia due to largely to owning just one stock in India, a market where there are limited income opportunities and where the market was still too expensive and thus not reflecting the multiple risks facing the economy. The market has been one of the worst performers during the last six months providing the opportunity to start increasing the Fund's exposure, which has been done through the purchase of Yes Bank and Rural Electrification Corp. In contrast, the Fund started with a large overweight position in

Turkey as there were a number of companies offering high yields at attractive valuations such as Turk Telecom, Turk Traktor and Tupras. All these three holdings performed very well thus making it possible to take both substantial dividends as well as considerable capital gains. All three were sold in order to reduce exposure to the country, and thus reduce the risk of being caught up in a currency that is likely to deteriorate on the back of a massive and rising current account deficit. The Fund has retained relatively high cash weighting throughout the period, reflecting nervousness over the global outlook and the expectation that better opportunities will arise to increase exposure.

Market Outlook

Although the previous six months have been challenging for all global markets there are several reasons to suppose that life will not get any easier in the immediate future. The financial difficulties of peripheral Europe have spread to the core with a surge in yields on Italian and Spanish debt. It is difficult to envisage how European policy makers are going to avert a crisis in Europe and yet global equity markets seem remarkably robust in the face of such potentially calamitous events. Furthermore, monetary tightening in China looks set to continue for a while, yet given the elevated level of inflation in the country and the ongoing desire of policymakers to ensure that the property bubble is well and truly deflated. In spite of these negatives and a poor economic backdrop, in the US it seems very unlikely that there will be a third round of quantitative easing in the immediate future, given that the negative consequences of the last round seem to be widely recognised. Chairman Bernanke certainly seems to be suggesting that he will wait to see how the US economy behaves before considering any further loosening of monetary policy.

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From a valuation perspective, emerging markets are now back in line with their averages for the past 15 years in terms of both price to earnings and price to book. Furthermore, the premium to developed markets in terms of price to book has largely disappeared suggesting that they now represent fair value. The only potential negative comes from a possible margin squeeze, as earnings expectations for 2011 and 2012 are very optimistic with consensus growth estimates of 21% and 13% respectively. Although there are several negatives associated with emerging markets, most of these are on the wane and in any case pale into insignificance when compared with the problems confronting the developed world. Quantitative easing created a rare spell of developed markets outperformance which is unlikely to be repeated going forward.

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Fund Performance

In view of the short history of the Fund (it was launched at the beginning of May 2011), it is difficult to extrapolate trends in performance although overall the Fund's NAV fell 4.2% reflecting the turbulent conditions within the global financial sector. Our bias to Asian financials and more limited exposure to developed market banking sectors, however, helped us out-perform our benchmark index by 2.4%.

Sector Trends

The environment for financials globally remains under considerable stress, primarily on the back of continued fears over the health of certain sovereigns. The greatest fears have been understandably focused on European financials, reflecting the inter-related nature of many of their risks. What started as a crisis of confidence in a relative small economy (Greece), has now widened to include much larger and more systemically important countries such as Spain and Italy. Equally there are few safe havens within the banking sector, with sectors within countries with stronger macro fundamentals (such as Germany and France), affected by their holdings of periphery country sovereign bonds or their ownership of domestic banking franchises within southern European countries.

The increasingly tense environment has not been helped by the seemingly ambivalent attitudes from European politicians as to how to deal with the crisis and clear differences of opinions between individual countries and the ECB. Further compounding worries has been a lack of transparency in terms of the regulatory environment (e.g. which banks will be classified as systemically important) and an unwillingness to use stress tests in a more rigorous manner (not surprising considering the highly jittery nature of markets). We continue to be very defensively positioned with regard to this sector.

Though Asian financials have also come under some selling pressure during this period, this has been much more subdued reflecting their stronger balance sheets, limited exposures to southern Europe and domicile in countries with stronger macro environments. There are valid concerns within Asia over rising inflation, which continues to be on a upward path; however with interest rates having risen significantly in a number of countries, we suspect that the second half will see a peaking in interest rate trends. It also remains too early to see any deterioration in asset quality and we would argue that the overall level of gearing remains at very manageable levels.

Fundamentals for Asian financials (dominated by banks) remain strong, with loan growth running at levels not seen for a number of years (as Asia gears up following many years of de-gearing). Higher interest rates in a number of markets are also feeding through into wider margins as the banks benefit from their cheap and ample deposit bases. Finally, asset quality remains very benign with non-performing loans continuing to fall to very low levels. A number of sectors have also seen good growth in fee income as demand for other financial services (such as insurance) continue to expand.

US financials have generally been weak, keeping in step with what has been happening in Europe although the concerns have been somewhat different. The failure to reach an agreement of how to deal with the budget deficit, coupled with a weakening economic picture (and consequently little evidence of any improvement in underlying banking trends e.g. loan growth) have all dampened sentiment. Our exposure to US banks remains limited since we perceive their valuations as being too high in most cases, although we continue to look selectively at certain faster growing regional banks.

Most of our exposure in the US is to the reinsurance/non-life insurance sector. Though this sector also has certain defensive characteristics (since it is less driven by the macro cycle), the key attraction is the expectation of further rises in insurance rates. 2011 has already seen a significant level of catastrophes (in New Zealand, Japan and Australia) and this is providing an impetus to rate rises in certain catastrophe risk lines. We expect that the momentum will continue as the year progresses and will provide a catalyst for a re-rating of the sector. Valuations for the sector also remain at multi-year lows providing a very attractive entry point to invest. We have also invested in this theme through certain European insurance stocks (Munich Re in particular).

Movements in portfolio

Since launch our exposure to European banks has been limited, although the shift in worries to Italy has resulted in a further reduction in our exposures to that sector (we sold positions in Societe Generale, Commerzbank, Santander and BNP Paribas). Though we view some of these banks as offering the best positions for longer-term recovery, as the sovereign crisis has escalated it remains difficult to assess what their true capital positions will look like in even 6 months time. We suspect there will be better opportunities to re-purchase these exposures in the future. We have also sold our holdings in Turkey during this period. Though this remains a banking sector that we find attractive in the long-term, we have growing concerns over the rising current account deficit and weakening currency trends.

Within our Asian holdings we have reduced our exposure to Thai banks and Chinese banks (the latter offset by increased exposure to Chinese insurance). Thailand has seen rising political risk again, and though the election showed a clear result for the opposition party, it remains to be seen how accepting the current establishment will be of the result. We believe the sector (which is widely held as a bell-weather for Thailand overall) could consequently come under pressure in the months ahead.

Chinese banks remain the potential "Achilles heel" in the Asian financial sector story. They are fundamentally state-controlled banks and that lack of transparency as to how they make their lending decisions will continue to undermine a sector which is highly profitable and with strong growth prospects. We have reduced our exposure since as though attractively priced, an economic slowdown coupled with higher interest rates may very well be the catalyst to put more pressure on their asset quality. However one cautious note should be sounded in that China continues to have access to considerable liquidity and may well be able to deal with asset quality problems more quietly than through the quoted banks capital.

Outlook

In the general gloom that has again surrounded the sector, investors should not lose sight of some favourable underlying developments. Even within European banks we are seeing widening spreads and an improvement in returns on a risk-adjusted basis. Assuming some resolution of the sovereign risks, valuations look very attractive in some cases but equally we would caution that opportunities are likely to be specific to certain stocks rather than the sector overall.

What is also clear is that investors are making little differentiation between the quality of balance sheets (even though the fixed income markets are pricing very differently between banks). Any sovereign default will result in all banks falling sharply; however, it will also provide the opportunity for investing in good quality franchises with the capital strength to withstand the pressures ahead.

Having said this, we expect the Fund to continue to be biased to the more attractive Asian financial sector and the more defensive non-life insurance sector. Both these areas offer good fundamentals to help support their valuations, which in many cases remain very low. We have developed a particular expertise within Asian financials and this provides us with ample opportunities in the event that western banks remain a lacklustre investment proposition for some time to come.

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Performance and assets under management

The first half of 2011 was a challenging period that saw the Fund rise 0.2% in US Dollar (USD) terms, whilst the FTSE World Index increased 4.1%. Although the Fund marginally outperformed its benchmark, the Dow Jones World Technology Index, which fell 0.4% in US Dollar terms, the technology sector clearly lagged broader markets over the period. Although disappointing, a period of consolidation is not unusual following several years of strong absolute and relative returns.

Periods of slowing global growth are typically challenging for equities and the technology sector clearly suffered during this period as a result. With new macro fears emerging at an alarming rate, anxious investors were driven towards sanctuaries such as cash, gold and traditionally defensive sectors including healthcare, energy and utilities. Despite lagging the broader market many technology stocks, in particular small and mid caps, continued to deliver strong underlying revenue, cash flow and earnings growth. This was in stark contrast to the experience of a number of larger incumbent companies such as Hewlett Packard, Cisco, Nokia and Research In Motion which further reinforced our view that we remain in the early stages of a significant "new technology cycle".

Encouragingly, despite recent macro economic headwinds and sector underperformance, assets under management grew from $471m at the start of the year to $721m as at 30th June 2011. We continue to actively monitor our capacity in this and related technology strategies to ensure we can maintain our small and mid-cap centric approach and will, if necessary, consider soft closing the Fund.

Market review and fund activity

Equities made an encouraging start to 2011 due to the combination of a number of positive top-down developments and a solid start to fourth quarter earnings season. Those technology stocks most exposed to our "new cycle" themes such as Salesforce.com, Aruba Networks and Teradata to name a few, generally reported particularly strong results. However, an overall improvement in IT spending and a classic fourth quarter budget flush also allowed IT stalwarts – particularly those not "impaired" by the new technology cycle - such as IBM and SAP, to deliver robust earnings.

Having benefitted from a particularly strong period of performance towards year-end 2010, and anticipating a traditionally seasonally weak start to the year, our positioning was initially conservative with large-cap exposure peaking at circa 65% of the Fund and elevated levels of cash. With hindsight we still believe this was a prudent position due to the valuation gap between small/mid-cap and large-cap stocks against the backdrop of increased macro uncertainty. Unfortunately our performance, especially relative to some of our peers, suffered as markets continued to grind higher despite the worsening Greek debt crisis, associated Euro contagion, Japanese tsunami and nuclear disaster, the prospect of an economic double dip, US debt ceiling concerns, Chinese tightening in the face of rising inflation and political unrest in the Middle East driving oil prices higher. That equity performance was resilient against such a volatile backdrop should actually be reassuring for investors, particularly given bull markets are often associated with climbing a "wall of worry".

Whilst markets shook off much of the negative news during the period, the tragic tsunami and associated nuclear crisis in Japan towards the end of the first quarter triggered a jump in risk aversion. The technology sector underperformed during this period due to concerns over reduced Japanese demand and associated reduction in global growth, exacerbated by higher oil prices. In addition, damage to manufacturing capacity, transport and power generation raised the spectre of substantial global supply chain disruption due to specific component shortages. In particular, concern centred on two areas where Japan dominates global supply including BT resin (a form of heat resistant glue used in communications semiconductors) and silicon wafers. Although we certainly shared these concerns, and reduced our communications exposure accordingly we were also encouraged by robust mid quarter reports from Oracle, Red Hat and Accenture combined with positive feedback from recent visits to companies. As a result, we tentatively began to use weakness to increase our exposure to small and mid-cap stocks, initially using our cash position and then large-caps as a source of funds.

In fact, Japanese and other top-down concerns were soon ameliorated by a strong start to first quarter earnings season. Even the decision by S&P to lower its outlook on the AAA credit rating of the US to "negative", failed to dampen the rally in equities, although the US Dollar and 10 year US treasury yields did weaken substantially on this news. Unfortunately, technology stocks continued to lag the market as risk of supply chain disruption and reduced global demand removed the likelihood of significant upside to earnings, and increased the probability of more conservative forward looking guidance. Despite these fears, first quarter technology results proved remarkably robust with particular strength in enterprise focused holdings such as F5 Networks, RedHat, Polycom and Netgear. The only noticeable areas of weakness being domestic Japanese stocks or PC and consumer related companies and their associated supply chains (with the noticeable exception of Apple, which reported yet another stellar quarter).

The Fund performance suffered during this period due to suspicions of fraud at Longtop Financial, a holding audited by Deloitte, which we subsequently sold before the shares were suspended. In addition, investors were further reminded that Chinese corporate governance is somewhat nebulous by the transfer of AliPay (the Chinese equivalent of PayPal owned by Alibaba, a subsidiary of Yahoo and Softbank) to its founders without prior board approval. At a time when macro risks were already elevated, investors were unsurprisingly not in a forgiving mood and Chinese technology stocks, especially smaller companies, were de-rated. Although it may take time for this cloud to lift, we believe the risk reward of investing in China remains compelling. As a result, despite applying an additional discount to these stocks and targeting smaller position sizes, we used weakness to add to our preferred stocks including Baidu, VanceInfo and AutoNavi.

With first quarter earnings season largely complete, macro events once again dominated markets during May. The combination of weaker US economic data (specifically housing, ISM and employment), and the return of increased sovereign risk in the form of a potential Greek default drove increased risk aversion and volatility. Meanwhile technology news flow continued to highlight the growing divide between legacy incumbent vendors and their "new cycle" peers. Cisco Systems, Hewlett Packard and Nokia all disappointed with profit warnings or poor guidance. Whilst some of this weakness was certainly attributable to the softer economic backdrop, much was also due to the disruptive impact of new technologies and business models. Increased competition between the larger incumbents also likely played a part as "cloud computing" is blurring the line between traditional sandboxes of computing, storage, networking and applications. Microsoft's $8.5bn acquisition of Skype, exceptional results from Saleforce.com and the remarkable success of the first social networking IPO (LinkedIn), all did their part to highlight the diverging fortunes within the sector.

The period ended on a particularly volatile note with the spectre of a Greek default and associated Euro zone contagion at the forefront of investor's minds. These fears were augmented by weakness in global macro data (European and Chinese PMI's) and growing concerns over failure to agree US debt ceiling and deficit reduction plans (due to political deadlock). US bond yields dropped below 3% for the first time in 2011 which, along with a 10%+ pullback in oil prices, created a repeat of last summer's "growth scare" and drove a significant "risk off" rotation favouring defensive sectors.

Despite the negative economic headlines, three of our team returned from trips to the US and China in late May with increased confidence that the macro fears were not, at least for now, impacting robust bottom-up fundamentals for many of our holdings. This view was again further reinforced by strong mid-quarter reports from enterprise-focused companies including Oracle, Red Hat and Tibco. That said, second quarter earnings pre-announcement season did see some pockets of weakness emerge including an on-going inventory digestion in optical components (warnings from Finisar and Ciena) and weak demand for consumer PC and TV and the associated supply chain. Two other small-cap holdings, Meru Networks and DemandTec, also negatively preannounced due to the combination of macro pressures and stock specific execution issues. Although these issues may take several quarters to resolve, we have since added to both because of their strong balance sheets and very attractive valuations.

Outlook

As previously suggested, we believe that investors will have to contend with ongoing 'echoes' of the recent credit crisis, which will likely manifest as 'growth scares'. That said, we continue to believe that the most likely prognosis for the global economy remains that it 'muddles through', resulting in a prolonged period of below trend growth. We are particularly encouraged by the recently revised Eurozone bailout package for Greece, which although not a complete solution for Europe's structural issues, is a significant step in the right direction creating the potential for a more lasting solution. On the other hand, we recognise that political stalemate in the US increases the risks surrounding the AAA credit rating; even though some

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form of solution will almost certainly be found it is now looking increasingly likely to be a temporary fix.

