

Contents

■ Directors, Management and Administration	1	■ North American Growth Fund	33 – 38
■ Report of the Directors	2	■ Far East Fund	39 – 46
■ Statement of Directors' Responsibilities	3	■ UK Capital Growth Fund	47 – 52
■ Investment Report	4	■ Europe Fund	53 – 60
■ Report of the Manager	5	■ Aggregated Accounts	61
■ Auditors' Report	6	■ Notes to the Aggregated Accounts	62 – 66
■ Trustee's Report	7	■ Comparative Tables	67
■ Managed Fund	8 – 16	■ Performance Table to 31st December 2007	68
■ Worldwide Equity Fund	17 – 24	■ Further Information	69
■ Managed Currency Fund	25 – 28		
■ Gilt and Income Fund	29 – 32		

Directors, Management and Administration

Board of Directors:

Michael Kenneth Murley
Director of Allied Dunbar
International Fund Managers Limited

Christopher James Tunley
Non Executive Director

Phillip Andrew Wiseman
Director of Allied Dunbar
International Fund Managers Limited

Martin Michael Arthur Davis
(Resigned 30th September 2007)

Alastair Peter Jollans
Director of Allied Dunbar
International Fund Managers Limited

Peter James Scott Hammonds
Non Executive Director

Linda Muirhead
Director of Allied Dunbar
International Fund Managers Limited
(Appointed 23rd April 2007)

Paul John David Quirk
Director of Allied Dunbar
International Fund Managers Limited
(Appointed 1st October 2007)

Manager and Registrar:

Allied Dunbar International Fund Managers Limited
Registered Office:
43-51 Athol Street
Douglas
Isle of Man IM99 1ET
Registered in the Isle of Man No. 23846C
Telephone: +44 1624 661551

Company Secretary:

Phillip Andrew Wiseman

Investment Adviser:

Threadneedle Asset Management Limited
60 St. Mary Axe
London EC3A 8JQ

Trustee:

BNP Paribas Trust Company (IOM) Limited
PO Box 57
Royal Bank House
2 Victoria Street
Douglas
Isle of Man IM99 2PG
(With effect from 12th July 2007)

Previously:

The Royal Bank of Scotland Trust Company
(IOM) Limited
PO Box 151
Royal Bank House
2 Victoria Street
Douglas
Isle of Man IM99 1NJ

Auditors:

PricewaterhouseCoopers
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Legal Advisers:

Cains
15/19 Athol Street
Douglas
Isle of Man IM1 1LB

Registered Office:

43-51 Athol Street
Douglas
Isle of Man IM99 1ET
Registered in the Isle of Man No. 24161C

Report of the Directors

2

Activity and Results

This Annual Report and Accounts contains the financial statements of the Company for the year ended 31st December 2007 and also an analysis of each Fund including a portfolio statement.

A review of the year, together with an assessment of the investment outlook, is set out in the Investment Report by the Investment Adviser, Threadneedle Asset Management Limited.

The Directors would like to take this opportunity to advise Shareholders that they reserve the right to treat the working days immediately before and after the statutory Christmas and New Year holidays as dealing days or otherwise. Please note that Christmas Eve is a non-dealing day.

For full information about the Funds and Distributor Status, investors are advised to consult the current Scheme Particulars of the Funds, available from Allied Dunbar International Fund Managers Limited.

As will be seen from the following accounts, the Company, at 31st December 2007, had funds under management in excess of US\$ 590 million (2006: US\$ 595 million).

The Company is an Open-Ended Investment Company with variable capital.

The Shareholders are not liable for the debts of the Company. Where the assets of a constituent part of the Scheme are insufficient to meet that constituent part's liabilities, then any liabilities that remain undischarged will revert to the Company as a whole and be allocated amongst the other constituents of the Scheme. At the year end the Directors were not aware of any existing or contingent liability which could not be discharged out of the assets of that constituent part of the Scheme.

Share Capital

The total number of shares in issue at 31st December 2007 was as follows:

Participating Redeemable Preference Shares	312,235,096
Nominal Shares	597,838,468
Management Shares	10
	<hr/>
	910,073,574

Directors

The Directors of the Company are set out on page 1. No Director nor any Director's spouse or child under 18 years of age has any beneficial interest, directly or indirectly, in the Company. During the year ended 31st December 2007 and on that date there was no contract of significance subsisting in which a Director of the Company is or was materially interested, except as set out in this document. As at 31st December 2007 all the Directors (with the exception of Mr. Christopher Tunley, Mr. Martin Davis and Mr. Peter Hammonds) were also Directors of Allied Dunbar International Fund Managers Limited which is a party to the Management Agreement and the Investment Advisory Agreement as detailed in Note 9 on page 63.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 12(2) of the Companies Act 1982.

By order of the Board

Company Secretary

12th February 2008

Statement of Directors' Responsibilities

in respect of the Annual Report

and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net income/(expense) and the net gains/(losses) of the property of the Company for that period. In preparing those accounts, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005, the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005, the Isle of Man Companies Acts 1931 to 2004 and the Principal Constitutional Documents. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In order to do so, the Directors have appointed BNP Paribas Trust Company (IOM) Limited (formerly RBSI Custody Bank Limited) as the Trustee of the Company's assets.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Company Secretary
12th February 2008

Investment Report

Review

World equity markets ended the year higher, although the majority of the gains were made during the first half. The second half of the year was characterised by high levels of volatility as equity investors worried about the crisis in the credit markets and the potential impact on global, and particularly US, economic growth. The MSCI World Index rose by 12.2% during the year in US Dollar terms. However, continued US Dollar weakness limited the gains for UK investors and in Sterling terms the World Index rose by 10.3%.

Global economic performance was good, with healthy growth in all regions, although particularly in the developing economies of China, India, Russia and Brazil, which grew at three to four times the rate of the developed nations. As the year progressed, fears increased of a material slowdown in the US economy as the crisis in the sub-prime mortgage market adversely affected US house prices and consumer confidence, and spilled over into other parts of the credit market. Inflation remained an issue as energy and commodity prices continued to rise as demand from the developing economies outstripped supply. Early in the year, central banks raised interest rates to head off these inflationary pressures, but the UK and US authorities were forced to lower rates late in the year as the credit crisis threatened economic stability. Robust economic growth underpinned another year of healthy corporate profitability.

Global markets were led higher by Asia and Latin America, reflecting their superior economic performance. In contrast, markets in the mature economies such as the US, UK and Japan were subdued; the UK and US posted only modest gains for the year, whilst Japan posted a return of -11.1% in Yen terms. The energy and materials sectors performed strongly driven by rising commodity prices. However, the financials sector fell sharply as the extent of the credit crisis became apparent and concern over its impact on banking profits and balance sheets increased.

Government bond markets produced strong returns in 2007. The falling yield environment, caused largely by fears over the potential consequences of the US sub-prime mortgage crisis and the credit crunch, resulted in an element of capital appreciation. Currency movements also had an impact. In Sterling terms, the returns from US and Japanese government bonds were over 7%, while those from European government securities were over 10%.

Outlook

Looking ahead, global equity markets face a period of uncertainty. The extent to which the US credit crisis will slow the US economy and the authorities' ability to manage the crisis will be key considerations. Another important factor will be the degree to which emerging market economies can de-couple from developments in the US and maintain their strong growth momentum. Overall, we remain positive on the prospects for equities, as we believe the current financial problems are manageable and economic growth in emerging markets will prove robust. Additionally, equity valuations are attractive by historical comparison.