Encouragingly, sharply lower commodity and in particular energy prices may have reduced the risk of policy error in emerging markets by taking the sting out of unhelpful inflationary trends. As such - amid comments from the Chinese that imply recent tightening efforts are largely complete - we believe that the 'set-up' for stocks as we head into the second half of the year remains favourable, particularly relative to other asset classes.

Regarding the outlook for the technology sector, we remain firmly in the bullish camp as we continue to believe that we are just two years into a new technology cycle. As we have outlined in previous reports, we strongly believe that the shift towards cloud computing is best understood as the IT industry moving to a mass production model. This is likely to result in a step change in the cost of delivering IT, combined with significantly more flexibility and lower upfront investment. As such, we expect this coming cycle to prove the most disruptive yet, as enterprise vendors and the 'craftsmen' associated with today's distributed architecture lose out to cheaper, more monolithic and highly centralised alternatives pioneered by the likes of Google, Amazon and Salesforce.com. Although this dynamic will take years to fully play out, we expect more challenging economic conditions to accelerate adoption of these newer technologies as companies strive to reduce operating expenses associated with legacy IT. We therefore remain convinced that although IT budget growth is likely to remain constrained, there will be a significant rotation of spending within existing budgets towards disruptive, productivity enhancing technologies, which clearly favours small and mid-cap companies.

With the media understandably focused on the 'frothy' valuations being applied to social networking companies, it is worth reminding investors that beyond this pocket of ebullience, technology valuations remain attractive, even setting aside the cheap but increasingly challenged incumbents. There is clearly a divide within the technology investment universe at the moment – as such, our current positioning is best described as a reverse barbell approach. On one side we are avoiding those stocks we believe are overvalued, including many but not all social media stocks; while at the other extreme we believe investors should steer clear of many supposedly cheap large cap stocks ("impaired incumbents"), due to the risk of share loss or market erosion from disruptive new technologies or business models. In the middle, there is an incredible universe of small and mid-cap technology companies set to benefit from the new cycle, offering the combination of sustainable secular growth and compelling valuations, especially following recent macro related weakness in stock prices.

Since the period end, second quarter earnings season has started well with particularly robust results from both Internet and enterprise related stocks including Google, Apple, Checkpoint and even Microsoft. One area where expectations were elevated and stocks have reacted badly to small earnings disappointments has been the cloud computing related group, with two of our worst impacted holdings being Riverbed and Fortinet. Both suffered disproportionately relative to their earnings revisions. With the expectations bar reset, momentum investors have exited and these stocks are once again beginning to look more interesting. Elsewhere, semiconductor stocks have generally suffered due to the cyclical slowdown but due to low expectations where numbers have been good stocks have reacted positively - recent examples being holdings such as Skyworks, Sandisk and Lattice Semiconductor, which all reacted very positively to results.

Overall, we expect this mixed but positive trend to continue throughout the remainder of earnings although macro headlines will likely continue to weigh on management confidence resulting in cautious capex plans and conservative guidance. However, looking beyond this, with expectations lowered and in the absence of any significant top-down systemic shock (specifically escalation of Eurozone or US debt concerns) the outlook is more encouraging. We are entering the seasonally stronger second half, with potential economic re-acceleration as global automotive production fully resumes and the prospect of further M&A activity which likely returns as CEO confidence levels improve. While volatility is likely to remain elevated, we expect to buy weakness if and when it occurs, given our overarching view that our interests as equity investors are closely aligned with policy makers and our confidence that we are in the early stages of a significant new technology cycle.

Polar Capital LLP
July 2011

Investment Manager's Report

for the six months ended 30 June 2011

Fund Performance

The Fund returned 13.28% over the six month period compared to a return of 11.22% for the MSCI ACWI Healthcare Index. The healthcare sector has enjoyed a strong period of outperformance versus the broader market, driven by strong fundamentals, positive news-flow and a defensive bias to the market. The Fund outperformed its index over the period largely due to positive stock selection in the biotech and pharmaceutical sub-sectors.

In terms of sectors, healthcare services have been the stand-out performer, with the most strength from the managed care sub-sector, but also from distributors and technology. The managed care sector, which the Fund has exposure to through positions in UnitedHealth, Wellpoint and Amerigroup, has generated a significant return driven by attractive valuations and improving margins due to limited cost pressures. Healthcare distributors have continued to outperform due to solid earnings growth and potential upside from the upcoming generic wave in 2012. Healthcare technology stocks have responded well to the ongoing stimulus in the US to essentially "wire up" the healthcare system. The healthcare facilities sector has really been the only disappointing area for the Fund, which was due to specific stock situations explained below.

In terms of stocks, the Fund enjoyed positive performance from the biotech and pharmaceuticals sectors. In biotech, the highlights were Alexion, Biogen Idec, and Pharmasset. Alexion continues to generate excellent growth and also positive clinical data. Biogen Idec stunned the market with amazing results for its new drug to treat multiple sclerosis and Pharmasset also excited investors with data for its new hepatitis C treatments. In Pharmaceuticals, Valeant was the stand-out performer with its unique strategy to consolidate the specialty pharmaceutical industry, generating significant earnings growth. Other strong performers included Pfizer, Watson, Allergan and Sanofi. Other highlights included Waters, growing ahead of the market through strength from its mass spectrometry and liquid chromatography products; Zoll Medical, its Lifevest product benefitting at the expense of others in a weak defibrillator market; and Cerner, the leading healthcare technology company which continues to benefit from the stimulus described above. Stocks that underperformed during the period included Nichi-iko, Community Health and Cyberonics. Nichi-iko declined due to an equity-raising and concern over short-term profits, Community Health sold off heavily after being sued by a company it was attempting to acquire, and Cyberonics issued disappointing guidance as investors had under-estimated the company's plans to invest in R&D.

Market Review

The period under review has witnessed a number of challenges that have limited progress for the broader stock markets. The market has remained in a tight range over the last few months after a good start to the year. Defensive sectors such as healthcare have dramatically outperformed during the last six months.

Two major issues are causing increased volatility in the markets. The first is the sovereign debt situation in Europe and the second is slowing economic growth in both the US and China. Debt markets have reacted negatively to the questionable solvency of Greece, Ireland and Portugal – these countries are now unable to effectively raise cash from the credit markets and are relying on money from the European Union. The situation is challenging and we expect ongoing efforts to try to improve the situation, although we think the outlook for the Euro is highly uncertain in the long term. The US has added to the uncertainty with political issues hindering progress on raising the debt limit that is required to maintain normal access to debt markets. In terms of economic growth, leading indicators have started to slow in the first half of the year particularly in the US and China. The impact of the Japanese earthquake that occurred in March and the bad weather were used as explanations for the economic softening. However, our view is that the second round of quantitative easing (QE2), which was launched in the US in latter part of 2010 with the aim of stimulating the US economy, has lead to increased headline inflation and ultimately caused the economic weakness. In China and other emerging markets, central banks have attempted to quell inflation by raising interest rates to slow economic growth. The situation remains difficult with inflation unlikely to improve for a number of months and thus slowing growth remains the major concern, effectively on a global basis.

Market Review

Leading economic indicators remain our focus and there is an inverse correlation between these and the performance of defensive sectors like healthcare. Since mid February of this year, defensive sectors such as healthcare and consumer staples have outperformed broader stock markets. In the US, healthcare was the best performing sector during the last six months and the first quarter results for the sector produced the largest upside surprise relative to any other sectors in terms of earnings results. Healthcare is dominated by late cycle and counter cyclical stocks that have outperformed due to where we appear to be in the current economic cycle. The Fund has outperformed during the last six months due to a greater exposure to late-cycle assets in particular such as medical device and healthcare service stocks, and also counter-cyclical stocks in the pharmaceutical and biotechnology sectors.

Fund Activity during the period

The major activity over the period has been a deliberate shift to stocks with greater growth potential and also an increase in exposure to companies that should enjoy a better outlook from improved utilisation in the US. This was designed to allow the Fund to benefit from superior performance of late-cycle assets. Examples include Coviden, Zimmer, Stryker, St Jude Medical, CR Bard and HCA Holdings. Exposure to direct investment in emerging markets was reduced, as was exposure to the pharmaceutical sector to make space for these new investments.

In terms of growth opportunities, new additions to the Fund included Biogen Idec, Pharmasset, Ariad, Vertex, Insulet, Baxter and Quality Systems. Innovation is improving in biotech, small and mid-cap medtech and pharmaceuticals following considerable investment in research and development over the last few years. Investment in companies with new product cycles has been a successful strategy in the past and has been a significant driver of outperformance over the last six months. This will remain a key focus for the Fund if not more so considering the opportunities that currently exist.

Market Outlook

The outlook for markets is unclear due to uncertainty over the sovereign debt situation and economic weakness. Ultimately, markets have to cope with a long-term outlook of weaker economic growth in the years ahead as Europe and the US look to reduce their debt burden and emerging markets also suffer from the required austerity in the developed markets. We believe the healthcare sector is positioned to perform well as growth as an investment style should outperform in this environment. The key improvement for the sector is the much more significant base of companies that will enjoy new product cycles over the next few years, which should be positive for stock price performance. The other positive has been the encouraging performance of pharmaceutical stocks where fundamental news-flow has helped drive a more positive outlook.

Polar Capital LLP
July 2011

Investment Manager's Report

for the six months ended 30 June 2011

Fund Performance

The JPY share class rose 1.37% versus a 5.52% decline in the benchmark over the six months to end June. Fund outperformance was due to a combination of good stock selection and positive asset allocation. Stock selection was driven by strong returns in likely beneficiaries of the Great East Japan Earthquake within the construction/housing (Sekisui Chemical, Godo Steel) and alternative energy (Ferrotec, NGK Insulators, Kyocera) sectors. Other notable stock contributors included two mid/small cap initial public offerings, Pola Orbis and Calbee, which the Fund bought aggressively following their listing in December and March respectively. Asset allocation was also favourable, with the zero weighting in utilities a substantial positive given the uncertainties surrounding Tokyo Electric Power and the rest of the industry, following the Fukushima nuclear accident. Finally, the outperformance of smaller companies proved beneficial given our significant overweight position.

Market Review

On 11th March, a magnitude 9 earthquake, the biggest on record in Japan, struck off the coast of North East Japan resulting in a tsunami that caused substantial loss of life and wide spread damage to the coastal region. Tokyo Electric Power's Fukushima Daiichi nuclear power plant suffered damage leading to the risk of a major nuclear accident. The authorities' efforts to date appear to have stabilised the situation at the nuclear plant, with the most likely outcome a localised environmental disaster and a multi-year clean-up operation. The area most severely impacted by events is much larger geographically, but less industrial, than was the case in 1995 when Japan suffered its last major earthquake in Kobe. The economic output of the area is similar in scale to Kobe; however, the second round effects from a shortage of power generation capabilities and supply chain issues means the disruption to the wider economy may be greater in the short term.

The stock market reaction to events has been rational with the only signs of panic selling evident in days immediately following the earthquake when the nuclear plant situation appeared to be deteriorating. Topix ended the first quarter down 3.3% but was down over 19% immediately following the earthquake, before rallying substantially from oversold and undervalued levels. The response of the Bank of Japan (BoJ) to the crisis was timely and effective. Initially the BoJ flooded the money markets with liquidity and doubled the size of their asset purchase scheme to Y10trn. As the Japanese Yen surged to new highs on repatriation fears, the BoJ and Ministry of Finance responded rapidly, agreeing co-ordinated currency intervention with G7 colleagues at a hastily arranged emergency meeting. Foreign institutions were substantial buyers of the market following the tragedy, as investors used the sharp fall in Topix to increase weightings on a medium term view.

Following the extreme volatility of March, the Japanese equity market traded in a tight range in the second quarter with Topix ending the quarter down 2.3% in JPY terms. While a clear improvement in the disruption caused by the earthquake to the corporate sector supported share prices, globally developments took a turn for the worse. US economic data generally provided negative surprises even if releases were distorted by weather patterns and supply chain issues. Also concern surrounding EU sovereign debt issues and a possible Greek restructuring intensified. In Asia, the fight against inflationary pressures, particularly in China, continued to lower growth expectations.

Fund Activity

Portfolio turnover increased noticeably following the earthquake in March. Initially, we focused on adding to existing positions in probable beneficiaries from the rebuilding efforts. However, following the sharp rally in the second half of March, we began to rotate the portfolio into companies with high earnings visibility and also targeted opportunities in the auto sector, which was heavily impacted by short term supply chain issues.

By mid-June, with Topix approaching 800 index level, we rotated once more given strong downside valuation support. Winning mid-cap positions were sold (Kuraray, Mitsubishi Tanabe Pharma, Shima Seiki) as they approached our fair values. We also sold Calbee, a food company which listed in March, following an outstanding debut as investors quickly appreciated the company's strong positioning in the Japanese confectionary market and high quality management. The proceeds from sales were reinvested predominantly into lagging mega cap names, with new positions in Sony and Nintendo and an increased weighting in existing city banks.

Market Outlook:

In the short term, the rally that began mid-June has continued into early July with Topix up 8.5% in 13 trading days, leaving the market technically overbought. The drivers of the more optimistic trend

Investment Manager's Report

for the six months ended 30 June 2011 continued

in Japanese equities has been a combination of better news from corporate Japan, an easing of the overly pessimistic view on the US economy and fundamental valuation support for Topix at 800 index level. We believe the upcoming first quarter earnings season will indicate company profit forecasts to March 2012 are too conservative and should provide further impetus for the market over the summer. However, the key to whether the Japanese equity market will be significantly higher by year end is the extent of any slowdown in global growth caused by monetary and fiscal tightening pressures around the world.

On the political front, the situation remains perilous with Prime Minister Kan likely to resign in the near term as no consensus on earthquake reconstruction and financing has emerged. The most positive possible outcome is the ultimate formation of a grand coalition for a set period to address the long term issues the economy faces, however, given political infighting an early election remains a possibility.

Market valuations remain depressed, with Topix trading around book value and on 12x normalised earnings, and the most likely catalyst for a re-rating strong global growth driving earnings above 2007 peak levels. The greatest risk to returns is that western developed economies attempt to deleverage and the resulting impact on medium term growth rates.

Portfolio strategy changed considerably towards the end of the reporting period, with a pronounced move away from defensive and high visible earnings stocks to more economically sensitive and higher beta names. The period end portfolio has more of a cyclical and financial (banks) bias with large underweight sector positions in utilities, pharmaceuticals and foods. At a market-cap level, we are now taking a barbell approach, with increased exposure to Core 30 mega-caps at the expense of mid-caps, while retaining the significant overweight in smaller companies.

Polar Capital LLP
July 2011

Investment Manager's Report

for the six months ended 30 June 2011

Fund Performance

The Fund had a disappointing and ultimately frustrating first six months, suffering a fall of 7.6%. This compares with a modest rise in the FTSE-All-Share Index of 1.1%. The Fund's average net and gross exposure was 28.55% and 124.46% respectively. The monthly volatility of the Fund and the index was 4.31% and 6.10% respectively.

Market Review

Developed equity markets have essentially been range bound during the first half of 2011, with a rotation away from consumer cyclicals and financials into the more defensive areas of the market such as consumer staples, pharmaceuticals, tobacco and utilities. The early part of the year saw bond yields rise, only to fall again as investors worried over sharply rising commodity prices and their impact on economic growth. This concern together with the disruptive impact of the Japanese earthquake on the global supply chain, caused a rotation away from cyclical stocks towards defensive sectors. Uncertainty in the Euro Zone, specifically over Portugal and Greece, also impacted on investor sentiment and this together with increased regulatory uncertainty negatively impacted on the performance of bank shares.

The strategy of the Fund coming into the year remained the same as it had been through 2010. World economies would continue to grow, led by emerging economies, although we preferred developed equity markets over emerging. Equity valuations, in our view, remained too low relative to other asset classes and offered good value in an absolute sense. Monetary policy would remain benign and government bond yields would be on a rising trend. We had a preference for both financial stocks, specifically banks, and selective cyclicals over traditional defensive plays. This positioning has clearly been the main source of loss for the Fund so far this year.

Fund activity during the Period

The Fund's strategy has remained largely unchanged over the period under review. We successfully took advantage of the market volatility associated with the Japanese earthquake in March to add some trading long positions and cover shorts. We have introduced new holdings in Munich Re, Siemens, BP, Schroders and St James Place. We also moderated our banking positions due to the continued regulatory uncertainty.

Outlook

Since the half year end markets have fallen very sharply in response to macro concerns over sovereign debt, weak economic data and the possibility of a renewed recession. Whilst it is by no means inconceivable that we do suffer a double dip in economic growth, we remain of the view that this will be avoided, although growth will be relatively benign as austerity measures take effect. So far as equity valuations are concerned, the current correction that we are in the midst of provides a very attractive entry point for the medium term. Corporate balance sheets have been meaningfully repaired since the crisis of 2008/2009 and free cash flow is strong, giving companies significant flexibility to either return cash to shareholders via share buybacks and/or increased dividends. In addition, the recent weakness in equity markets may lead to an opportunistic increase in takeovers as companies seek to grow through a mixture of both organic growth and acquisitions in a lower growth world.

Strategy

All of the Fund's holdings, with the possible exception of one or two, are in a very strong position from a balance sheet perspective and in a large number of cases have a meaningful amount of self help to continue to improve their returns. Once the current uncertainty, specifically over the Euro Zone, has been resolved, we would expect markets to gradually regain their poise and refocus their attention on the fundamental attractions of large swathes of the stock market. Indeed, the likely response from governments to the current crisis over sovereign debt is some form of further QE, which could lead to increased inflationary expectations, which in turn should increase the relative attractiveness of equities over government bonds.

As always during these periods of heightened uncertainty it is important to keep a level head and a sense of perspective. The ultimate valuation of the UK equity market should be well supported with (on the whole) robust balance sheets and growing dividends. Indeed, the recent lurch down in 10-year government bond yields and the fact that investors are happy to accept a negative real yield from index linked/TIPS means that we believe investors are being presented with a great entry point into equities.

Investment Manager's Report
for the six months ended 30 June 2011 continued

Whilst we are clearly in for a protracted period of below trend economic growth, companies are generating a meaningful amount of free cash flow, whilst they have also been able to refinance their debt and push out their maturities. It is also clear that interest rates are likely to remain low for some time and this will also lead to increased M&A as well as share buybacks. Therefore, we are reluctant to change our overall exposure levels dramatically and are inclined to ride out the current volatility in markets using the price weakness to selectively add to positions.

Polar Capital LLP
July 2011

Portfolio Statement

as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Bermuda				
Alterra Capital Holdings	USD	400,000	5,556,074	3.25
Arch Capital Group	USD	550,000	10,935,251	6.39
Axis Capital Holdings	USD	190,000	3,664,019	2.14
Lancashire Holdings	GBP	500,000	3,262,500	1.91
PartnerRe	USD	240,000	10,292,441	6.02
Platinum Underwriters Holdings	USD	275,000	5,693,731	3.33
RenaissanceRe Holdings	USD	100,000	4,357,034	2.54
			43,761,050	25.58
Finland				
Sampo	EUR	240,000	4,826,783	2.82
Germany				
Muenchener Rueckversicherungs	EUR	70,000	6,666,086	3.90
Guernsey				
Resolution	GBP	500,000	1,470,000	0.86
Ireland				
FBD Holdings	EUR	325,000	2,101,061	1.23
Switzerland				
ACE	USD	250,000	10,249,462	5.99
Baloise Holding	CHF	37,500	2,406,533	1.41
			12,655,995	7.40
United Kingdom				
Admiral Group	GBP	200,000	3,322,000	1.94
Amlin	GBP	1,250,000	5,076,250	2.97
CBG Group	GBP	1,000,000	210,000	0.12
Jardine Lloyd Thompson Group	GBP	400,000	2,724,000	1.59
Novae Group	GBP	1,050,000	3,727,500	2.18
Personal Group Holdings	GBP	506,143	1,424,160	0.83
			16,483,910	9.63
United States				
Alleghany	USD	22,000	4,564,714	2.67
Berkshire Hathaway	USD	225,000	10,846,024	6.34
Chubb	USD	135,000	5,264,785	3.08
Employers Holdings	USD	250,000	2,611,417	1.53
HCC Insurance Holdings	USD	200,000	3,924,133	2.29
Markel	USD	22,500	5,561,198	3.25
Marsh & McLennan	USD	300,000	5,828,272	3.41
Old Republic International	USD	300,000	2,195,646	1.28
ProAssurance	USD	120,000	5,232,178	3.06
Progressive	USD	250,000	3,329,285	1.95
Reinsurance Group of America	USD	130,000	4,928,089	2.88
RLI	USD	70,000	2,699,804	1.58

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
United States (continued)				
Transatlantic Holdings	USD	260,000	7,937,089	4.63
Travelers	USD	100,000	3,636,364	2.13
WR Berkley	USD	500,000	10,103,086	5.90
			78,662,084	45.98
Total equities			**166,626,969**	**97.40**
Total transferable securities			**166,626,969**	**97.40**
Total financial assets at fair value through profit or loss			**166,626,969**	**97.40**
Cash at bank			3,856,212	2.25
Other net assets			591,545	0.35
Total net assets attributable to holders of redeemable participating shares			171,074,726	100.00

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

Portfolio classification	30 June 2011 % of Total Asset Value
Transferable securities	97.40
OTC financial derivative instruments	–
Other net assets	2.60
	100.00

Portfolio Statement
as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Brazil (2010: 17.25%)				
Banco do Brasil	BRL	8,000	143,383	1.81
Cetip Sa-Balcao Organizado	BRL	9,000	139,126	1.76
Cetip Sa-Balcao Organizado Depository Receipts	BRL	85	1,272	0.02
Duratex	BRL	15,600	131,910	1.66
Itau Unibanco ADR	USD	5,800	136,590	1.72
Localiza	BRL	7,000	125,012	1.58
Marcopolo	BRL	32,000	143,383	1.81
Telecomunicacoes de Sao Paulo ADR	USD	5,270	156,519	1.97
			977,195	12.33
China (2010: 5.28%)				
China Blue Chemical	HKD	142,100	117,424	1.48
China Communications Construction	HKD	110,000	94,574	1.19
China Pacific Insurance Group	HKD	29,600	122,680	1.55
China Shenhua Energy	HKD	23,000	109,661	1.38
Industrial & Commercial Bank of China	HKD	136,000	103,294	1.30
			547,633	6.90
Cyprus (2010: 1.81%)				
Eurasia Drilling GDR	USD	4,000	118,000	1.49
Globaltrans Investment GDR	USD	7,000	129,500	1.63
			247,500	3.12
Egypt (2010: 3.38%)				
Commercial International Bank Egypt	EGP	17,000	85,392	1.08
Juhayna Food Industries	EGP	100,000	93,658	1.18
			179,050	2.26
Hong Kong (2010: 8.16%)				
China Mobile	HKD	9,900	91,605	1.15
Digital China Holdings	HKD	67,500	109,301	1.38
Guangdong Investment	HKD	228,000	121,893	1.54
Huabao International	HKD	72,000	65,511	0.82
Kunlun Energy	HKD	70,000	120,366	1.52
PAX Global Technology	HKD	335,000	105,478	1.33
Shanghai Industrial	HKD	28,000	102,914	1.30
			717,068	9.04
India (2010: 1.16%)		–	–	–
Indonesia (2010: 2.16%)				
Borneo Lumbung Energi & Metal	IDR	555,000	90,607	1.14
Indofood Sukses Makmur	IDR	140,000	88,158	1.11
			178,765	2.25

Portfolio Statement
as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Malaysia (2010: 5.35%)				
Gamuda	MYR	60,000	76,503	0.96
Kencana Petroleum	MYR	126,000	117,258	1.48
Parkson	MYR	59,000	117,629	1.48
Tenaga Nasional Berhad	MYR	43,750	98,092	1.24
			409,482	5.16
Mexico (2010: 4.04%)				
Fomento Economico Mexicano	MXN	25,000	165,837	2.09
Grupo Televisa	MXN	29,000	142,392	1.80
			308,229	3.89
Russia (2010: 4.92%)				
Cherkizovo Group GDR	USD	4,500	89,550	1.13
Gazprom ADR	USD	6,000	87,300	1.10
Lukoil ADR	USD	1,800	114,750	1.45
Mechel	USD	6,250	93,906	1.18
Sistema GDR	USD	3,000	77,100	0.97
			462,606	5.83
Singapore (2010: 1.34%)				
Wilmar International	SGD	22,000	97,133	1.23
South Africa (2010: 11.48%)				
Adcock Ingram	ZAR	10,000	87,638	1.10
Aspen Pharmacare	ZAR	8,000	99,130	1.25
Foschini Group	ZAR	9,000	117,110	1.48
JD Group	ZAR	12,000	74,754	0.94
Life Healthcare Group	ZAR	50,000	129,739	1.64
Naspers	ZAR	2,000	112,686	1.42
Shoprites	ZAR	8,000	120,136	1.52
Tiger Brands	ZAR	4,000	116,536	1.47
			857,729	10.82
South Korea (2010: 10.54%)				
Hyundai Department Store	KRW	738	119,930	1.51
KB Financial Group	KRW	2,360	111,628	1.41
KT&G	KRW	1,822	113,315	1.43
MegaStudy	KRW	825	110,809	1.40
Meritz Finance Holdings	KRW	4,278	11,059	0.14
Meritz Fire & Marine Insurance	KRW	10,221	125,890	1.59
NHN	KRW	630	111,525	1.41
Samsung Electronics	KRW	146	112,955	1.42
			817,111	10.31

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Taiwan (2010: 8.49%)				
Chunghwa Telecom ADR	USD	3,580	123,689	1.56
First Financial	TWD	125,000	103,356	1.30
Giant Manufacturing	TWD	29,000	116,612	1.47
Hon Hai Precision Industry	TWD	30,000	102,877	1.30
Taiwan Cement	TWD	86,000	128,146	1.62
Taiwan Fertilizer	TWD	28,700	88,228	1.11
Taiwan Semiconductor Manufacturing	TWD	30,000	75,409	0.95
			738,317	9.31
Thailand (2010: 1.34%)				
Kasikornbank	THB	30,000	122,050	1.54
Turkey (2010: 1.97%)				
Anadolu Hayat Emeklilik	TRY	25,200	63,155	0.80
United Kingdom (2010: 1.59%)				
ARC Capital	USD	81,000	82,215	1.04
United States (2010: 2.17%)				
NII	USD	3,500	148,330	1.87
Total equities (2010: 92.43%)			**6,953,568**	**87.70**
Warrants				
Luxembourg (2010: 0.00%)				
Merrill Lynch - Rural Electrification	USD	22,000	96,417	1.22
Merrill Lynch - Yes Bank	USD	15,000	105,414	1.33
			201,831	2.55
Total warrants (2010: 0.00%)			**201,831**	**2.55**
Total transferable securities (2010: 92.43%)			**7,155,399**	**90.25**
Total financial assets at fair value through profit or loss			**7,155,399**	**90.25**
Cash at bank			889,323	11.22
Other net liabilities			(116,310)	(1.47)
Total net assets attributable to holders of redeemable participating shares			**7,928,412**	**100.00**

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

Portfolio classification	30 June 2011 % of Total Asset Value	31 December 2010 % of Total Asset Value
Transferable securities	90.25	92.43
OTC financial derivative instruments	–	–
Other net assets	9.75	7.57
	100.00	100.00

Portfolio Statement

as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Brazil				
AES Tiete	BRL	14,000	226,545	1.51
Banco do Brasil	BRL	13,000	232,997	1.55
CCR	BRL	8,000	237,862	1.58
Cetip Sa-Balcao Organizado	BRL	15,000	231,877	1.55
Cetip Sa-Balcao Organizado Depository Receipts	BRL	122	1,826	0.01
Cia de Bebidas das Americas	BRL	7,500	246,423	1.64
Cia de Bebidas das Americas Depository Receipts	BRL	31	1,020	0.01
Cia Energetica de Minas Gerais ADR	USD	11,000	227,040	1.51
Estacio Participacoes	BRL	15,000	192,031	1.28
Marcopolo	BRL	50,000	224,036	1.49
Natura Cosmeticos	BRL	7,500	187,230	1.25
Souza Cruz	BRL	20,000	254,249	1.69
Sul America	BRL	18,000	225,828	1.50
			2,488,964	16.57
China				
China Blue Chemical	HKD	269,900	223,031	1.48
China Life Insurance	HKD	62,000	211,945	1.41
Industrial & Commercial Bank of China	HKD	280,000	212,665	1.42
Jiangsu Expressway	HKD	240,000	221,764	1.48
Soho China	HKD	242,000	216,148	1.44
Want Want China Holdings	HKD	248,000	240,630	1.60
			1,326,183	8.83
Cyprus				
Eurasia Drilling GDR	USD	6,000	177,000	1.18
Globaltrans Investment GDR	USD	12,000	222,000	1.48
			399,000	2.66
Egypt				
Commercial International Bank Egypt	EGP	10,000	50,230	0.33
Hong Kong				
China Mobile	HKD	22,000	203,566	1.36
Digital China Holdings	HKD	127,500	206,458	1.37
Guangdong Investment	HKD	430,000	229,886	1.53
Shanghai Industrial	HKD	55,000	202,153	1.35
VTech Holdings	HKD	20,000	236,594	1.57
			1,078,657	7.18
Indonesia				
Jasa Marga	IDR	530,000	224,040	1.49
Perusahaan Gas Negara	IDR	397,000	186,336	1.24
United Tractors	IDR	86,893	252,304	1.68
			662,680	4.41