The prospects for government bond markets remain upbeat with the likelihood of further interest rate cuts in the US and UK over the course of 2008, while rates in Europe should also begin to move lower later in the year.

Report of the Manager

Allied Dunbar International Funds Limited is an Authorised Collective Investment Scheme under Section 3 of the Financial Supervision Act 1988, as amended and is an Umbrella Fund, as defined in the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005. Each constituent part, as listed in the tables below, is an Authorised Securities Scheme as defined in the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005 (except the Managed Currency Fund which is a Money Market Fund).

The aim of the Scheme is to provide an attractive, tax-efficient, investment medium for investors worldwide. Resident for tax purposes in the Isle of Man the Company does not pay UK Corporation Tax on its income or capital gains. The Manager's policy for achieving the investment objective is described for each constituent part of the Scheme on pages 8, 17, 25, 29, 33, 39, 47 and 53.

The investment activities of the Company to 31st December 2007 are described in the Investment Report by the Investment Advisers on pages 8, 17, 25, 29, 33, 39, 47 and 53. The following amounts have been paid and/or accumulated for distribution to holders of Participating Redeemable Preference Shares in respect of the twelve months ended 31st December 2007. Where negative, the deficit has been transferred to the capital reserve.

Interim Amount Paid/(Deficit) US\$	Investment Class	XD Date	Amount Due/ (Deficit) US\$	Payment Date
157,193	Managed	1.1.2008	(63,049)	28.2.2008
–	Worldwide Equity	1.1.2008	(405,186)	28.2.2008
40,967	Managed Currency	1.1.2008	42,667	28.2.2008
705,180	Gilt and Income	1.1.2008	829,406	28.2.2008
–	North American Growth	1.1.2008	(1,526,348)	28.2.2008
–	Far East	1.1.2008	(174,373)	28.2.2008
–	UK Capital Growth	1.1.2008	1,070,720	28.2.2008
–	Europe	1.1.2008	(364,443)	28.2.2008

The total number and mid market value of Participating Redeemable Preference Shares as at 1st January 2007 and 31st December 2007 were as follows:

Investment Class	Shares in Issue		Mid Market Value Per Share (US\$)	
	1.1.2007	31.12.2007	1.1.2007	31.12.2007
Managed	65,560,476	62,455,079	1.6225	1.7310
Worldwide Equity	41,933,885	36,038,389	1.7810	1.9305
Managed Currency	6,240,086	5,633,985	0.3808	0.3760
Gilt and Income	73,040,145	77,346,139	0.5870	0.5741
North American Growth	41,424,250	38,239,173	3.5555	3.7995
Far East	7,876,730	6,384,424	3.0290	3.4285
UK Capital Growth	87,516,605	71,733,008	1.4938	1.5903
Europe	16,837,093	14,404,899	4.9844	5.7973

The bid value of the Funds, cancellation prices and shares in issue at the end of the last three accounting periods are shown in the Comparative Tables on page 67.

The names and addresses of the Registrar, the Investment Advisers, the Trustee and the Auditors can be found on page 1.

Director
12th February 2008

Director
12th February 2008

Allied Dunbar International
Fund Managers Limited
43-51 Athol Street
Douglas
Isle of Man IM99 1ET

Independent Auditors' Report to the Shareholders of Allied Dunbar International Funds Limited

6

We have audited the financial statements of Allied Dunbar International Funds Limited for the year ended 31st December 2007 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Shareholders' Net Assets, the Aggregated Balance Sheet and the related Notes and for each of the Company's sub-funds, the Statement of Total Return, the Statement of Change in Shareholders' Net Assets, the Portfolio statement, the Balance Sheet, the Summary of material portfolio changes, the related Notes and the Distribution Table. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's Shareholders as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in December 2005, the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005, the Isle of Man Companies Acts 1931 to 2004 and the Company's Principal Constitutional Documents. We also report to you if, in our opinion, the Report of the Directors' and the Report of the Manager are not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' fees and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors, the Trustee's Report, the Investment Reports, and the Report of the Manager. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company and each of the sub-funds at 31st December 2007 and of the net income/(expense) and the net gains/(losses) of the property of the Company and each of the sub-funds for the period then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in December 2005, the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005, the Isle of Man Companies Acts 1931 to 2004 and the Company's Principal Constitutional Documents.

PricewaterhouseCoopers
Chartered Accountants
Douglas
Isle of Man

12th February 2008

Trustee's Report and Responsibilities

Trustee's Responsibilities

The Trustee is required by the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005 ("The Regulations") and the Principal Constitutional Documents to:

- (a) carry out the proper instructions of the Manager;
- (b) take into custody or under their control all of the property of the scheme and hold it in trust;
- (c) take reasonable care to ensure that the methods used by the Manager in calculating prices at which units are sold and repurchased are adequate;
- (d) carry out checks which are adequate to show whether the Manager has determined prices within the limits prescribed by the Regulations; and,
- (e) report to the Shareholders in respect of each accounting period on the conduct of the Manager in managing the funds.

Trustee's Report

In respect of the period 1st January 2007 to 31st December 2007, we state that in our opinion, Allied Dunbar International Fund Managers Limited (the Manager) has managed in all material respects, Allied Dunbar International Funds Limited in the above period:

- (a) in accordance with the limitations imposed upon the investment and borrowing powers of the Manager and ourselves as Trustee by the Principal Constitutional Documents, by the Scheme Particulars and by the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005; and,
- (b) otherwise in accordance with the provisions of the Principal Constitutional Documents and the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005.

For and on behalf of BNP Paribas Trust Company (IOM) Limited.
12th February 2008

Managed Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth from a balanced and managed portfolio of asset types in various economies.

Types of Investment

Investments are held primarily in equity and fixed interest stock markets of the major economies, but also may be held indirectly through other permitted investments such as unit trusts, investment trusts and convertible securities as circumstances warrant and as permitted by the Regulations.

Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the North American market.

Limited sales and purchases of investments may be made through options and financial futures, whilst bearing in mind the investment policy of the Investment Fund and the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

Global equity markets ended the year higher, although the majority of the gains were made during the first half. The second half of the year was characterised by high levels of volatility as equity investors worried about the crisis in the credit markets and the potential impact on global, and particularly US, economic growth. The MSCI World Index rose by 12.2% during the year in US Dollar terms. However, continued US Dollar weakness limited the gains for UK investors and in Sterling terms the World Index rose by 10.3%.

Global economic performance was good, with healthy growth in all regions, although particularly in the developing economies of China, India, Russia and Brazil, which grew at three to four times the rate of the developed nations. As the year progressed, fears increased of a material slowdown in the US economy as the crisis in the sub-prime mortgage market adversely affected US house prices and consumer confidence, and spilled over into other parts of the credit market. Inflation remained an issue as energy and commodity prices continued to rise as demand from the developing economies outstripped supply. Early in the year, central banks raised interest rates to head off these inflationary pressures, but the UK and US authorities were forced to lower rates late in the year as the credit crisis threatened economic stability. Robust economic growth underpinned another year of healthy corporate profitability.