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Malaysia				
Gamuda	MYR	100,000	127,505	0.85
PLUS Expressways	MYR	112,100	167,807	1.12
UMW Holdings	MYR	84,000	200,854	1.33
			496,166	3.30
Mexico				
Grupo Aeroportuario del Sureste	MXN	28,000	164,869	1.10
Grupo Modelo	MXN	34,000	204,431	1.36
Kimberly-Clark de Mexico	MXN	35,000	229,933	1.53
			599,233	3.99
Philippines				
Bank of the Philippine Islands	PHP	107,300	144,850	0.96
Philippine Long Distance Telephone	PHP	3,000	160,055	1.07
			304,905	2.03
Poland				
Powszechny Zaklad Ubezpieczen	PLN	1,700	232,215	1.55
Telekomunikacja Polska	PLN	38,000	230,605	1.53
			462,820	3.08
Qatar				
Commercial Bank of Qatar	QAR	4,000	79,198	0.53
Russia				
Gazprom ADR	USD	13,000	189,150	1.26
Lukoil ADR	USD	3,600	229,500	1.53
Mechel	USD	11,250	169,031	1.12
Mobile Telesystems ADR	USD	11,000	209,220	1.39
			796,901	5.30
South Africa				
African Bank Investments	ZAR	43,000	218,330	1.45
Aveng	ZAR	36,000	190,117	1.27
Coronation Fund Managers	ZAR	75,000	213,527	1.42
Foschini Group	ZAR	18,000	234,220	1.56
Life Healthcare Group	ZAR	100,000	259,478	1.73
Shoprites	ZAR	18,000	270,305	1.80
			1,385,977	9.23
South Korea				
Kangwon Land	KRW	8,540	228,768	1.52
KT&G	KRW	3,850	239,442	1.60
Meritz Finance Holdings	KRW	4,072	10,527	0.07
Meritz Fire & Marine Insurance	KRW	19,999	246,323	1.64
NHN	KRW	1,250	221,280	1.47
Samsung Electronics	KRW	281	217,399	1.45
SK Telecom ADR	USD	13,000	243,100	1.62
			1,406,839	9.37

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Taiwan				
Chunghwa Telecom ADR	USD	6,700	231,485	1.54
Delta Electronics	TWD	45,000	165,283	1.10
Fubon Financial Holding	TWD	134,000	205,967	1.37
Giant Manufacturing	TWD	60,000	241,266	1.61
Highwealth Construction	TWD	70,000	164,256	1.09
Taiwan Cement	TWD	165,000	245,861	1.64
Taiwan Semiconductor Manufacturing	TWD	45,000	113,113	0.75
			1,367,231	9.10
Thailand				
Kasikornbank	THB	45,000	183,076	1.22
Thai Tap Water Supply	THB	1,002,000	179,365	1.19
			362,441	2.41
Turkey				
Anadolu Hayat Emeklilik	TRY	50,400	126,310	0.84
Turk Telekomunikasyon	TRY	45,000	237,746	1.58
			364,056	2.42
Total equities			**13,631,481**	**90.74**
Warrants				
Luxembourg				
Merrill Lynch - Rural Electrification	USD	45,000	197,217	1.31
Merrill Lynch - Yes Bank	USD	30,000	210,828	1.40
			408,045	2.71
Total Warrants			**408,045**	**2.71**
Total transferable securities			**14,039,526**	**93.45**
Total financial assets at fair value through profit or loss			**14,039,526**	**93.45**
Cash at bank			1,282,843	8.54
Other net liabilities			(299,613)	(1.99)
Total net assets attributable to holders of redeemable participating shares			**15,022,756**	**100.00**

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

Portfolio classification	30 June 2011 % Total Asset Value
Transferable securities	93.45
OTC financial derivative instruments	–
Other net assets	6.55
	100.00

Portfolio Statement
as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Austria				
Erste Group Bank	EUR	1,221	63,995	1.34
Raiffeisen Bank International	EUR	905	46,626	0.97
			110,621	2.31
Bermuda				
Arch Capital Group	USD	4,842	154,557	3.22
PartnerRe	USD	1,307	89,987	1.88
			244,544	5.10
Brazil				
Banco Santander Brasil	USD	6,913	80,951	1.69
China				
China Citic Bank	HKD	105,000	65,446	1.37
China Citic Bank - Rights	HKD	21,000	2,267	0.05
China Construction Bank	HKD	87,500	72,530	1.51
Industrial & Commercial Bank of China	HKD	119,500	90,763	1.89
Ping An Insurance Group	HKD	9,500	98,098	2.05
			329,104	6.87
Finland				
Sampo	EUR	2,322	74,973	1.56
France				
BNP Paribas	EUR	1,679	129,578	2.71
Germany				
Commerzbank	EUR	10,800	46,490	0.97
Deutsche Bank	EUR	1,208	71,370	1.49
Muenchener Rueckversicherungs	EUR	1,087	166,188	3.47
			284,048	5.93
Honk Kong				
China Taiping Insurance Holdings	HKD	69,000	155,890	3.25
Dah Sing Financial Holdings	HKD	11,600	59,109	1.23
Hang Seng Bank	HKD	4,400	70,287	1.47
Public Financial Holdings	HKD	75,864	46,798	0.98
			332,084	6.93
India				
HDFC Bank	USD	304	53,623	1.12
Indonesia				
Bank Central Asia	IDR	105,500	94,114	1.97
Bank Rakyat Indonesia Persero	IDR	145,500	110,285	2.30
			204,399	4.27
Japan				
Mitsubishi UFJ Financial	JPY	16,000	77,266	1.61

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Luxembourg				
Housing Development Finance	USD	6,840	108,078	2.26
Malaysia				
Public Bank	MYR	12,400	54,454	1.14
Norway				
DnB NOR	NOK	8,388	117,563	2.45
Philippines				
Ayala Land	PHP	64,000	23,039	0.48
Security Bank	PHP	47,700	110,073	2.30
			133,112	2.78
Russia				
Sberbank of Russia	USD	14,000	51,520	1.08
Singpore				
DBS Group Holdings	SGD	12,236	146,122	3.05
Oversea-Chinese Banking	SGD	9,800	74,721	1.56
			220,843	4.61
South Korea				
DGB Financial Group	KRW	4,750	72,074	1.50
Dongbu Insurance	KRW	3,024	157,198	3.28
Samsung Life Insurance	KRW	552	49,117	1.03
Shinhan Financial Group	KRW	3,125	148,984	3.11
			427,373	8.92
Spain				
Banco Santander	EUR	4,707	54,343	1.13
Sweden				
Swedbank	SEK	3,000	50,538	1.06
Switzerland				
ACE	USD	1,400	92,148	1.93
Credit Suisse	CHF	3,655	141,946	2.96
UBS	CHF	5,842	106,363	2.22
			340,457	7.11
Taiwan				
SinoPac Financial Holdings	TWD	104,222	44,993	0.94
Thailand				
Bangkok Life Assurance	THB	41,600	62,282	1.30
Kasikornbank	THB	17,000	68,055	1.42
Kiatnakin Bank	THB	27,000	28,999	0.61
Siam Commercial Bank	THB	13,000	46,965	0.98
			206,301	4.31

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
United Kingdom				
City of London Investment Group	GBP	6,950	47,895	1.00
HSBC	GBP	18,859	187,234	3.91
International Personal Finance	GBP	8,420	49,732	1.04
Jardine Lloyd Thompson Group	GBP	4,330	47,340	0.99
Jupiter Fund Management	GBP	12,000	48,722	1.01
Lloyds TSB	GBP	67,000	52,707	1.10
Schroders	GBP	2,206	46,502	0.97
			480,132	10.02
United States				
Bank of New York Mellon	USD	4,556	116,725	2.44
Berkshire Hathaway	USD	646	49,994	1.04
JPMorgan Chase & Co	USD	1,096	44,870	0.94
WR Berkley	USD	2,801	90,864	1.90
			302,453	6.32
Total equities			**4,513,351**	**94.23**
Total transferable securities			**4,513,351**	**94.23**
Total financial assets at fair value through profit or loss			**4,513,351**	**94.23**
Cash at bank			300,659	6.28
Other net liabilities			(24,082)	(0.51)
Total net assets attributable to holders of redeemable participating shares			**4,789,928**	**100.00**

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

Portfolio classification	30 June 2011 % of Total Asset Value
Transferable securities	94.23
OTC financial derivative instruments	–
Other net assets	5.77
	100.00

Portfolio Statement

as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Canada (2010: 1.77%)				
Redknee Solutions	CAD	2,951,850	3,823,244	0.53
Research In Motion	USD	120,089	3,464,568	0.48
			7,287,812	1.01
China (2010: 4.01%)				
Asiainfo Holdings	USD	348,525	5,771,574	0.80
AutoNavi Holdings	USD	363,783	5,402,178	0.75
Baidu	USD	50,800	7,118,604	0.99
Camelot Information Systems	USD	349,908	5,231,125	0.73
Lenovo Group	HKD	9,306,000	5,321,986	0.74
Tencent Holdings	HKD	243,200	6,600,975	0.92
VanceInfo Technologies	USD	277,743	6,418,641	0.90
			41,865,083	5.83
France (2010: 0.00%)				
Ingenico	EUR	122,500	5,971,135	0.83
Germany (2010: 2.31%)				
Adva Optical Networking	EUR	823,982	5,047,398	0.70
Aixtron	EUR	139,036	4,743,209	0.66
Dialog Semiconductor	EUR	307,195	5,594,057	0.78
SAP	EUR	132,300	8,008,283	1.12
			23,392,947	3.26
Hong Kong (2010: 2.04%)				
ASM Pacific Technology	HKD	357,300	4,894,867	0.68
India (2010: 1.34%)				
Infosys Technologies	USD	83,796	5,466,013	0.76
Israel (2010: 3.67%)				
Allot Communications	USD	272,782	4,989,183	0.69
Ceragon Networks	USD	575,998	6,848,616	0.95
Check Point Software Technologies	USD	119,500	6,793,575	0.95
Nice Systems ADR	USD	269,959	9,815,709	1.37
Radware	USD	249,574	8,695,158	1.21
			37,142,241	5.17
Japan (2010: 0.67%)				
FANUC	JPY	34,800	5,765,527	0.80
Keyence	JPY	18,560	5,226,033	0.73
			10,991,560	1.53
Netherlands (2010: 0.93%)				
ASML	EUR	171,779	6,325,966	0.88
South Korea (2010: 3.82%)				
Jusung Engineering	KRW	233,724	3,250,879	0.45
Samsung Electronics	KRW	20,625	15,956,774	2.22
			19,207,653	2.67

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Sweden (2010: 1.16%)				
Telefonaktiebolaget LM Ericsson	SEK	718,990	10,391,659	1.45
Taiwan (2010: 1.85%)				
Hon Hai Precision Industry	TWD	1,433,000	4,914,112	0.68
Taiwan Semiconductor Manufacturing	TWD	3,654,000	9,184,772	1.28
			14,098,884	1.96
United Kingdom (2010: 1.62%)				
ARM Holdings	GBP	901,456	8,509,786	1.19
SDL	GBP	435,735	4,882,864	0.68
			13,392,650	1.87
United States (2010: 66.18%)				
Adobe Systems	USD	175,042	5,505,071	0.77
Akamai Technologies	USD	180,800	5,689,776	0.79
Altera	USD	202,195	9,371,738	1.31
Amazon.com	USD	29,275	5,986,445	0.83
Ansys	USD	102,264	5,590,773	0.78
Apple	USD	165,693	55,618,169	7.75
Ariba	USD	178,501	6,152,929	0.86
Aruba Networks	USD	219,217	6,477,862	0.90
Atmel	USD	670,803	9,438,198	1.31
BMC Software	USD	119,582	6,541,135	0.91
Broadcom	USD	170,975	5,751,599	0.80
BroadSoft	USD	166,714	6,356,805	0.89
Citrix Systems	USD	78,225	6,258,000	0.87
Cognizant Technology Solutions	USD	128,116	9,396,027	1.31
Coherent	USD	111,355	6,154,591	0.86
CommVault Systems	USD	133,700	5,942,965	0.83
ComScore	USD	330,756	8,566,580	1.19
DemandTec	USD	781,613	7,112,678	0.99
EMC	USD	337,869	9,308,291	1.30
F5 Networks	USD	86,426	9,528,467	1.33
Finisar	USD	358,550	6,464,656	0.90
Fortinet	USD	227,564	6,210,222	0.86
Google	USD	59,806	30,284,562	4.22
Informatica	USD	135,300	7,905,579	1.10
Intel	USD	399,662	8,856,510	1.23
Ixia	USD	534,900	6,846,720	0.95
Juniper Networks	USD	340,861	10,737,122	1.50
LAM Research	USD	127,771	5,657,700	0.79
Lattice Semiconductor	USD	1,322,812	8,624,734	1.20
Meru Networks	USD	492,860	5,919,249	0.82
Microsoft	USD	907,045	23,583,170	3.28
National Instruments	USD	276,750	8,216,708	1.14
NetApp	USD	135,000	7,125,300	0.99

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
United States continued				
Netgear	USD	142,916	6,248,288	0.87
Netlogic Microsystems	USD	243,784	9,853,749	1.37
NVIDIA	USD	210,622	3,356,262	0.47
Opnet Technologies	USD	141,412	5,789,407	0.81
Oracle	USD	909,498	29,931,579	4.17
Parametric Technology	USD	276,850	6,348,171	0.88
Polycom	USD	154,050	9,905,415	1.38
QLIK Technologies	USD	198,850	6,772,831	0.94
Qualcomm	USD	342,387	19,444,158	2.71
Red Hat	USD	135,163	6,203,982	0.86
Riverbed Technology	USD	162,833	6,446,558	0.90
Salesforce.com	USD	41,412	6,169,560	0.86
SanDisk	USD	209,511	8,694,707	1.21
SciQuest	USD	356,625	6,094,721	0.85
ShoreTel	USD	632,784	6,454,397	0.90
Silicon Image	USD	952,688	6,154,364	0.86
Skyworks Solutions	USD	353,905	8,132,737	1.13
Sonus Networks	USD	2,305,946	7,471,265	1.04
Sourcefire	USD	235,800	7,007,976	0.98
Stratasys	USD	169,699	5,718,856	0.80
Teradata	USD	93,725	5,642,245	0.79
VeriFone Systems	USD	191,780	8,505,443	1.18
Yahoo!	USD	343,350	5,163,984	0.72
			518,690,986	72.24
Total equities (2010: 91.37%)			**719,119,456**	**100.14**
Total transferable securities (2010: 91.37%)			**719,119,456**	**100.14**
Total financial assets at fair value through profit or loss			**719,119,456**	**100.14**
Net cash overdrawn			(1,610,955)	(0.22)
Other net assets			553,846	0.08
Total net assets attributable to holders of redeemable participating shares			**718,062,347**	**100.00**

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

Portfolio classification	30 June 2011 % of Total Asset Value	31 December 2010 % of Total Asset Value
Transferable securities	100.14	91.05
OTC financial derivative instruments	–	–
Other net assets	(0.14)	8.95
	100.00	100.00

Portfolio Statement

as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
Brazil (2010: 0.97%)	BRL	–	–	–
Canada (2010: 2.41%)	USD	–	–	–
Denmark (2010: 0.00%)				
William Demant Holding	DKK	26,000	2,345,994	1.52
France (2010: 3.43%)				
Sanofi-Aventis	EUR	80,419	6,464,054	4.19
Germany (2010: 1.80%)				
Fresenius Medical Care	EUR	51,100	3,819,202	2.48
India (2010: 1.79%)	INR	–	–	–
Ireland (2010: 0.00%)				
Covidien	USD	84,000	4,471,320	2.90
Israel (2010: 3.38%)	USD	–	–	–
Japan (2010: 4.72%)				
Asahi Intecc	JPY	95,790	2,158,715	1.40
CMIC	JPY	34,368	600,036	0.39
Nichi-iko Pharmaceutical	JPY	52,019	1,377,125	0.89
			4,135,876	2.68
Sweden (2010: 0.73%)				
Medivir	SEK	100,000	2,087,939	1.35
Switzerland (2010: 6.75%)				
Novartis	CHF	150,000	9,174,584	5.94
United Kingdom (2010: 6.58%)				
GlaxoSmithKline	GBP	350,000	7,495,846	4.86
Synergy Healthcare	GBP	140,200	2,059,520	1.33
			9,555,366	6.19
United States (2010: 58.49%)				
Agilent Technologies	USD	58,000	2,964,380	1.92
Air Methods	USD	30,000	2,242,200	1.45
Alexion Pharmaceuticals	USD	64,000	3,009,920	1.95
Align Technology	USD	90,000	2,052,000	1.33
Allergan	USD	48,000	3,996,000	2.59
AMERIGROUP	USD	34,000	2,395,980	1.55
Amsurg	USD	75,000	1,959,750	1.27
Ariad Pharmaceuticals	USD	210,000	2,379,300	1.54
Biogen Idec	USD	35,000	3,742,200	2.42
Bristol-Myers Squibb	USD	180,000	5,212,800	3.38
Brookdale Senior Living	USD	80,000	1,940,000	1.26
Cardinal Health	USD	65,000	2,952,300	1.91

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value US$	% of Net Assets
United States continued				
Celgene	USD	75,000	4,524,000	2.93
Cerner	USD	36,000	2,199,960	1.43
CR Bard	USD	30,000	3,295,800	2.14
Cyberonics	USD	85,200	2,381,340	1.54
DaVita	USD	34,000	2,944,740	1.91
HCA Holdings	USD	90,000	2,970,000	1.92
Henry Schein	USD	36,670	2,625,205	1.70
Hologic	USD	120,000	2,420,400	1.57
Illumina	USD	40,000	3,006,000	1.95
Insulet	USD	115,250	2,555,093	1.66
Laboratory Corp of America Holdings	USD	30,000	2,903,700	1.88
Pfizer	USD	490,000	10,094,000	6.54
Pharmasset	USD	20,000	2,244,000	1.45
Quality Systems	USD	25,000	2,182,500	1.41
St Jude Medical	USD	70,000	3,337,600	2.16
Targacept	USD	100,000	2,107,000	1.37
Threshold Pharmaceuticals	USD	303,300	506,511	0.33
Threshold Pharmaceuticals Warrants	USD	83,769	–	–
UnitedHealth Group	USD	60,000	3,094,800	2.01
Varian Medical Systems	USD	39,657	2,776,783	1.80
Vertex Pharmaceuticals	USD	60,000	3,119,400	2.02
Waters	USD	30,000	2,872,200	1.86
Watson Pharmaceuticals	USD	50,000	3,436,500	2.23
WellPoint	USD	26,000	2,048,020	1.33
Zimmer Holdings	USD	60,000	3,792,000	2.46
Zoll Medical	USD	30,000	1,699,800	1.10
			109,984,182	71.27
Total equities (2010:91.05%)			**152,038,517**	**98.52**
Total transferable securities (2010:91.05%)			**152,038,517**	**98.52**
Total financial assets at fair value through profit or loss			**152,038,517**	**98.52**
Net cash overdrawn			(361,882)	(0.24)
Other net assets			2,650,479	1.72
Total net assets attributable to holders of redeemable participating shares			**154,327,114**	**100.00**

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

Portfolio classification	30 June 2011 % of Total Asset Value	31 December 2010 % of Total Asset Value
Transferable securities	98.52	91.05
OTC financial derivative instruments	–	–
Other net assets	1.48	8.95
	100.00	100.00

Portfolio Statement

as at 30 June 2011

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value JPY ¥	% of Net Assets
Basic Materials (2010: 9.98%)				
Aica Kogyo	JPY	731,500	803,918,500	0.95
Air Water	JPY	1,255,000	1,213,585,000	1.44
C Uyemura	JPY	162,800	586,080,000	0.69
Chugoku Marine Paints	JPY	1,085,000	682,465,000	0.81
Godo Steel	JPY	3,581,000	759,172,000	0.90
Kyoei Steel	JPY	597,300	728,108,700	0.86
Nihon Parkerizing	JPY	496,000	605,616,000	0.71
Nissan Chemical Industries	JPY	1,435,000	1,272,845,000	1.51
Sakai Chemical Industry	JPY	2,255,000	820,820,000	0.97
Tokyo Ohka Kogyo	JPY	448,300	774,214,100	0.92
			8,246,824,300	9.76
Communications (2010: 1.70%)				
Asahi Broadcasting	JPY	1,000,000	398,000,000	0.47
Nippon Telegraph & Telephone	JPY	728,000	2,813,720,000	3.33
			3,211,720,000	3.80
Consumer, Cyclical (2010: 29.11%)				
Accordia Golf	JPY	25,616	1,444,742,400	1.71
Denso	JPY	720,000	2,147,040,000	2.54
H2O	JPY	1,002,000	625,248,000	0.74
Hajimenstruction	JPY	481,000	1,014,910,000	1.20
Honda Motor	JPY	1,140,000	3,516,900,000	4.16
Kuraray	JPY	268,000	314,900,000	0.37
Mitsui	JPY	1,935,000	2,678,040,000	3.17
Mitsui-Soko	JPY	2,067,000	651,105,000	0.77
Nintendo	JPY	137,500	2,072,125,000	2.45
Nippon Seiki	JPY	682,000	723,602,000	0.86
NOK	JPY	490,500	673,456,500	0.80
Noritake	JPY	1,931,000	612,127,000	0.72
Sekisui Chemical	JPY	3,182,000	2,179,670,000	2.58
Shimachu	JPY	426,700	837,612,100	0.99
Shinmaywa Industries	JPY	1,848,000	565,488,000	0.67
Sony	JPY	1,222,000	2,586,974,000	3.06
Sumitomo Electric Industries	JPY	2,000,200	2,334,233,400	2.75
Takamatsu	JPY	407,300	464,729,300	0.55
Toei	JPY	1,635,000	603,315,000	0.71
Toho	JPY	805,000	1,073,065,000	1.27
Tokai Rika	JPY	864,800	1,340,440,000	1.59
TS Tech	JPY	106,100	161,696,400	0.19
Xebio	JPY	605,000	1,096,865,000	1.30
			29,718,284,100	35.15

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value JPY ¥	% of Net Assets
Consumer, Non-cyclical (2010: 10.99%)				
Aeon Delight	JPY	108,000	174,852,000	0.21
Alfresa Holdings	JPY	268,000	836,160,000	0.99
Asahi Intecc	JPY	343,200	624,624,000	0.73
Hogy Medical	JPY	230,000	833,750,000	0.99
Nippon Shinyaku	JPY	236,000	241,664,000	0.29
Pola Orbis Holdings	JPY	980,900	2,068,718,100	2.44
			4,779,768,100	5.65
Energy (2010: 4.03%)		–	–	–
Financial (2010: 17.14%)				
Bank of Kyoto	JPY	1,467,000	1,084,113,000	1.28
Chiba Bank	JPY	2,100,000	1,054,200,000	1.25
Daibiru	JPY	884,100	543,721,500	0.64
Goldcrest	JPY	430,000	715,520,000	0.85
Jafco	JPY	896,300	1,799,770,400	2.13
Mitsubishi UFJ Financial	JPY	10,585,000	4,128,150,000	4.88
MS & AD Insurance Group Holdings	JPY	1,046,500	1,963,234,000	2.33
Sumitomo Mitsui Financial	JPY	1,391,700	3,434,715,600	4.06
			14,723,424,500	17.42
Industrial (2010: 25.43%)				
Amada	JPY	2,059,000	1,268,344,000	1.49
Amano	JPY	379,100	279,775,800	0.33
Fuji Seal International	JPY	488,400	860,560,800	1.02
Fujifilm	JPY	1,350,000	3,373,650,000	3.99
Fujitec	JPY	793,000	367,159,000	0.43
Funai Electric	JPY	354,300	750,053,100	0.89
Futaba	JPY	314,300	464,535,400	0.55
Hi-Lex	JPY	700,000	1,011,500,000	1.20
Hitachi Koki	JPY	1,105,900	810,624,700	0.96
Kandenko	JPY	2,200,000	860,200,000	1.02
Kinki Sharyo	JPY	1,051,000	335,269,000	0.40
Mabuchi Motor	JPY	215,100	871,155,000	1.03
Minebea	JPY	3,237,000	1,382,199,000	1.63
NEC Networks & System Integration	JPY	601,000	674,923,000	0.80
Nichias	JPY	1,497,000	709,578,000	0.84
Nichiha	JPY	1,324,400	956,216,800	1.13
Nippon Signal	JPY	816,300	505,289,700	0.60

Transferable securities Equities	Currency	Nominal Holding	Fair Value JPY ¥	% of Net Assets
Nippon Thompson	JPY	1,645,000	1,088,990,000	1.29
Nitta	JPY	459,500	722,793,500	0.85
Ryobi	JPY	3,379,000	1,219,819,000	1.44
Sanki Engineering	JPY	1,105,000	497,250,000	0.59
Sankyu	JPY	2,194,000	822,750,000	0.97
Shima Seiki Manufacturing	JPY	76,600	159,174,800	0.19
Tenma	JPY	188,000	151,340,000	0.18
West Japan Railway	JPY	767,800	2,410,892,000	2.85
Yamatake	JPY	399,300	714,347,700	0.85
			23,268,390,300	27.52
Technology (2010: 2.17%)				
Mimasu Semiconductor Industry	JPY	904,600	856,656,200	1.01
Total equities (2010: 100.55%)			**84,805,067,500**	**100.31**
Total transferable securities (2010: 100.55%)			**84,805,067,500**	**100.31**

Portfolio Statement

as at 30 June 2011 continued

OTC Financial derivative instruments
Open forward foreign currency contracts

Transactions Currency sold	Currency bought	Currency rate	Maturity date	Unrealised gain JPY ¥	% of Net Assets
JPY 2,805,337,227	EUR	116.100	29/07/2011	5,460,134	0.01
JPY 2,058,266,504	EUR	116.100	29/07/2011	4,006,082	0.01
JPY 293,321,081	EUR	115.310	29/07/2011	2,586,374	0.00
JPY 155,877,913	EUR	115.850	29/07/2011	640,757	0.00
JPY 5,240,840	EUR	115.310	29/07/2011	46,211	0.00
USD 4,328	JPY	80.791	29/07/2011	1,568	0.00
Total unrealised gain on open foreign currency contracts (2010: 0.00%)				12,741,126	0.02
Total financial assets at fair value through profit or loss (2010: 100.55%)				84,817,808,626	100.33

Portfolio Statement

as at 30 June 2011

Financial liabilities at fair value through profit or loss
Open forward foreign currency contracts

Transactions Currency sold	Currency bought	Currency rate	Maturity date	Unrealised loss JPY ¥	% of Net Assets
JPY 279,282	GBP	129.058	29/07/2011	(800)	0.00
EUR 7,221	JPY	115.314	29/07/2011	(7,314)	0.00
EUR 7,609	JPY	115.314	29/07/2011	(7,706)	0.00
JPY 10,196,158	GBP	128.850	29/07/2011	(12,737)	0.00
JPY 14,774,328	GBP	128.850	29/07/2011	(18,456)	0.00
JPY 7,562,776	GBP	129.040	29/07/2011	(20,574)	0.00
JPY 10,019,956	GBP	129.040	29/07/2011	(27,259)	0.00
JPY 10,891,334	GBP	129.058	29/07/2011	(31,146)	0.00
JPY 7,077,918	USD	80.800	29/07/2011	(32,534)	0.00
JPY 32,824,100	USD	80.682	29/07/2011	(103,087)	(0.01)
JPY 9,206,265,095	USD	80.902	29/07/2011	(53,873,042)	(0.06)
JPY 31,227,856,667	GBP	129.615	29/07/2011	(223,184,022)	(0.26)
Total unrealised loss on open foreign currency contracts (2010: 1.43%)				**(277,318,677)**	**(0.33)**
Total financial liabilities at fair value through profit or loss (2010: 1.43%)				**(277,318,677)**	**(0.33)**
Total financial assets and liabilities at fair value through profit or loss				**84,540,489,949**	**100.00**
Bank overdraft				(1,879,468,964)	(2.22)
Other net assets				1,875,361,308	2.22
Total net assets attributable to holders of redeemable participating shares				**84,536,382,293**	**100.00**

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

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

Portfolio classification	30 June 2011 % of Total Asset Value	31 December 2010 % of Total Asset Value
Transferable securities	100.31	100.55
OTC financial derivative instruments	(0.31)	(1.43)
Other net assets	–	0.88
	100.00	100.00

Portfolio Statement

as at 30 June 2011 continued

Financial assets at fair value through profit or loss

Transferable securities Equities	Currency	Nominal Holding	Fair Value GBP £	% of Net Assets
Germany (2010: 0.00%)				
Deutsche Boerse	EUR	14,621	692,199	1.91
Muenchener Rueckversicherungs	EUR	23,849	2,258,157	6.24
Siemens	EUR	17,000	1,444,385	3.99
			4,394,741	12.14
Netherlands (2010: 2.97%)				
TNT Express	EUR	74,227	474,321	1.31
Switzerland (2010: 5.55%)				
Wolseley	GBP	61,298	1,232,090	3.40
Xstrata	GBP	45,160	609,660	1.68
			1,841,750	5.08
United Kingdom (2010: 29.93%)				
Ark Therapeutics	GBP	933,840	35,019	0.10
Carphone Warehouse Group	GBP	270,195	1,146,978	3.17
Centrica	GBP	273,000	879,606	2.43
Colt Group	GBP	407,188	584,722	1.61
Daily Mail & General	GBP	220,856	1,010,195	2.79
EnQuest	GBP	925,988	1,137,483	3.14
GKN	GBP	350,988	793,935	2.19
GlaxoSmithKline	GBP	38,000	502,930	1.39
ITV	GBP	2,264,329	1,616,482	4.46
Johnson Matthey	GBP	30,654	593,155	1.64
Kingfisher	GBP	255,000	686,460	1.90
Lloyds TSB	GBP	3,006,790	1,448,521	4.00
Pendragon	GBP	271,633	65,246	0.18
Petropavlovsk	GBP	143,509	1,037,570	2.87
Reed Elsevier	GBP	110,175	615,878	1.70
Shanks Group	GBP	1,006,539	1,312,527	3.62
St James's Place	GBP	303,929	1,024,849	2.83
Tanfield	GBP	805,191	354,284	0.98
			14,845,840	41.00
Total equities (2010: 38.45%)			**21,556,652**	**59.53**
Total transferable securities (2010: 38.45%)			**21,556,652**	**59.53**

OTC financial derivative instruments

Contracts for difference	Currency	No. of Contracts	Unrealised Gain GBP £	% of Net Assets
United Kingdom (2010: 3.64%)				
Anglo American	GBP	21,446	15,990	0.04
Atkins	GBP	(109,600)	8,899	0.02
Aviva	GBP	171,651	6,592	0.02
BG Group	GBP	52,000	31,273	0.09
BP	GBP	372,865	20,034	0.06
British Amer Tobacco	GBP	(46,488)	10,972	0.03
Daily Mail & General	GBP	91,018	16,888	0.05
Mothercare	GBP	(99,234)	7,342	0.02
GKN	GBP	49,355	58,711	0.16
GlaxoSmithKline	GBP	26,000	10,437	0.03
Imperial Tobacco	GBP	42,600	33,261	0.09
Inlt Cons Airline	GBP	276,449	23,033	0.06
Johnson Matthey	GBP	5,182	4,035	0.01
Kingfisher	GBP	116,052	65,318	0.18
Paragon Group	GBP	250,000	10,410	0.03
Provident Financial	GBP	(130,524)	10,526	0.03
Reed Elsevier	GBP	33,673	28,100	0.08
St James'S Place	GBP	36,004	2,116	0.01
			363,937	1.01
Total unrealised gain on contracts for difference (2010: 3.64%)			**363,937**	**1.01**