Global markets were led higher by Asia and Latin America, reflecting their superior economic performance. In contrast, markets in the mature economies such as the US, UK and Japan were subdued; the UK and US produced only modest gains for the year, whilst Japan posted a return of -11.1% in Yen terms. The energy and materials sectors performed strongly driven by rising commodity prices. However, the financials sector fell sharply as the extent of the credit crisis became apparent and concern over its impact on banking profits and balance sheets increased.

The exposure to Japan was reduced during the period and the Fund is now underweight relative to the Index. Whilst Japan's economic and corporate performance is good, the market itself remains under pressure from selling by domestic institutions. The exposure to Asia and Latin America was lowered to neutral towards the year-end to reduce portfolio risk and to take profits following the strong performance of these markets. The Fund's underweight position in financials was extended during the year as the sector's fundamentals deteriorated. Holdings in the retail and technology sectors were increased as we were able to find attractively valued growth companies with niche market positions.

Government bond markets produced strong returns in 2007. The falling yield environment, caused largely by fears over the potential consequences of the US sub-prime mortgage crisis, resulted in some capital appreciation. In Sterling terms, returns from the US government bond market were over 7% in 2007. The fall in yields was greatest for US bonds as the bubble in the housing market and the mortgage crisis led to concerns over consumer confidence and economic growth going forward. With the Federal Reserve cutting interest rates in the autumn in an attempt to forestall some of the drags on the economy, there was further justification for the move to lower yields. The Fund maintained an overweight position in US bonds throughout the year to take advantage of the potential for capital appreciation versus other countries' government bonds.

European government securities were affected to some extent by concerns over the impact of a slower US economy on other regions. However yields fell less, as the potential for interest rate cuts was much smaller than in the US. Inflation remained more of a concern in Europe and put a floor under bond yields, limiting total returns in local currency terms. However, with Sterling depreciating against the Euro during the year, Sterling-based returns for Eurozone government bonds were over 10%. The Fund maintained a relatively neutral weighting in European bonds during 2007.

Japanese government bonds also performed well in Sterling terms, delivering over 7%. There was some capital appreciation from falling yields and a positive contribution from the exchange rate effect, as the Japanese Yen appreciated against Sterling. Expectations for interest rate hikes receded as domestic economic data proved disappointing and investors feared some knock-on effects from the US-induced credit crunch. Consequently, yields fell modestly. The Fund started the year with a heavily underweight position in Japanese bonds. However, we added to holdings in stages by selling US bonds as we anticipated a stronger Yen, which has been beneficial to the Sterling returns of Yen-denominated bonds.

In summary, the contraction in risk appetite, as a result of the change in perception of credit risk, increased the demand for government bonds leading to robust returns. The Fund benefited from anticipating the fall in yields by being exposed to those bonds whose prices are most sensitive to changes in yields.

Managed Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	11,701,351	13,404,620
Other gains/(losses)	3	48,958	(47,147)
Income	4	2,591,525	2,104,894
Expenses	5	(2,261,672)	(2,028,553)
Finance costs: Interest	7	(10,581)	(17,873)
Net income before taxation		319,272	58,468
Taxation	6	(263,624)	(255,364)
Net income/(expenses) after taxation		55,648	(196,896)
Total return before distribution		11,805,957	13,160,577
Finance costs: Distribution	7	(160,256)	(587)
Change in Net Assets attributable to Shareholders		11,645,701	13,159,990

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		105,687,871	100,301,056
Debtors	8	1,947,834	835,131
Cash and bank balances		3,003,557	3,435,904
Total other assets		4,951,391	4,271,035
Total assets		110,639,262	104,572,091
Liabilities			
Creditors	9	(273,035)	(587,927)
Total liabilities		(273,035)	(587,927)
Net Assets attributable to Shareholders		110,366,227	103,984,164
Shareholders' Funds			
Nominal Value – Issued Share Capital		577,985	577,985
Share Premium		70,036,476	69,568,137
Capital Reserve		39,751,766	33,838,042
		110,366,227	103,984,164

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	103,984,164	93,657,725
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	5,389,902	7,303,587
Less: Amounts paid on cancellation of shares	(10,653,570)	(10,137,138)
	(5,263,668)	(2,833,551)
Change in Net Assets attributable to Shareholder (see above)	11,645,701	13,159,990
Unclaimed distributions	30	–
Net Assets at the end of the period	110,366,227	103,984,164

Distribution Table

for the accounting period 1st January 2007 to 30th June 2007

Income US\$	Equalisation US\$	Distribution Payable 2007 US\$	Distribution Paid 2006 US\$
0.0025	–	0.0025	–

There is no distribution for the accounting period 1st July 2007 to 31st December 2007, as expenses exceed income (2006: Nil).

Managed Fund

Portfolio statement

as at 31st December 2007

10

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
AUSTRALIA (2.24%, December 2006 – 1.54%)				CAYMAN ISLANDS (0.22%, December 2006 – 0.00%)			
	Engineering & Machinery (0.40%, December 2006 – 0.00%)				General Retailers (0.22%, December 2006 – 0.00%)		
219,956	Boart Longyear Group	445,698	0.40	136,000	Agile Property Holdings	244,842	0.22
	Government Bonds (0.31%, December 2006 – 0.00%)				Total Cayman Islands	244,842	0.22
425,000	New South Wales Treasury Corporation 5.5% 01/03/2017	341,368	0.31				
	Mining (0.63%, December 2006 – 0.89%)			DENMARK (0.42%, December 2006 – 0.34%)			
154,409	Oxiana	471,353	0.43		Government Bonds (0.00%, December 2006 – 0.34%)		
20,731	Zinifex	225,313	0.20		Electronic & Electrical Equipment (0.42%, December 2006 – 0.00%)		
	Pharmaceuticals & Biotechnology (0.90%, December 2006 – 0.65%)			4,300	Vestas Wind System	464,522	0.42
31,601	CSL	988,223	0.90		Total Denmark	464,522	0.42
	Total Australia	2,471,955	2.24	FINLAND (1.58%, December 2006 – 0.32%)			
					Government Bonds (0.77%, December 2006 – 0.00%)		
BELGIUM (1.78%, December 2006 – 1.49%)				605,000	Finnish Government 3.875% 15/09/2017	847,930	0.77
	Government Bonds (1.78%, December 2006 – 1.49%)				Information Technology Hardware (0.81%, December 2006 – 0.32%)		
100,000	Belgium Kingdom 3.25% 28/09/2016	133,847	0.12	23,212	Nokia	900,000	0.81
1,225,000	Belgium Kingdom 4% 28/03/2017	1,728,965	1.57		Total Finland	1,747,930	1.58
65,000	Belgium Kingdom 5% 28/03/2035	98,484	0.09	FRANCE (3.33%, December 2006 – 3.90%)			
	Total Belgium	1,961,296	1.78		Automobiles & Parts (0.30%, December 2006 – 0.42%)		
				2,331	Renault	330,609	0.30
BERMUDA (2.26%, December 2006 – 1.42%)					Banks (0.62%, December 2006 – 0.68%)		
	Forestry & Paper (0.19%, December 2006 – 0.00%)			4,742	Societe Generale	685,668	0.62
1,000,000	China Grand Forestry Commission	210,292	0.19		Electronic & Electrical Equipment (0.00%, December 2006 – 0.43%)		
	General Retailers (0.53%, December 2006 – 0.00%)				Government Bonds (2.41%, December 2006 – 1.60%)		
39,400	Esprit Holdings	590,596	0.53	175,000	Government of France 3.75% 25/04/2017	243,467	0.22
	Household Goods & Textiles (0.35%, December 2006 – 0.51%)			525,000	Government of France 4% 25/04/2013	759,647	0.69
95,800	Li & Fung	386,337	0.35	1,280,000	Government of France 4% 25/04/2055	1,652,490	1.50
	Insurance (0.70%, December 2006 – 0.91%)				Insurance (0.00%, December 2006 – 0.52%)		
9,450	Partner Re	772,821	0.70		Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.25%)		
	Real Estate (0.49%, December 2006 – 0.00%)				Total France	3,671,881	3.33
144,419	Great Eagle Holdings	539,812	0.49	GERMANY (12.73%, December 2006 – 5.36%)			
	Total Bermuda	2,499,858	2.26		Aerospace & Defence (0.50%, December 2006 – 0.00%)		
				9,553	MTU Aero Engines Holding	549,872	0.50
BRAZIL (2.27%, December 2006 – 1.30%)					Automobiles & Parts (1.31%, December 2006 – 0.00%)		
	Chemicals (0.33%, December 2006 – 0.00%)			3,367	Continental	437,476	0.40
21,992	Braskem	362,648	0.33	6,241	DaimlerChrysler	606,143	0.55
	Forestry & Paper (0.45%, December 2006 – 0.37%)			199	Porsche Automobile Holding	402,352	0.36
6,737	Aracruz Celulose ADR	494,496	0.45		Chemicals (0.43%, December 2006 – 0.00%)		
	Mining (0.46%, December 2006 – 0.38%)			5,228	Bayer	476,572	0.43
18,017	Compania Vale do Rio Doce	502,314	0.46		Corporate Bonds (0.74%, December 2006 – 0.22%)		
	Oil & Gas (1.03%, December 2006 – 0.55%)			90,000,000	Landwirtschaftliche Rentenbank 1.375% 25/04/2013	811,169	0.74
9,844	Petrol Brasileiros	1,142,101	1.03		Electronic & Electrical Equipment (0.86%, December 2006 – 0.00%)		
	Total Brazil	2,501,559	2.27	6,017	Siemens	954,390	0.86
					Government Agency (0.92%, December 2006 – 0.00%)		
CANADA (0.69%, December 2006 – 1.30%)				90,000,000	Kredit für Wiederaufbau 1.35% 20/01/2014	811,249	0.74
	Information Technology Hardware (0.29%, December 2006 – 0.00%)			200,000	Kredit für Wiederaufbau 4.5% 21/09/2009	202,626	0.18
2,775	Research In Motion	319,069	0.29				
	Mining (0.40%, December 2006 – 0.45%)						
46,000	First Uranium	438,321	0.40				
	Oil & Gas (0.00%, December 2006 – 0.85%)						
	Total Canada	757,390	0.69				

Managed Fund

Portfolio statement (continued)

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
	Government Bonds (4.56%, December 2006 – 2.87%)				Speciality & Other Finance (0.37%, December 2006 – 0.97%)		
645,000	Bundesobligation 3.25% 17/04/2009	933,366	0.85	108	Sony Financial Holdings	412,877	0.37
1,400,000	Bundesobligation 4% 13/04/2012	2,035,064	1.84		Telecommunication Services (0.37%, December 2006 – 0.00%)		
625,000	Bundesrepublik of Deutschland 4.25% 04/07/2017	909,675	0.82	55	KDDI	407,720	0.37
850,000	Bundesrepublik of Deutschland 3.25% 04/07/2015	1,162,933	1.05		Total Japan	6,900,712	6.25
	Insurance (0.77%, December 2006 – 0.56%)				LUXEMBOURG (1.60%, December 2006 – 1.99%)		
3,906	Allianz	844,668	0.77		Steel & Other Metals (0.00%, December 2006 – 0.51%)		
	Software & Computer Services (0.00%, December 2006 – 0.54%)				Supranational Bonds (1.60%, December 2006 – 1.48%)		
	Speciality & Other Finance (0.93%, December 2006 – 0.45%)			250,000	Eurofima 5% 03/04/2017	256,800	0.23
5,201	Deutsche Börse	1,027,683	0.93	170,000,000	European Investment Bank 1.4% 20/06/2017	1,511,356	1.37
	Utilities – Other (1.71%, December 2006 – 0.72%)				Total Luxembourg	1,768,156	1.60
4,711	E.ON	1,002,563	0.91		MEXICO (0.52%, December 2006 – 1.07%)		
6,261	RWE NVP	878,762	0.80		Media & Photography (0.00%, December 2006 – 0.52%)		
	Total Germany	14,046,563	12.73		Telecommunication Services (0.52%, December 2006 – 0.55%)		
	GREECE (0.00%, December 2006 – 0.63%)			9,422	America Movil	570,031	0.52
	Construction & Building Materials (0.00%, December 2006 – 0.63%)				Total Mexico	570,031	0.52
	HONG KONG (1.56%, December 2006 – 1.86%)				NETHERLANDS (1.16%, December 2006 – 4.13%)		
	General Retailers (0.00%, December 2006 – 0.61%)				Corporate Bonds (0.12%, December 2006 – 0.12%)		
	Real Estate (0.94%, December 2006 – 1.25%)			100,000	Rabobank Nederland 3.375% 18/01/2016	132,837	0.12
174,000	China Overseas Land	358,769	0.32		Food Producers & Processors (0.00%, December 2006 – 0.54%)		
19,333	China Overseas Land & I-C	10,362	0.01		Government Bonds (0.00%, December 2006 – 3.03%)		
145,000	Hang Lung Properties	673,064	0.61		Information Technology Hardware (0.31%, December 2006 – 0.00%)		
	Telecommunication Services (0.62%, December 2006 – 0.00%)			10,700	ASML Holding	338,687	0.31
38,500	China Mobile	680,283	0.62		Insurance (0.00%, December 2006 – 0.44%)		
	Total Hong Kong	1,722,478	1.56		Oil & Gas (0.73%, December 2006 – 0.00%)		
	JAPAN (6.25%, December 2006 – 8.72%)			8,164	Schlumberger	804,072	0.73
	Automobiles & Parts (0.42%, December 2006 – 0.62%)				Total Netherlands	1,275,596	1.16
14,000	Honda Motor	466,272	0.42		NORWAY (0.24%, December 2006 – 0.90%)		
	Banks (0.95%, December 2006 – 1.38%)				Banks (0.00%, December 2006 – 0.40%)		
77,000	Fukuoka Financial Group	448,098	0.41		Corporate Bonds (0.24%, December 2006 – 0.00%)		
63,700	Mitsubishi UFJ Financial Group	594,259	0.54	250,000	Eksporthfinans 5.5% 26/06/2017	263,450	0.24
	Construction & Building Materials (0.77%, December 2006 – 1.63%)				Oil & Gas (0.00%, December 2006 – 0.50%)		
41,000	Asahi Glass	548,774	0.50		Total Norway	263,450	0.24
9,920	Goldcrest	296,638	0.27		PORTUGAL (0.63%, December 2006 – 0.00%)		
	Corporate Bonds (0.00%, December 2006 – 0.80%)				Oil & Gas (0.63%, December 2006 – 0.00%)		
	Electronic & Electrical Equipment (0.50%, December 2006 – 0.95%)			26,138	Galp Energia	700,855	0.63
11,750	Canon	547,028	0.50		Total Portugal	700,855	0.63
	Engineering & Machinery (0.73%, December 2006 – 0.73%)				REPUBLIC OF IRELAND (0.31%, December 2006 – 0.58%)		
53,000	Amada	463,121	0.42		Banks (0.31%, December 2006 – 0.58%)		
12,700	Komatsu	343,384	0.31	22,958	Bank of Ireland	342,097	0.31
	Government Agency (0.95%, December 2006 – 0.00%)				Total Republic of Ireland	342,097	0.31
85,000,000	Development Bank of Japan 1.75% 21/06/2010	778,737	0.70				
30,000,000	Development Bank of Japan 2.3% 19/03/2026	278,071	0.25				
	Life Assurance (0.00%, December 2006 – 0.56%)						
	Real Estate (0.27%, December 2006 – 0.61%)						
14,000	Mitsui Fudosan	302,074	0.27				
	Software & Computer Services (0.92%, December 2006 – 0.47%)						
1,700	Nintendo	1,013,659	0.92				