Equity Options	Currency	Nominal Holding	Fair Value GBP £	% of Net Assets
Germany (2010: 0.13%)	EUR	–	–	
United Kingdom (2010: 0.89%)				
UKX 5500 Put 07/15/2011	GBP	140	12,600	0.03
UKX 4800 Put 07/15/2011	GBP	1,400	14,000	0.04
Total Equity Options (2010: 1.02%)			**26,600**	**0.07**

Portfolio Statement

as at 30 June 2011 continued

Open forward foreign currency contracts

Transactions Currency sold	Currency bought	Currency rate	Maturity date	Unrealised gain GBP £	% of Net Assets
GBP 2,781,069	EUR	0.89632	29/07/2011	23,612	0.07
GBP 668,744	USD	0.62448	29/07/2011	540	0.00
GBP 8,488	USD	0.89632	29/07/2011	72	0.00
GBP 5,914	USD	0.62448	29/07/2011	4	0.00
				24,228	0.07
Total unrealised gain on open forward foreign currency contracts (2010: 0.33%)				**24,228**	**0.07**
Total unrealised gain on OTC financial derivative instruments (2010: 4.99%)				**414,765**	**1.15**
Total financial assets at fair value through profit or loss (2010: 43.44%)				**21,971,417**	**60.68**

Total financial liabilities at fair value through profit or loss OTC financial derivative instruments

Contracts for difference	Currency	No. of Contracts	Unrealised Loss GBP £	% of Net Assets
Spain (2010: (0.02%))	EUR	–	–	–
United Kingdom (2010: (3.41%))				
Aberdeen Asset Managament	GBP	(200,449)	(33,997)	(0.10)
ASOS	GBP	(20,317)	(110,081)	(0.30)
Autonomy	GBP	(15,177)	(38,234)	(0.11)
Barclays	GBP	549,777	(221,195)	(0.61)
Capita Group	GBP	(156,242)	(49,008)	(0.14)
Schroder	GBP	118,823	(185,234)	(0.51)
Genus	GBP	(71,635)	(231,988)	(0.64)
Hargreaves Lansdown	GBP	(68,000)	(5,259)	(0.01)
Henderson Group	GBP	635,295	(13,513)	(0.04)
Homeserve	GBP	(216,275)	(126,868)	(0.35)
Pendragon	GBP	688,090	(85,181)	(0.24)
Smith Group	GBP	59,265	(30,443)	(0.08)
Tanfield	GBP	226,687	(1,547)	(0.01)
Trinity Mirror	GBP	707,928	(208,934)	(0.58)
WH Smith	GBP	(153,566)	(11,795)	(0.03)
			(1,353,277)	(3.75)
Total unrealised loss on contracts for difference (2010: 3.43%)			**(1,353,277)**	**(3.75)**
Futures				
United Kingdom (2010: 0.00%)				
FTSE 100 Fut 16/09/2011	GBP	(42)	(50,791)	(0.14)
Total futures (2010: 0.00%)			**(50,791)**	**(0.14)**

Total financial liabilities at fair value through profit or loss
OTC financial derivative instruments

Equity Index Swaps	Currency	Nominal Holding	Fair Value GBP£	% of Net Assets
Europe (2010: (7.98%))				
EIS Dow Jones Index Fund	EUR	(5,110)	(1,517,891)	(4.19)
EIS Dow Jones Stoxx Chemical Index Swap	EUR	(3,983)	(2,126,315)	(5.87)
			(3,644,206)	(10.06)
United Kingdom (2010: (8.12%))				
EIS FTSE Mid Cap 250 Index Swap	GBP	(543)	(6,438,031)	(17.78)
Total Equity Index swaps (2010: (16.10%))			**(10,082,237)**	**(27.84)**

Open forward foreign currency contracts

Transactions Currency sold	Currency bought	Currency rate	Maturity date	Unrealised loss	% of Net Assets
	–	–	–	–	–
Total unrealised loss on open forward foreign currency contracts (2010: 0.01%)				**–**	**–**
Total unrealised loss on OTC financial derivative instruments (2010: 19.54%)				**(11,486,305)**	**(31.73)**
Total financial assets and liabilities at fair value through profit or loss				**10,485,112**	**28.95**
Cash at bank				32,958,858	91.02
Other net liabilities				(7,232,690)	(19.97)
Total net assets attributable to holders of redeemable participating shares				**36,211,280**	**100.00**

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

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

Portfolio classification	30 June 2011 % of Total Asset Value	31 December 2010 % of Total Asset Value
Transferable securities	59.53	38.45
OTC financial derivative instruments	(30.57)	(14.55)
Other net assets	71.04	76.10
	100.00	100.00

Unaudited Balance Sheet

as at 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$
Assets				
Transferable securities		166,626,969	7,155,399	14,039,526
Financial derivative instruments	2	–	–	–
Dividends and interest receivable		110,847	33,021	87,585
Amounts receivable on sale of securities		–	–	–
Amounts receivable on sale of redeemable participating shares		691,593	–	153,242
Sundry debtors		–	42,431	12,303
Cash at bank		3,856,212	889,323	1,282,843
Total Assets		**171,285,621**	**8,120,174**	**15,575,499**
Liabilities				
Financial derivative instruments	2	–	–	–
Bank overdraft		–	–	–
Amounts payable on redemption of redeemable participating shares		(63,486)	–	–
Amounts payable on purchase of securities		–	(154,689)	(503,037)
Investment management fee payable		(117,201)	(9,211)	(13,370)
Performance fee payable				(21,827)
Sundry creditors		(30,208)	(27,862)	(14,509)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(210,895)	(191,762)	(552,743)
Net assets attributable to holders of redeemable participating shares		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 31 May 2011

	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$
	4,513,351	719,119,456	152,038,517	84,805,067,500	21,556,652	2,252,347,252
	–	–	–	12,741,126	414,765	822,287
	13,882	305,261	174,073	75,035,450	–	1,724,062
	142,976	1,289,720	1,426,339	2,685,524,247	1,144,409	38,076,266
	–	4,824,959	4,048,936	336,887,326	–	14,322,193
	18,389	64,169	1,472,760	25,439,427	71,713	2,041,093
	300,659	–	–	–	32,958,858	61,400,867
	4,989,257	**725,603,565**	**159,160,625**	**87,940,695,076**	**56,146,397**	**2,370,734,020**
	–	–	–	(277,318,677)	(11,486,305)	(21,833,076)
	–	(1,610,955)	(361,882)	(1,879,468,964)	–	(25,337,692)
	–	(3,850,342)	(11,428)	(238,876,167)	(6,176,240)	(16,819,008)
	(164,104)	–	(2,416,318)	(461,721,410)	(1,852,802)	(11,943,783)
	(3,967)	(1,063,776)	(171,681)	(119,344,521)	(65,784)	(3,038,546)
	(13,030)	(564,332)	(353,060)	(356,584,208)	–	(5,385,171)
	(18,228)	(451,813)	(1,519,142)	(70,998,836)	(353,986)	(3,529,145)
	(199,329)	(7,541,218)	(4,833,511)	(3,404,312,783)	(19,935,117)	(87,886,421)
	4,789,928	718,062,347	154,327,114	84,536,382,293	36,211,280	2,282,847,599

Unaudited Balance Sheet

as at 30 June 2011 continued

	Global Insurance Fund*** 30 June 2011 GBP£	Emerging Markets Growth Fund 30 June 2011 US$	Emerging Markets Income Fund* 30 June 2011 US$
Number of redeemable participating shares outstanding			
Japanese Yen Class	N/A	N/A	N/A
US dollar Class	N/A	N/A	N/A
Sterling Class	N/A	N/A	N/A
Class A Sterling Distributing	22,627,732	N/A	N/A
Euro Class	N/A	N/A	N/A
Class B Sterling Accumulating	7,818,918	N/A	N/A
Class E Sterling Distributing	29,710,451	N/A	N/A
Class F Sterling Accumulating	18,951,859	N/A	N/A
Class I US dollar	N/A	1,000	N/A
Class I US dollar Accumulating	28	N/A	1,000
Class I US dollar Distributing	30	N/A	1,000
Class I Sterling	N/A	92,561	N/A
Class I Sterling Accumulating	2,230,149	N/A	475,436
Class I Sterling Distributing	50	N/A	609,133
Class I Euro	N/A	1,302	N/A
Class I Euro Accumulating	40	N/A	1,341
Class I Euro Distributing	44	N/A	1,341
Class I Japanese Yen	N/A	N/A	N/A
Class R US dollar	N/A	1,000	N/A
Class R US dollar Accumulating	28	N/A	1,000
Class R US dollar Distributing	30	N/A	1,000
Class R Sterling	N/A	685,851	N/A
Class R Sterling Accumulating	70,934	N/A	1,585
Class R Sterling Distributing	1,914,213	N/A	361,348
Class R Euro	N/A	1,302	N/A
Class R Euro Accumulating	40	N/A	1,340
Class R Euro Distributing	44	N/A	1,340
Class R Japanese Yen	N/A	N/A	N/A
Class I Hedged US dollar	N/A	N/A	N/A
Class R Hedged US dollar	N/A	N/A	N/A
Class I Hedged Euro	N/A	N/A	N/A
Class R Hedged Euro	N/A	N/A	N/A
Class I Hedged Sterling	N/A	N/A	N/A
Class R Hedged Sterling	N/A	N/A	N/A

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 US$	UK Absolute Return Fund 30 June 2011 GBP£
N/A	N/A	N/A	2,068,361	N/A
N/A	2,937,848	334,228	4,855,506	N/A
N/A	857,433	2,950,841	2,802,178	N/A
N/A	N/A	N/A	N/A	N/A
N/A	2,449	37,728	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
10	13,139,351	1,016,352	5,158,649	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
495,049	15,222,460	6,408,362	334,906	2,964,696
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
15	652,780	133,220	270,604	1,007
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	7,209,638	N/A
10	9,838,775	120,346	304,761	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
4,183	2,035,472	135,068	23,406	167,669
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
15	115,904	8,526	4,365	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	5,779,777	N/A
N/A	N/A	N/A	6,001,195	107,000
N/A	N/A	N/A	4,097,207	1,000
N/A	N/A	N/A	2,224,295	307,002
N/A	N/A	N/A	2,805,278	1,000
N/A	N/A	N/A	11,543,903	N/A
N/A	N/A	N/A	9,852,789	N/A

Unaudited Balance Sheet

as at 30 June 2011 continued

	Global Insurance Fund*** 30 June 2011 GBP£	Emerging Markets Growth Fund 30 June 2011 US$	Emerging Markets Income Fund* 30 June 2011 US$
Net asset value per redeemable participating share			
Japanese Yen Class	N/A	N/A	N/A
US dollar Class	N/A	N/A	N/A
Sterling Class	N/A	N/A	N/A
Class A Sterling Distributing	£1.99	N/A	N/A
Euro Class	N/A	N/A	N/A
Class B Sterling Accumulating	£2.16	N/A	N/A
Class E Sterling Distributing	£1.99	N/A	N/A
Class F Sterling Accumulating	£2.17	N/A	N/A
Class I US dollar	N/A	$10.15	N/A
Class I US dollar Accumulating	$3.49	N/A	$10.32
Class I US dollar Distributing	$3.20	N/A	$10.31
Class I Sterling	N/A	£6.32	N/A
Class I Sterling Accumulating	£2.17	N/A	£6.43
Class I Sterling Distributing	£1.99	N/A	£6.42
Class I Euro	N/A	€7.00	N/A
Class I Euro Accumulating	€2.41	N/A	€7.12
Class I Euro Distributing	€2.21	N/A	€7.11
Class I Japanese Yen	N/A	N/A	N/A
Class R US dollar	N/A	$10.12	N/A
Class R US dollar Accumulating	$3.45	N/A	$10.30
Class R US dollar Distributing	$3.19	N/A	$10.30
Class R Sterling	N/A	£6.30	N/A
Class R Sterling Accumulating	£2.15	N/A	£6.42
Class R Sterling Distributing	£1.98	N/A	£6.42
Class R Euro	N/A	€6.98	N/A
Class R Euro Accumulating	€2.38	N/A	€7.10
Class R Euro Distributing	€2.20	N/A	€7.10
Class R Japanese Yen	N/A	N/A	N/A
Class I Hedged US dollar	N/A	N/A	N/A
Class R Hedged US dollar	N/A	N/A	N/A
Class I Hedged Euro	N/A	N/A	N/A
Class R Hedged Euro	N/A	N/A	N/A
Class I Hedged Sterling	N/A	N/A	N/A
Class R Hedged Sterling	N/A	N/A	N/A

*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

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 US$	UK Absolute Return Fund 30 June 2011 GBP£
N/A	N/A	N/A	¥1,549.74	N/A
N/A	$17.90	$10.58	$19.27	N/A
N/A	£11.15	£6.59	£12.04	N/A
N/A	N/A	N/A	N/A	N/A
N/A	€12.35	€7.30	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
$9.59	$15.90	$15.24	$14.65	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
£5.98	£9.91	£9.49	£9.15	£10.42
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
€6.62	€10.97	€10.51	€10.12	€11.52
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	¥1,178.72	N/A
$9.58	$15.73	$15.10	$14.50	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
£5.97	£9.80	£9.41	£9.06	£10.29
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
€6.61	€10.85	€10.42	€10.01	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	¥1,166.06	N/A
N/A	N/A	N/A	$11.71	$10.26
N/A	N/A	N/A	$11.60	$9.70
N/A	N/A	N/A	€9.46	€10.35
N/A	N/A	N/A	€9.40	€9.72
N/A	N/A	N/A	£11.71	N/A
N/A	N/A	N/A	£11.54	N/A

Balance Sheet

as at 31 December 2010

	Notes	Emerging Markets Growth Fund* 31 December 2010 US$	Global Technology Fund 31 December 2010 US$
Assets			
Transferable securities		6,652,220	430,725,548
Financial derivative instruments	2	–	–
Dividends and interest receivable		7,199	–
Amounts receivable on sale of securities		–	–
Amounts receivable on sale of redeemable participating shares		6,640	958,888
Sundry debtors		1,999	12,168
Cash at bank		597,502	47,218,460
Total Assets		**7,265,560**	**478,915,064**
Liabilities			
Financial derivative instruments	2	–	–
Amounts payable on redemption of redeemable participating shares		–	(141,893)
Amounts payable on purchase of securities		(28,945)	–
Investment management fee payable		(8,361)	(800,294)
Performance fee payable			(6,308,037)
Sundry creditors		(31,281)	(266,204)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		**(68,587)**	**(7,516,428)**
Net assets attributable to holders of redeemable participating shares		**7,196,973**	**471,398,636**

*The Emerging Markets Growth Fund launched 1 December 2010

	Healthcare Opportunities Fund 31 December 2010 US$	Japan Fund 31 December 2010 JPY ¥	UK Absolute Return Fund 31 December 2010 GBP£	Total 31 December 2010 US$
	67,400,791	53,889,622,100	45,531,844	1,235,654,282
	–	571,925	5,904,771	9,176,525
	87,547	75,126,051	163,549	1,269,045
	714,361	82,619,999	–	1,726,489
	10,883	193,974,582	70,700	3,462,467
	884	1,813,382	4,644	44,477
	6,366,035	513,081,382	91,411,973	202,421,101
	74,580,501	**54,756,809,421**	**143,087,481**	**1,453,754,386**
	–	(768,039,000)	(23,139,419)	(45,341,987)
	–	(12,558,176)	(389,703)	(900,905)
	(359,745)	(130,236,734)	–	(1,984,142)
	(113,551)	(40,790,187)	(138,248)	(1,636,587)
	(26,841)	(135,813,501)	(919,046)	(9,425,835)
	(56,856)	(75,359,615)	(78,123)	(1,398,843)
	(556,993)	**(1,162,797,213)**	**(24,664,539)**	**(60,688,299)**
	74,023,508	**53,594,012,208**	**118,422,942**	**1,393,066,087**

Balance Sheet

as at 31 December 2010 continued

	Emerging Markets Growth Fund* 31 December 2010 US$	Global Technology Fund 31 December 2010 US$	Healthcare Opportunities Fund 31 December 2010 US$	Japan Fund 31 December 2010 JPY ¥	UK Absolute Return Fund** 31 December 2010 GBP£
Number of redeemable participating shares outstanding					
Japanese Yen Class	N/A	N/A	N/A	1,695,083	N/A
US dollar Class	N/A	2,791,146	208,390	4,804,544	N/A
Sterling Class	N/A	752,111	3,848,515	3,080,582	N/A
Euro Class	N/A	1,286	33,800	N/A	N/A
Class I US dollar	1,000	2,640,464	581,775	3,891,313	54,582
Class I Sterling	69,736	10,435,072	1,962,818	140,755	6,889,768
Class I Euro	1,302	526,527	30,206	194,995	1,007
Class I Japanese Yen	N/A	N/A	N/A	7,034,367	N/A
Class R US dollar	1,000	11,581,225	25,851	240,950	–
Class R Sterling	628,212	703,962	60,309	11,324	1,137,012
Class R Euro	1,302	3,546	5,213	147,335	13,790
Class R Japanese Yen	N/A	N/A	N/A	4,955,009	N/A
Class I Hedged US dollar	N/A	N/A	N/A	2,773,561	1,262,877
Class R Hedged US dollar	N/A	N/A	N/A	1,439,591	1,000
Class I Hedged Euro	N/A	N/A	N/A	8,233	1,918,193
Class R Hedged Euro	N/A	N/A	N/A	131,146	1,000
Class I Hedged Sterling	N/A	N/A	N/A	3,295,690	N/A
Class R Hedged Sterling	N/A	N/A	N/A	7,358,443	N/A

	Emerging Markets Growth Fund* 31 December 2010 US$	Global Technology Fund 31 December 2010 US$	Healthcare Opportunities Fund 31 December 2010 US$	Japan Fund 31 December 2010 JPY ¥	UK Absolute Return Fund** 31 December 2010 GBP£
Net asset value per redeemable participating share					
Japanese Yen Class	N/A	N/A	N/A	¥1,528.78	N/A
US dollar Class	N/A	$17.86	$9.34	$18.73	N/A
Sterling Class	N/A	£11.41	£5.98	£12.14	N/A
Euro Class	N/A	€13.32	€6.96	N/A	N/A
Class I US dollar	$10.25	$15.83	$13.41	$14.31	$17.46
Class I Sterling	£6.55	£10.11	£8.57	£9.27	£11.24
Class I Euro	€7.64	€11.80	€10.00	€10.80	€13.05
Class I Japanese Yen	N/A	N/A	N/A	¥1,168.03	N/A
Class R US dollar	$10.24	$15.69	$13.33	$14.19	–
Class R Sterling	£6.54	£10.02	£8.51	£9.20	£11.13
Class R Euro	€7.64	€11.70	€9.93	€10.71	€12.91
Class R Japanese Yen	N/A	N/A	N/A	¥1,158.43	N/A
Class I Hedged US dollar	N/A	N/A	N/A	$11.62	$11.08
Class R Hedged US dollar	N/A	N/A	N/A	$11.54	$10.50
Class I Hedged Euro	N/A	N/A	N/A	€9.35	€11.18
Class R Hedged Euro	N/A	N/A	N/A	€9.32	€10.50
Class I Hedged Sterling	N/A	N/A	N/A	£11.62	N/A
Class R Hedged Sterling	N/A	N/A	N/A	£11.48	N/A

*The Emerging Markets Growth Fund was launched on 01 December 2010.

Unaudited 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		**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**

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

	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 Profit and Loss Account

for the six months ended 30 June 2010 continued

	Notes	Global Technology Fund 30 June 2010 US$	Healthcare Opportunities Fund 30 June 2010 US$
Investment income			
Investment income		503,789	584,025
Net realised and unrealised loss on investments		(10,591,658)	(6,583,467)
Income equalisation		312	(20,245)
Net investment income		**(10,087,557)**	**(6,019,687)**
Expenses			
Investment management fees	6	(1,393,258)	(483,480)
Administration fees		(221,196)	(90,620)
General expenses		(81,876)	(37,938)
Performance fee	6	(1,034,265)	–
Custodian's fees		(92,685)	(32,452)
Legal fees		(20,824)	(8,676)
Directors fees		(19,264)	(7,161)
Auditors fees		(16,773)	(5,729)
Transaction costs		–	–
Withholding tax		(107,653)	(152,255)
Operating expenses		**(2,987,794)**	**(818,311)**
Net expense from operations before finance costs		**(13,075,351)**	**(6,837,998)**
Finance costs			
Bank interest		(13,214)	(12,992)
Total finance costs		**(13,214)**	**(12,992)**
Change in net assets attributable to holders of redeemable participating shares		**(13,088,565)**	**(6,850,990)**

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.

	Japan Fund 30 June 2010 JPY ¥	UK Absolute Return Fund 30 June 2010 GBP£	Total 30 June 2010 US$
	455,892,000	670,357	7,096,099
	(3,866,410,517)	(5,987,741)	(68,592,548)
	3,773,851	48,789	95,749
	(3,406,744,666)	**(5,268,595)**	**(61,400,700)**
	(208,992,807)	(607,425)	(5,088,807)
	(45,776,104)	(122,471)	(999,234)
	(95,830,403)	(36,056)	(1,222,863)
	(81,730,074)	–	(1,928,114)
	(21,182,637)	(41,704)	(420,407)
	(3,876,464)	(11,757)	(89,826)
	(3,408,565)	(10,036)	(79,009)
	(2,997,344)	(8,268)	(67,892)
	–	(273,200)	(416,663)
	(31,912,440)	(103,885)	(767,359)
	(495,706,838)	**(1,214,802)**	**(11,080,174)**
	(3,902,451,504)	**(6,483,397)**	**(72,480,874)**
	(9,648,343)	(7,876)	(143,737)
	(9,648,343)	**(7,876)**	**(143,737)**
	(3,912,099,847)	**(6,491,273)**	**(72,624,611)**

Unaudited 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 year	**–**	**7,196,973**	**–**
Issue of redeemable shares during the year	172,108,903	843,162	14,876,087
FX gain on consolidation			
Redemption of redeemable shares during the year	(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 year	**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 31 May 2011

The accompanying notes form an integral part of these Financial Statements.

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

for the six months ended 30 June 2010

	Global Technology Fund 30 June 2010 US$	Healthcare Opportunities Fund 30 June 2010 US$	Japan Fund 30 June 2010 JPY ¥
Net assets attributable to holders of redeemable participating shares at the beginning of the period	**163,037,700**	**70,811,038**	**30,817,554,745**
Issue of redeemable shares during the period	129,022,551	29,331,307	28,546,444,188
FX gain on consolidation	–	–	–
Redemption of redeemable shares during the period	(57,825,993)	(26,801,771)	(7,939,922,551)
Net loss for the period attributable to holders of redeemable shares	(13,088,565)	(6,850,990)	(3,912,099,847)
Net assets attributable to holders of redeemable participating shares at the end of the period	**221,145,693**	**66,489,584**	**47,511,976,535**

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**

	UK Absolute Return Fund 30 June 2010 GBP	Total 30 June 2010 US$
	94,689,993	**719,274,708**
	68,054,307	574,346,047
	–	9,179,090
	(37,386,878)	(228,483,089)
	(6,491,273)	(72,624,611)
	118,866,149	**1,001,692,145**

Notes to the Financial Statements

for the six months ended 30 June 2011

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, 2003 (as amended). 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 funds thereof may be established with the prior approval of the Central Bank.

Shares in the following classes are available:

Global Insurance Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Class A Sterling Distribution	31/05/2011	1.25%	0%
Class B Sterling Accumulation	31/05/2011	1.25%	0%
Class E Sterling Distribution	31/05/2011	0.75%	0%
Class F Sterling Accumulation	31/05/2011	0.75%	0%
Class I Euro Accumulation	31/05/2011	0.75%	10%
Class I Euro Distribution	31/05/2011	0.75%	10%
Class I Sterling Accumulation	31/05/2011	0.75%	10%
Class I Sterling Distribution	31/05/2011	0.75%	10%
Class I US dollar Accumulation	31/05/2011	0.75%	10%
Class I US dollar Distribution	31/05/2011	0.75%	10%
Class R Euro Accumulation	31/05/2011	1.25%	10%
Class R Euro Distribution	31/05/2011	1.25%	10%
Class R Sterling Accumulation	31/05/2011	1.25%	10%
Class R Sterling Distribution	31/05/2011	1.25%	10%
Class R US dollar Accumulation	31/05/2011	1.25%	10%
Class R US dollar Distribution	31/05/2011	1.25%	10%

Emerging Markets Growth Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Class I Euro	01/12/2010	1.0%	10%
Class I Sterling	01/12/2010	1.0%	10%
Class I US dollar	01/12/2010	1.0%	10%
Class R Euro	01/12/2010	1.5%	10%
Class R Sterling	01/12/2010	1.5%	10%
Class R US dollar	01/12/2010	1.5%	10%

Emerging Markets Income Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Class I Euro Accumulation	21/01/2011	1.0%	10%
Class I Euro Distribution	21/01/2011	1.0%	10%
Class I Sterling Accumulation	21/01/2011	1.0%	10%
Class I Sterling Distribution	21/01/2011	1.0%	10%
Class I US dollar Accumulation	21/01/2011	1.0%	10%
Class I US dollar Distribution	21/01/2011	1.0%	10%
Class R Euro Accumulation	21/01/2011	1.5%	10%
Class R Euro Distribution	21/01/2011	1.5%	10%
Class R Sterling Accumulation	21/01/2011	1.5%	10%
Class R Sterling Distribution	21/01/2011	1.5%	10%
Class R US dollar Accumulation	21/01/2011	1.5%	10%
Class R US dollar Distribution	21/01/2011	1.5%	10%

Financial Opportunities Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Class I Euro	03/05/2011	1.0%	10%
Class I Sterling	03/05/2011	1.0%	10%
Class I US dollar	03/05/2011	1.0%	10%
Class R Euro	03/05/2011	1.5%	10%
Class R Sterling	03/05/2011	1.5%	10%
Class R US dollar	03/05/2011	1.5%	10%

Global Technology Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Euro Class	22/10/2001	1.5%	10%
Sterling Class	22/10/2001	1.5%	10%
US dollar Class	22/10/2001	1.5%	10%
Class I Euro	08/09/2009	1.0%	10%
Class I Sterling	08/09/2009	1.0%	10%
Class I US dollar	08/09/2009	1.0%	10%
Class R Euro	08/09/2009	1.5%	10%
Class R Sterling	08/09/2009	1.5%	10%
Class R US dollar	08/09/2009	1.5%	10%

Healthcare Opportunities Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Euro Class	03/12/2007	1.5%	10%
Sterling Class	03/12/2007	1.5%	10%
US dollar Class	03/12/2007	1.5%	10%
Class I Euro	27/03/2009	1.0%	10%
Class I Sterling	27/03/2009	1.0%	10%
Class I US dollar	27/03/2009	1.0%	10%
Class R Euro	27/03/2009	1.5%	10%
Class R Sterling	27/03/2009	1.5%	10%
Class R US dollar	27/03/2009	1.5%	10%

Japan Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Sterling Class	22/10/2001	1.5%	10%
Japanese Yen Class	22/10/2001	1.5%	10%
US dollar Class	22/10/2001	1.5%	10%
Class I Euro	20/04/2010	1.0%	10%
Class I Sterling	27/03/2009	1.0%	10%
Class I Japanese Yen	27/03/2009	1.0%	10%
Class I US dollar	27/03/2009	1.0%	10%
Class I Hedged Sterling	27/03/2009	1.0%	10%
Class I Hedged Euro	20/04/2010	1.0%	10%
Class I Hedged US dollar	27/03/2009	1.0%	10%
Class R Euro	20/04/2010	1.5%	10%
Class R Sterling	27/03/2009	1.5%	10%
Class R Japanese Yen	27/03/2009	1.5%	10%
Class R US dollar	27/03/2009	1.5%	10%
Class R Hedged Sterling	27/03/2009	1.5%	10%
Class R Hedged Euro	20/04/2010	1.5%	10%
Class R Hedged US dollar	27/03/2009	1.5%	10%

Notes to the Financial Statements

for the six months ended 30 June 2011 continued

1. Organisation and Nature of Business continued

UK Absolute Return Fund	Date of first issue of shares of sub-fund	Investment management fee	Performance fee
Class I Euro	28/10/2008	1.0%	20%
Class I Sterling	28/10/2008	1.0%	20%
Class I US dollar	28/10/2008	1.0%	20%
Class I Hedged Euro	28/10/2008	1.0%	20%
Class I Hedged US dollar	28/10/2008	1.0%	20%
Class R Euro	28/05/2010	1.5%	20%
Class R Sterling	28/05/2010	1.5%	20%
Class R US dollar	28/05/2010	1.5%	20%
Class R Hedged Euro	02/06/2010	1.5%	20%
Class R Hedged US dollar	02/06/2010	1.5%	20%

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 2010 annual financial statements.

2. 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 2011 were as follows:

Exchange Rate	30 June 2011 to US$
Brazilian Real	1.5623
Canadian dollar	0.9651
Egyptian Pound	5.9685
Euro	0.6897
Hong Kong dollar	7.7813
Indonesian Rupiah	8575.5000
Indian Rupee	–
Japanese yen	80.7600
Korean won	1067.6500
Malaysian $	3.0195
Mexican Peso	11.7269
Norwegian krone	5.3655
Philippine Peso	43.3350
Polish Zloty	2.7453
Qatari Riyal	3.6415
Singapore $	1.2276
South Africa Rands	6.7790
Sterling	0.6229
Swedish krone	6.3101
Swiss franc	0.8420
Taiwan dollar	28.7235
Thai Bahts	30.7250
Turkish Lira	1.6240

Exchange Rate	31 December 2010 to US$
Brazilian Real	1.6600
Canadian dollar	0.9937
Egyptian Pound	5.8050
Euro	0.7454
Hong Kong dollar	7.7737
Indonesian Rupiah	9010.0000
Indian Rupee	44.7150
Japanese yen	81.1050
Korean won	1134.9000
Malaysian $	3.0835
Mexican Peso	12.3340
Norwegian krone	5.8125
Philippine Peso	–
Polish Zloty	–
Qatari Riyal	–
Singapore $	1.2811
South Africa Rands	6.6158
Sterling	0.6387
Swedish krone	6.7229
Swiss franc	0.9321
Taiwan dollar	29.1565
Thai Bahts	30.1450
Turkish Lira	1.5390

Notes to the Financial Statements

for the six months ended 30 June 2011 continued

4. Exchange Rates continued

The exchange rates used at 30 June 2011 were as follows:

Exchange Rate	30 June 2011 to GBP£
Euro	1.1058
Norwegian krone	–
United States dollar	1.6006
Swedish krone	10.1315
Swiss franc	1.3353

Exchange Rate	31 December 2010 to GBP£
Euro	1.1602
Norwegian krone	9.0596
United States dollar	1.5529
Swedish krone	10.4129
Swiss franc	1.4526

Exchange Rate	to JPY
Euro	116.5501
Sterling	128.8660
United States dollar	80.4505

Exchange Rate	to JPY
Euro	108.1557
Sterling	125.9755
United States dollar	81.6300

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

5. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended on that basis. On that basis, it is not chargeable to Irish tax on its income or gains.