Managed Fund

Portfolio statement (continued)

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
	Corporate Bonds (1.69%, December 2006 – 0.81%)				Pharmaceuticals & Biotechnology (2.92%, December 2006 – 1.90%)		
100,000,000	General Electric 1.45% 10/11/2011	892,256	0.81	6,463	Genzyme	481,170	0.44
110,000,000	Toyota Motor Credit 0.55% 30/06/2010	974,982	0.88	16,971	Johnson & Johnson	1,135,190	1.03
				13,638	Merck	797,823	0.72
				35,200	Pfizer	800,800	0.73
	Diversified Industrials (1.02%, December 2006 – 0.63%)				Real Estate (0.00%, December 2006 – 0.58%)		
9,581	FCSStone Group	441,684	0.40				
18,547	General Electric	688,650	0.62		Software & Computer Services (4.18%, December 2006 – 3.08%)		
				5,365	DST Systems	438,642	0.40
	Electricity (1.42%, December 2006 – 0.00%)			1,333	Google	930,474	0.84
6,611	Exelon	543,557	0.49	7,266	IBM	787,416	0.71
10,144	NRG Energy	439,742	0.40	50,799	Microsoft	1,814,032	1.64
22,252	Reliant Energy	588,343	0.53	28,768	Oracle	656,198	0.59
	Electronic & Electrical Equipment (0.00%, December 2006 – 0.37%)				Speciality & Other Finance (0.52%, December 2006 – 1.90%)		
				11,208	American Express	571,944	0.52
	Engineering & Machinery (1.10%, December 2006 – 0.53%)				Steel & Other Metals (0.00%, December 2006 – 0.60%)		
4,738	Deere & Co	440,208	0.40				
13,291	Thermo Electron	768,220	0.70		Support Services (1.43%, December 2006 – 0.28%)		
				12,451	Expedia	395,195	0.36
	Food & Drug Retailers (0.00%, December 2006 – 0.83%)			11,139	Iron Mountain	411,363	0.37
				24,344	Republic Services	775,356	0.70
	Forestry & Paper (0.49%, December 2006 – 0.00%)				Telecommunication Services (0.73%, December 2006 – 0.96%)		
11,875	Plum Creek Timber Industry	545,656	0.49	19,264	AT & T	804,850	0.73
					Tobacco (0.83%, December 2006 – 0.48%)		
	General Retailers (1.76%, December 2006 – 2.21%)			12,069	Altria Group	920,020	0.83
7,428	Abercrombie & Fitch	593,052	0.54		Transport (0.57%, December 2006 – 0.37%)		
19,479	Ebay	647,092	0.59	12,335	Norfolk Southern	623,904	0.57
14,637	Wal-mart Stores	697,307	0.63				
					Total United States of America	40,243,506	36.46
	Government Agency (0.47%, December 2006 – 0.00%)				Total Value of Investments	105,687,871	95.76
250,000	Federal Home Loan Mortgage Corporation 5% 18/04/2017	257,788	0.23		Net Other Assets (December 2006 – 3.54%)	4,678,356	4.24
250,000	Federal National Mortgage Association 5.375% 12/06/2017	264,608	0.24		Net Assets	110,366,227	100.00
	Government Bonds (6.05%, December 2006 – 9.87%)				ANALYSIS OF INVESTMENTS BY ASSET CLASS		
550,000	US Treasury 4.25% 15/08/2014	567,875	0.51		Equity	76,499,575	72.38
1,000,000	US Treasury 4.25% 30/09/2012	1,034,531	0.94		Fixed Interest	29,188,296	27.62
645,000	US Treasury 4.5% 15/02/2036	647,822	0.59		Total Value of Investments	105,687,871	100.00
1,000,000	US Treasury 4.875% 31/05/2011	1,053,203	0.95				
1,575,000	US Treasury 4.875% 31/10/2008	1,594,318	1.45				
400,000	US Treasury 5.5% 15/08/2028	452,563	0.41				
425,000	US Treasury 6.25% 15/08/2023	508,738	0.46				
600,000	US Treasury 8.125% 15/05/2021	819,844	0.74				
	Health (1.54%, December 2006 – 1.54%)						
6,963	Inverness Medical Innovations	384,706	0.35				
10,856	St Jude Medical	439,994	0.40				
9,938	WellPoint Health Networks	871,960	0.79				
	Information Technology Hardware (1.18%, December 2006 – 1.68%)						
2,567	Apple	511,578	0.46				
29,438	Cisco Systems	798,947	0.72				
	Insurance (0.53%, December 2006 – 0.83%)						
10,077	American International Group	580,334	0.53				
	Media & Photography (0.54%, December 2006 – 1.20%)						
18,162	Comcast	331,820	0.30				
5,970	McGraw-Hill	259,874	0.24				
	Mining (1.22%, December 2006 – 0.26%)						
13,464	Arch Coal	602,245	0.55				
7,300	Freeport McMoRan Copper & Gold	742,848	0.67				
	Oil & Gas (2.35%, December 2006 – 3.20%)						
7,279	Devon Energy	651,980	0.59				
4,351	Diamond Offshore Drilling	624,499	0.57				
8,189	Exxon Mobil	775,908	0.70				
8,694	Marathon Oil Corporation	535,985	0.49				
	Other Investments (0.00%, December 2006 – 0.69%)						
	Personal Care & Household Products (0.90%, December 2006 – 0.32%)						
13,398	Procter & Gamble	992,122	0.90				

The calculation of the % Net Asset Value may not add up due to rounding.

Managed Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 117,469,219 and proceeds received from sales/maturities were US\$ 123,783,753. The details of the Top 20 purchases and sales/maturities are detailed below:

Purchases	Cost US\$	Sales/Maturities	Proceeds US\$
US Treasury 4.75% 28/02/2009	3,778,702	US Treasury 5.125% 15/05/2016	4,565,912
US Treasury 4.625% 15/11/2016	3,699,426	US Treasury 4.75% 28/02/2009	3,789,818
US Treasury 4.875% 31/01/2009	3,416,031	US Treasury 4.625% 15/11/2016	3,631,093
US Treasury 4.625% 31/07/2009	2,799,491	US Treasury 4.875% 31/01/2009	3,408,500
Dutch Treasury Certificate 0% 29/06/2007	2,589,736	Dutch Treasury Certificate 0% 28/02/2007	3,156,176
German Treasury Bill 0% 14/02/2007	2,584,474	US Treasury 4.625% 31/07/2009	2,826,218
US Treasury 4.625% 29/02/2012	2,416,688	Belgium Kingdom 5.5% 28/09/2017	2,793,827
Treasury Bill 0% 10/05/2007	2,404,944	Dutch Treasury Certificate 0% 29/06/2007	2,612,242
Treasury Bill 0% 01/03/2007	1,960,581	German Treasury Bill 0% 14/02/2007	2,602,679
Bundesobligation 3% 11/04/2008	1,954,143	German Treasury Bill 0% 17/01/2007	2,508,485
Bundesobligation 4% 13/04/2012	1,886,634	US Treasury 4.625% 29/02/2012	2,416,688
Belgium Kingdom 4% 28/03/2017	1,763,660	Treasury Bill 0% 10/05/2007	2,409,117
US Treasury 4.875% 31/10/2008	1,596,472	Bundesobligation 3% 11/04/2008	2,038,562
US Treasury 6.25% 15/08/2023	1,595,332	Treasury Bill 0% 01/03/2007	1,970,000
Belgium Kingdom 5.5% 28/09/2017	1,584,136	Bonos Estado 3.8% 31/01/2017	1,699,500
European Investment Bank 1.4% 20/06/2017	1,459,203	US Treasury 4.5% 15/02/2036	1,640,803
US Treasury 4.625% 15/02/2017	1,350,829	Bank of America	1,622,747
Bank of America	1,143,324	European Investment Bank 2.125% 20/09/2007	1,538,283
US Treasury 5.5% 15/08/2028	1,078,320	US Treasury 4.625% 15/02/2017	1,358,171
US Treasury 4.375% 31/12/2007	1,047,509	Posco	1,331,990

A full detailed listing of portfolio changes is available from the Manager upon request.

Managed Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	11,701,351	13,404,620
Net gains on investments	<u>11,701,351</u>	<u>13,404,620</u>

3 OTHER GAINS/(LOSSES)

	2007 US\$	2006 US\$
Other currency gains/(losses)	48,958	(47,147)
Total other gains/(losses)	<u>48,958</u>	<u>(47,147)</u>

4 INCOME

	2007 US\$	2006 US\$
UK dividends	204,496	224,402
Overseas dividends	1,199,375	1,037,682
Interest on debt securities	1,096,543	749,479
Bank interest	91,037	90,772
Miscellaneous income	74	1,736
Exchange gains	-	823
Total income	<u>2,591,525</u>	<u>2,104,894</u>

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(2,121,787)	(1,914,348)
Registration expenses	(19,246)	(21,145)
Directors' periodic charge	(2,664)	(2,338)
	<u>(2,143,697)</u>	<u>(1,937,831)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(25,831)	(22,820)
Safe custody fees	(21,692)	1,905
Transaction charges	(41,558)	(48,284)
	<u>(89,081)</u>	<u>(69,199)</u>
Other expenses:		
Audit fee	(11,193)	(6,808)
Miscellaneous expenses	(103)	(80)
Publication charges	(16,775)	(14,635)
Exchange losses	(823)	-
	<u>(28,894)</u>	<u>(21,523)</u>
Total expenses	<u>(2,261,672)</u>	<u>(2,028,553)</u>

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(242,178)	(226,365)
United Kingdom income tax	(21,446)	(28,999)
Total taxation	<u>(263,624)</u>	<u>(255,364)</u>

7 FINANCE COSTS

Distribution and Interest

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Interim	157,193	-
	<u>157,193</u>	<u>-</u>
Add: Income deducted on cancellation of shares	3,079	622
Deduct: Income received on creation of shares	(16)	(35)
Net distribution for the period	<u>160,256</u>	<u>587</u>
Interest	10,581	17,873
Total finance costs	<u>170,837</u>	<u>18,460</u>

Details of the distribution per share are set out in the table on page 9.

8 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	795,776	-
Sales awaiting settlement	227,411	153,987
Receivable from the Manager – Nominal Shares	421,847	414,074
Accrued income	502,800	267,070
Total debtors	<u>1,947,834</u>	<u>835,131</u>

9 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	-	(123,473)
Purchases awaiting settlement	(70,512)	(290,844)
Accrued expenses	(25,376)	(16,066)
Amounts payable to the Manager	(177,147)	(157,544)
Total creditors	<u>(273,035)</u>	<u>(587,927)</u>

10 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 5. A balance of US\$ 175,526 (2006 – US\$ 154,775) in respect of annual management charge, and US\$ 1,504 (2006 – US\$ 1,528) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 4,742 (2006 – US\$ 4,379) in respect of safe custody charges and US\$ 2,133 (2006 – US\$ 1,854) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 4 and 7.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

Managed Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollar, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

Net foreign currency assets			
Currency	Monetary exposure	Non-monetary exposure	Total
	US\$	US\$	US\$
Currency 2007			
Australian Dollar	332,592	2,471,956	2,804,548
Brazilian Real	2,433	–	2,433
Canadian Dollar	3,775	438,321	442,096
Danish Krone	816	464,522	465,338
Euro	512,139	21,906,411	22,418,550
Hong Kong Dollar	2,180	3,694,358	3,696,538
Japanese Yen	35,635	12,790,578	12,826,213
Korean Won	–	662,775	662,775
Malaysian Ringitt	2,515	–	2,515
New Zealand Dollar	19,018	–	19,018
Norwegian Krone	2,571	–	2,571
Singapore Dollar	3,433	–	3,433
South African Rand	188,438	437,604	626,042
Swedish Krona	89,378	942,366	1,031,744
Swiss Franc	57	3,843,948	3,844,005
Taiwanese Dollar	292,260	1,254,879	1,547,139
UK Sterling	489,592	11,652,954	12,142,546
Currency 2006	US\$	US\$	US\$
Australian Dollar	188,786	1,600,753	1,789,539
Canadian Dollar	4,851	928,419	933,270
Danish Krone	622	354,479	355,101
Euro	10,648	19,089,417	19,100,065
Hong Kong Dollar	477	2,467,589	2,468,066
Japanese Yen	590,921	11,675,113	12,266,034
Korean Won	–	1,759,936	1,759,936
Malaysian Ringitt	2,358	–	2,358
New Zealand Dollar	17,437	–	17,437
Norwegian Krone	312,642	937,637	1,250,279
Singapore Dollar	3,219	–	3,219
South African Rand	288,721	1,123,571	1,412,292
Swedish Krona	96,437	833,833	930,270
Swiss Franc	162,476	3,746,060	3,908,536
Taiwanese Dollar	194,254	806,138	1,000,392
UK Sterling	531,545	8,958,612	9,490,157