6. Related Party Disclosure

The Company operates under an investment management agreement with Polar Capital LLP.

All fees in relation to the Investment Manager, including any performance fees, are disclosed separately in the Profit and Loss Account. US$ 8,423,717 (31 December 2010: US$ 11,062,422) was due to the Investment Manager at 30 June 2011 which includes both investment management and performance fees. These accrued performance fees will only be payable to the Investment Manager after the year end and provided that performance is maintained in the meantime.

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. David Hammond is a Director and employee of Bridge Consulting, which provides governance and monitoring services to the Board of the Company.

7. Financial Derivative Instruments

Except for the Polar UK Absolute Return Fund, the Investment Manager has during the period generally only used financial derivative instruments for the purpose of efficient portfolio management. The Polar UK Absolute Return Fund can use derivative instruments to gain investment 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 Status

HM Revenue and Customs has certified Polar Capital Funds plc as a distributing fund in respect of the year ended 31 December 2010. HM Revenue and Customs in the United Kingdom has certified the Company and as reporting fund with effect from 1 January 2011.

10. Subsequent Events

During the period below three listed funds were launched:

(i) On 21 January 2011 Emerging Markets Income Fund

(ii) On 3 May 2011 Financial Opportunities Fund

(iii) On 31 May 2011 Global Insurance Fund

11. Subsequent Events

There have been no material events subsequent to the period end 30 June 2011 which affect the Financial Statements.

12. Portfolio Changes

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

13. Approval of the Financial Statements

The Financial Statements were approved by the Board on 24 August 2011.

Statement of Significant Portfolio Movements – Unaudited

Global Insurance Fund

Purchases	Cost US$'000	Sales	Proceeds US$'000
Travelers	3,623	There were no sales during the period	
Berkshire Hathaway	3,057		
Partner Reinsurance	2,795		
ACE	2,625		
Arch Capital Group	2,535		
WR Berkley	1,978		
Platinum Underwriters Holdings	1,750		
Muenchener Rueckversicherungs	1,609		
Axis Capital Holdings	1,567		
Transatlantic Holdings	1,544		
Reinsurance Group of America	1,500		
Chubb	1,364		
ProAssurance	1,287		
Sampo	1,126		
Marsh & McLennan	1,121		
Alterra Capital Holdings	1,023		
Progressive	898		
HCC Insurance Holdings	881		
Employers Holdings	749		
Baloise Holding	719		

Emerging Markets Growth Fund

Purchases	Cost US$'000	Sales	Proceeds US$'000
Merrill Lynch - Rural Electrification	128	Vivo Participacoes ADR	156
Digital China Holdings	128	Vale	154
China Pacific Insurance Group	119	Polaris Securities	116
Giant Manufacturing	114	Gafisa	113
Localiza	111	Chunghwa Telecom ADR	100
Chunghwa Telecom ADR	109	ICICI Bank ADR	100
Mechel	104	Infosys Technologies ADR	71
Telecomunicacoes de Sao Paulo ADR	101	Turkiye Halk Bankasi	67
Merrill Lynch - Yes Bank	100	Cetip Sa-Balcao Organizado	37
Gazprom ADR	95	Hyundai Department Store	27
Taiwan Cement	86	Marcopolo	20
ICICI Bank ADR	85	Kencana Petroleum	16
PAX Global Technology	39	Meritz Fire & Marine Insurance	15
Life Healthcare Group	31	ARC Capital	13
Kasikornbank	27	Itau Unibanco ADR	10
MegaStudy	24	Chunghwa Telecom ADR	3
Globaltrans Investment GDR	24	Life Healthcare Group	1
Shanghai Industrial	21	Tiger Brands	1
KB Financial Group	20	Adcock Ingram	1
Adcock Ingram	18		

Emerging Markets Income Fund

Purchases	Cost US$'000
SK Telecom ADR	375
Kasikornbank	369
Merril Lynch - Rural Electrification	255
Jiangsu Expressway	251
Digital China Holdings	246
Turk Telekomunikasyon	242
Shoprite Holdings	240
China Life Insurance	240
Samsung Electronics	240
Lukoil ADR	237
Banco do Brasil	235
Giant Manufacturing	235
Meritz Fire & Marine Insurance	231
CCR	229
Powszechny Zaklad Ubezpieczen	229
Estacio Participacoes	226
Telekomunikacja Polska	226
African Bank Investments	225
Guangdong Investments	224
CIA Energetica Minas Gerais-Cemig	224

Sales	Proceeds US$'000
Turkiye Petrol Rafinerileri	219
Kasikornbank	201
Powszechna Kasa Oszczed Bank Polski	189
Kumba Iron Ore	189
ICICI Bank ADR	180
Turk Traktor	155
Mechel ADR	150
SK Telecom ADR	147
Turk Telekomunikasyon	50
Commercial Bank of Qatar	42
VTech Holdings	27
Meritz Fire & Marine Insurance	18
SK Telecom	3
Life Healthcare Group	3

Financial Opportunities Fund

Purchases	Cost US$'000
HSBC	229
Kasikornbank	173
Muenchener Rueckversicherungs	173
China Taiping Insurance Holdings	171
Arch Capital Group	164
Bank of China	163
Credit Suisse	162
Shinhan Financial Group	149
DBS Group Holdings	146
Dongbu Insurance	141
Dnb Nor	137
BNP Paribas	136
Bank of New York Mellon	131
China Construction Bank	130
Siam Commercial Bank	126
UBS	117
Security Bank	104
Ping An Insurance Group	101
China Citic Bank	100
Industrial & Commercial Bank of China	99

Sales	Proceeds US$'000
Bank of China	156
Kasikornbank	96
Turkiye Garanti Bankasi	88
Amlin	73
Standard Chartered	72
Siam Commercial Bank	69
Societe Generale	61
State Street	50
Daegu Bank	50
China Construction Bank	48
Turkiye Halk Bankasi	43
HSBC	24
Oversea-Chinese Banking	24
China Citic Bank	24
Banco Santander	23
Bank Rakyat Indonesia Persero	23
Kiatnakin Bank	22

Statement of Significant Portfolio Movements – Unaudited

continued

Global Technology Fund

Purchases	Cost US$'000	Sales	Proceeds US$'000
IBM	24,885	IBM	27,084
Apple	22,801	Hewlett Packard	11,305
Google	17,129	Microsoft	8,806
Hewlett Packard	12,467	Cisco Systems	8,770
Microsoft	11,771	3D Systems	7,164
Oracle	10,683	Activision Blizzard	6,228
VeriFone Systems	10,459	Calix Networks	5,969
National Instruments	9,601	Cypress Semiconductor	5,766
Ixia	9,117	Concur Technologies	5,450
Atmel	8,541	Silicon Laboratories	5,404
SAP	8,266	Cree	4,570
3D Systems	8,208	Broadcom	4,454
Parametric Technology	8,208	Dell	4,410
Broadcom	8,083	Atmel	4,281
Juniper Networks	8,026	Cavium Networks	4,062
Silicon Image	7,854	Baidu	3,770
Qualcomm	7,767	Intel	3,739
Polycom	7,373	Digital China Holdings	3,621
Netlogic Microsystems	7,300	DSP	3,510
Akamai Technologies	7,075	Pros Holdings	3,446

Healthcare Opportunities Fund

Purchases	Cost US$'000	Sales	Proceeds US$'000
Novartis	7,091	Amgen	3,730
Covidien	4,839	Merck	3,650
Pfizer	4,467	Carefusion	3,563
Vertex Pharmaceuticals	4,360	Valeant Pharmaceuticals International	3,102
Zimmer Holdings	4,039	Abbott Laboratories	3,073
Carefusion	3,956	Baxter International	3,021
GlaxoSmithKline	3,703	United Therapeutics	2,794
Amgen	3,519	Covidien	2,648
HCA Holdings	3,419	Teva Pharmaceutical Industries	2,588
Bristol-Myers Squibb	3,246	Stryker	2,434
St Jude Medical	3,226	Novartis	2,387
DaVita	3,218	Express Scripts	2,126
Abbott Laboratories	3,195	Medco Health Solutions	2,042
Sanofi-Aventis	3,112	AmerisourceBergen	1,910
CR Bard	3,060	McKesson	1,907
Illumina	2,956	Community Health Systems	1,787
Biogen Idec	2,926	UnitedHealth Group	1,568
Varian Medical Systems	2,909	Illumina	1,551
Cardinal Health	2,894	Varian Medical Systems	1,527
Agilent Technologies	2,870	Zoll Medical	1,506

Statement of Significant Portfolio Movements – Unaudited

continued

Japan Fund

Purchases	Cost ¥'000	Sales	Proceeds ¥'000
Mitsubishi UFJ Financial	4,441,236	Inpex	2,367,472
Honda Motor	3,444,190	Kuraray	2,218,689
Denso	2,959,929	NGK Insulators	2,051,834
Nippon Telegraph & Telephone	2,735,434	T&D Holdings	2,038,399
FUJIFILM	2,658,404	Kyocera	1,760,955
Sony	2,461,173	Mazda Motor	1,693,640
Kuraray	2,358,115	Nitto Denko	1,608,283
Jafco	2,174,068	Mitsubishi Tanabe Pharma	1,489,256
Nintendo	2,150,068	Calbee	1,314,575
Accordia Golf	1,668,267	Daiwa House Industry	1,244,732
Fujitsu	1,499,065	Kubota	1,229,082
Daiwa House Industry	1,439,202	Don Quijote	1,228,948
Amada	1,421,103	JSR	1,201,255
Daikin Industries	1,412,071	Hoshizaki Electric	1,124,561
West Japan Railway	1,410,581	Fujitsu	1,099,046
Nitto Denko	1,375,528	Denso	1,093,583
Sumitomo Mitsui Financial	1,320,309	Daikin Industries	1,085,394
Minebea	1,313,829	Bridgestone	1,077,932
Mitsubishi Estate	1,252,668	Mitsubishi Estate	1,047,211
NOK Corporation	1,193,211	Sumitomo Mitsui Trust Holdings	1,015,572

UK Absolute Return Fund

Purchases	Cost GBP£'000	Sales	Proceeds GBP£'000
EIS FTSE 250 POLS05902 08/06/2010	4,262	EIS DJ Stoxx 600 27/07/2011	5,568
EIS DJ Stoxx 600 POLS04285 27/07/2011	3,382	EIS DJ Oil&Gas sector 11/11/2011	4,589
EIS DJ Oil&Gas sector 11/11/2011	3,075	EIS DJ EUR Stoxx Chemical Index 11/11/2011	4,051
EIS DJ Stoxx Index 27/07/2011	2,660	TNT	3,473
EIS DJ Tech Index 11/11/2011	2,431	EIS DJ Tech Index 11/11/2011	3,425
Muenchener Rueckversicherungs	1,898	EIS FTSE 250 08/06/2010	3,396
EIS Philadelphia Semiconductor 11/11/2011	1,804	Carphone Warehouse Group	3,072
EIS DJ Stoxx Food & Beverage Index 11/11/2011	1,362	EIS Philadelphia Semiconductor 11/11/2011	2,993
EIS DJ EURO Stoxx Chemical Index Swap 11/11/2011	1,271	Compass Group	2,976
Arcelormittal	1,216	J Sainsbury	2,432
Siemens	1,148	Xstrata	2,416
Glaxosmithkline	1,121	Shanks Group	2,207
EIS Customised Bank Sector	1,041	Wolseley	2,127
HSBC	993	Glaxosmithkline	2,026
St James'S Place	972	Enquest	1,936
Colt Group	645	ITV	1,791
Deutsche Boerse	423	Arcelormittal	1,661
Lvmh Moet-Hennessy Louis	349	Johnson Matthey	1,421
TNT	275	Lvmh Moet-Hennessy Louis	1,169
FT-SE100 IX OP (E) May 2011 Call 6100	201	HSBC	1,121

Information for Investors in Switzerland – Unaudited

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.

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 six months ended 30 June 2011.

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

Name of Fund	TER (excluding performance fee) in % 30 June 2011	TER (including performance fee) in % 30 June 2011	TER (excluding performance fee) in % 30 June 2010	TER (including performance fee) in % 30 June 2010
Global Insurance Fund	1.26	1.26	N/A	N/A
Emerging Market Income Fund	1.75	2.36	N/A	N/A
Emerging Market Growth Fund	2.81	2.81	N/A	N/A
Financial Opportunities Fund	1.04	1.59	N/A	N/A
Global Technology Fund	1.62	1.69	1.80	2.82
Healthcare Opportunities Fund	1.56	2.32	1.79	1.79
Japan Fund	1.59	2.58	1.84	2.11
UK Absolute Return Fund	1.38	1.38	1.49	1.49

The Portfolio Turnover numbers for each Fund for last two years are as follows;

Name of Fund	PTR in % 30 June 2011	PTR in % 30 June 2010
Global Insurance Fund	2.38	N/A
Emerging Market Income Fund	8.82	N/A
Emerging Market Growth Fund	17.55	N/A
Financial Opportunities Fund	31.52	N/A
Global Technology Fund	35.74	51.67
Healthcare Opportunities Fund	126.10	68.2
Japan Fund	116.78	52.86
UK Absolute Return Fund	25.67	2.85*

* Transactions in CFD's and other OTC derivatives are not included in the PTR calculation as they are transacted on a notional basis.

The portfolio turnover rate is calculated as follows: [(Total 1 – Total 2)/M]*100

Total 1 = Purchase of securities + Sale of investments

Total 2 = Subscriptions of shares + Redemption of shares

M = Average daily net assets in the period

Additional Information for investors in the Federal Republic of Germany

The Prospectus, the First Addendum, the Simplified Prospectus, the Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company, 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.

Management and Administration

Directors: (all non-executive)
James Cayzer-Colvin
Charles Scott*
David Hammond*
Jonathan Quigley*
Robert Bovet*
Ronan Daly*
*Directors independent of the Investment Manager.

Investment Manager:
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
Georges 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:
J & E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Swiss Paying Agent/Representative:
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Zurich Branch, Selnaustrasse 16, 8022 Zurich
Switzerland

French Paying Agent:
BNP Paribas Securities Services
66 Rue de la Victoire
75009 Paris
France

Registered Office:
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Company Registration Number:
348391

Custodian:
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