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

Currency	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	US\$	US\$	US\$	US\$
Currency 2007				
Australian Dollar	325,776	341,368	2,137,404	2,804,548
Brazilian Real	–	–	72,944	72,944
Canadian Dollar	3,775	–	438,321	442,096
Danish Krone	816	–	464,522	465,338
Euro	226,411	10,638,705	11,553,434	22,418,550
Hong Kong Dollar	2,180	–	3,694,358	3,696,538
Japanese Yen	1,369	6,946,675	5,878,169	12,826,213
Korean Won	–	–	662,775	662,775
Malaysian Ringitt	2,515	–	–	2,515
New Zealand Dollar	19,018	–	–	19,018
Norwegian Krone	2,571	–	–	2,571
Singapore Dollar	3,433	–	–	3,433
South African Rand	188,438	–	437,604	626,042
Swedish Krona	88,425	250,491	692,828	1,031,744
Swiss Franc	57	–	3,843,948	3,844,005
Taiwanese Dollar	292,260	–	1,254,879	1,547,139
UK Sterling	452,527	2,419,472	9,270,547	12,142,546
US Dollar	1,393,986	8,591,584	38,045,677	48,031,247
Currency 2006	US\$	US\$	US\$	US\$
Australian Dollar	188,786	–	1,600,753	1,789,539
Canadian Dollar	4,435	–	928,835	933,270
Danish Krone	621	354,480	–	355,101
Euro	6,107	10,432,683	8,661,275	19,100,065
Hong Kong Dollar	477	–	2,467,589	2,468,066
Japanese Yen	578,135	3,442,934	8,244,965	12,266,034
Korean Won	–	–	1,759,936	1,759,936
Malaysian Ringitt	2,358	–	–	2,358
New Zealand Dollar	17,437	–	–	17,437
Norwegian Krone	312,642	–	937,637	1,250,279
Singapore Dollar	3,219	–	–	3,219
South African Rand	288,721	–	1,123,571	1,412,292
Swedish Krona	96,437	254,045	579,788	930,270
Swiss Franc	162,476	–	3,746,060	3,908,536
Taiwanese Dollar	194,254	–	806,138	1,000,392
UK Sterling	519,942	2,374,899	6,595,316	9,490,157
US Dollar	1,059,857	10,248,535	36,576,748	47,885,140

Currency	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
	US\$	US\$	US\$
Currency 2007			
Brazilian Real	–	(70,511)	(70,511)
US Dollar	–	(202,524)	(202,524)
Currency 2006	US\$	US\$	US\$
US Dollar	–	(587,927)	(587,927)
Currency	Fixed rate financial assets	Fixed rate financial assets	
	Weighted average interest rate	Weighted average period for which rate is fixed	
	2007	2006	2007
Australian Dollar	6%	–	9.17 years
Danish Krone	–	6%	–
Euro	4%	4%	13.81 years
Japanese Yen	1%	2%	5.43 years
Swedish Krona	5%	5%	12.93 years
UK Sterling	4%	4%	13.08 years
US Dollar	5%	5%	8.69 years

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

13 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 9 basis points.

14 PORTFOLIO TRANSACTION COSTS

	2007	2006
	US\$	US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	117,385,162	188,542,221
Commissions	45,003	47,592
Taxes	38,695	46,157
Fees	359	689
Total purchase costs	84,057	94,438
Gross purchases total	117,469,219	188,636,659
Analysis of total sale costs		
Gross sales before transaction costs	123,846,473	193,296,497
Commissions	(47,671)	(47,691)
Taxes	(3,294)	(3,552)
Fees	(11,755)	(7,658)
Total sale costs	(62,720)	(58,901)
Total sales net of transaction costs	123,783,753	193,237,596

Worldwide Equity Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth in a portfolio of international equities.

Types of Investment

Investments are made principally for prospects of capital growth in international stocks, generally in shares of leading companies, but also indirectly may be made through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the North American market.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

Global equity markets ended the year higher, although the majority of the gains were made during the first half. The second half of the year was characterised by high levels of volatility as equity investors worried about the crisis in the credit markets and the potential impact on global, and particularly US, economic growth. The MSCI World Index rose by 12.2% during the year in US Dollar terms. However, continued US Dollar weakness limited the gains for UK investors and in Sterling terms the World Index rose by 10.3%.

Global economic performance was good, with healthy growth in all regions, although particularly in the developing economies of China, India, Russia and Brazil, which grew at three to four times the rate of the developed nations. Robust economic growth underpinned another year of healthy corporate profitability. As the year progressed, fears increased of a material slowdown in the US economy as the crisis in the sub-prime mortgage market adversely affected US house prices and consumer confidence, and spilled over into other parts of the credit market. Inflation remained an issue as energy and commodity prices continued to rise as demand from the developing economies outstripped supply. Early in the year, central banks raised interest rates to head off these inflationary pressures, but the UK and US authorities were forced to lower rates late in the year as the credit crisis threatened economic stability.

Global markets were led higher by Asia and Latin America, reflecting their superior economic performance. In contrast, markets in the mature economies such as the US, UK and Japan were subdued; the UK and US posted only modest gains for the year, whilst Japan posted a return of -11.1% in Yen terms. The energy and materials sectors performed strongly driven by rising commodity prices. However, the financials sector fell sharply as the extent of the credit crisis became apparent and concern over its impact on banking profits and balance sheets increased.

The exposure to Japan was reduced during the period and the Fund is now underweight relative to the Index. Whilst Japan's economic and corporate performance is good, the market itself remains under pressure from selling by domestic institutions. The exposure to Asia and Latin America was lowered to neutral towards the year-end to reduce portfolio risk and to take profits following the strong performance of these markets. The Fund's underweight position in financials was extended during the year as the sector's fundamentals deteriorated. Holdings in the retail and technology sectors were increased, as we were able to find attractively valued growth companies with niche market positions.

Worldwide Equity Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

		2007	2006
	Notes	US\$	US\$
Net gains on investments during the period	2	9,738,053	12,220,512
Other gains/(losses)	3	64,221	(31,036)
Income	4	1,370,298	1,315,101
Expenses	5	(1,543,381)	(1,431,528)
Finance costs: Interest	7	(16,617)	(27,224)
Net expenses before taxation		(189,700)	(143,651)
Taxation	6	(250,764)	(256,253)
Net expenses after taxation		(440,464)	(399,904)
Total return before distribution		9,361,810	11,789,572
Finance costs: Equalisation	7	(20)	-
Change in Net Assets attributable to Shareholders		9,361,790	11,789,572

Balance Sheet

as at 31st December 2007

		2007	2006
	Notes	US\$	US\$
Assets			
Portfolio of investments		69,380,614	72,341,592
Debtors	8	418,618	352,169
Cash and bank balances		1,613,970	931,652
Total other assets		2,032,588	1,283,821
Total assets		71,413,202	73,625,413
Liabilities			
Creditors	9	(229,659)	(667,202)
Bank overdrafts		-	(128,889)
Total liabilities		(229,659)	(796,091)
Net Assets attributable to Shareholders		71,183,543	72,829,322
Shareholders' Funds			
Nominal Value – Issued Share Capital		241,996	241,996
Share Premium		43,339,283	52,004,470
Capital Reserve		27,602,264	20,582,856
		71,183,543	72,829,322

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

		2007	2006
		US\$	US\$
Net Assets at the start of the period		72,829,322	69,756,017
Movement due to sales and repurchases of shares:			
Amounts received on creation of shares		1,533,560	3,314,146
Less: Amounts paid on cancellation of shares		(12,541,129)	(12,030,413)
		(11,007,569)	(8,716,267)
Change in Net Assets attributable to Shareholders (see above)		9,361,790	11,789,572
Net Assets at the end of the period		71,183,543	72,829,322

Distribution Table

There is no distribution for the accounting period 1st January 2007 to 31st December 2007, as expenses exceed income (2006: Nil).

Worldwide Equity Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
AUSTRALIA (2.75%, December 2006 – 2.15%)				FRANCE (1.34%, December 2006 – 3.26%)			
	Engineering & Machinery (0.57%, December 2006 – 0.00%)				Automobiles & Parts (0.51%, December 2006 – 0.55%)		
200,000	Boart Longyear Group	405,262	0.57	2,561	Renault	363,231	0.51
	Mining (0.91%, December 2006 – 1.26%)				Banks (0.83%, December 2006 – 0.96%)		
145,947	Oxiana	445,522	0.63	4,105	Societe Generale	593,561	0.83
18,570	Zinifex	201,826	0.28		Electronic & Electrical Equipment (0.00%, December 2006 – 0.71%)		
	Pharmaceuticals & Biotechnology (1.27%, December 2006 – 0.89%)				Insurance (0.00%, December 2006 – 0.71%)		
28,942	CSL	905,071	1.27		Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.33%)		
	Total Australia	1,957,681	2.75		Total France	956,792	1.34
BERMUDA (3.21%, December 2006 – 1.97%)				GERMANY (9.34%, December 2006 – 3.16%)			
	Forestry & Paper (0.35%, December 2006 – 0.00%)				Aerospace & Defence (0.68%, December 2006 – 0.00%)		
1,166,000	China Grand Forestry Commission	245,201	0.35	8,422	MTU Aero Engines Holding	484,771	0.68
	General Retailers (0.72%, December 2006 – 0.00%)				Automobiles & Parts (1.84%, December 2006 – 0.00%)		
34,400	Esprit Holdings	515,647	0.72	3,195	Continental	415,128	0.58
	Household Goods & Textiles (0.48%, December 2006 – 0.72%)			5,567	DaimlerChrysler	540,682	0.76
84,800	Li & Fung	341,976	0.48	177	Porsche Automobile Holding	357,871	0.50
	Insurance (0.99%, December 2006 – 1.25%)				Chemicals (0.83%, December 2006 – 0.00%)		
8,610	Partner Re	704,126	0.99	6,445	Bayer	587,511	0.83
	Real Estate (0.67%, December 2006 – 0.00%)				Electronic & Electrical Equipment (1.21%, December 2006 – 0.00%)		
128,321	Great Eagle Holdings	479,641	0.67	5,413	Siemens	858,586	1.21
	Total Bermuda	2,286,591	3.21		Insurance (1.07%, December 2006 – 0.79%)		
BRAZIL (3.17%, December 2006 – 1.95%)							
	Chemicals (0.46%, December 2006 – 0.00%)			3,526	Allianz	762,494	1.07
20,031	Braskem	330,311	0.46		Software & Computer Services (0.00%, December 2006 – 0.75%)		
	Forestry & Paper (0.62%, December 2006 – 0.51%)				Speciality & Other Finance (1.29%, December 2006 – 0.64%)		
5,964	Aracruz Celulose ADR	437,757	0.62	4,628	Deutsche Börse	914,462	1.29
	Mining (0.65%, December 2006 – 0.71%)				Utilities – Other (2.42%, December 2006 – 0.98%)		
16,617	Compania Vale do Rio Doce	463,282	0.65	4,295	E.ON	914,032	1.28
	Oil & Gas (1.44%, December 2006 – 0.73%)			5,781	RWE NVP	811,392	1.14
8,834	Petrol Brasileiros	1,024,921	1.44		Total Germany	6,646,929	9.34
	Total Brazil	2,256,271	3.17	GREECE (0.00%, December 2006 – 0.88%)			
CANADA (0.83%, December 2006 – 1.79%)							
	Information Technology Hardware (0.40%, December 2006 – 0.00%)				Construction & Building Materials (0.00%, December 2006 – 0.88%)		
2,505	Research In Motion	288,025	0.40	HONG KONG (2.15%, December 2006 – 2.55%)			
	Mining (0.43%, December 2006 – 0.63%)				General Retailers (0.00%, December 2006 – 0.81%)		
32,000	First Uranium	304,919	0.43		Real Estate (1.29%, December 2006 – 1.74%)		
	Oil & Gas (0.00%, December 2006 – 1.16%)			156,000	China Overseas Land	321,655	0.45
	Total Canada	592,944	0.83	18,166	China Overseas Land & I-C	9,737	0.01
CAYMAN ISLANDS (0.30%, December 2006 – 0.00%)				127,000	Hang Lung Properties	589,511	0.83
	General Retailers (0.30%, December 2006 – 0.00%)				Telecommunication Services (0.86%, December 2006 – 0.00%)		
120,000	Agile Property Holdings	216,037	0.30	34,500	China Mobile	609,605	0.86
	Total Cayman Islands	216,037	0.30		Total Hong Kong	1,530,508	2.15
DENMARK (0.58%, December 2006 – 0.00%)				JAPAN (7.43%, December 2006 – 11.18%)			
	Electronic & Electrical Equipment (0.58%, December 2006 – 0.00%)				Automobiles & Parts (0.59%, December 2006 – 0.85%)		
3,850	Vestas Wind System	415,909	0.58	12,500	Honda Motor	416,315	0.59
	Total Denmark	415,909	0.58		Banks (1.31%, December 2006 – 1.97%)		
FINLAND (1.17%, December 2006 – 0.45%)							
	Information Technology Hardware (1.17%, December 2006 – 0.45%)			70,000	Fukuoka Financial Group	407,362	0.57
21,402	Nokia	829,820	1.17	56,700	Mitsubishi UFJ Financial Group	528,956	0.74
	Total Finland	829,820	1.17		Construction & Building Materials (1.05%, December 2006 – 2.18%)		
				36,000	Asahi Glass	481,850	0.68
				8,890	Goldcrest	265,838	0.37
					Electronic & Electrical Equipment (0.70%, December 2006 – 1.30%)		
				10,700	Canon	498,145	0.70
					Engineering & Machinery (1.07%, December 2006 – 1.17%)		
				47,000	Amada	410,692	0.58
				13,000	Komatsu	351,495	0.49

Worldwide Equity Fund

Portfolio statement (continued)

as at 31st December 2007

20

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
	Life Assurance (0.00%, December 2006 – 0.80%)			SOUTH KOREA (0.82%, December 2006 – 2.88%)			
	Real Estate (0.42%, December 2006 – 0.87%)				Banks (0.82%, December 2006 – 1.44%)		
14,000	Mitsui Fudosan	302,074	0.42	10,270	Shinhan Financial Group	585,472	0.82
	Software & Computer Services (1.26%, December 2006 – 0.68%)				Information Technology Hardware (0.00%, December 2006 – 0.48%)		
1,500	Nintendo	894,405	1.26		Steel & Other Metals (0.00%, December 2006 – 0.96%)		
	Speciality & Other Finance (0.52%, December 2006 – 1.36%)				Total South Korea	585,472	0.82
96	Sony Financial Holdings	367,001	0.52	SPAIN (0.99%, December 2006 – 1.69%)			
	Telecommunication Services (0.51%, December 2006 – 0.00%)				General Retailers (0.99%, December 2006 – 1.03%)		
49	KDDI	363,241	0.51	11,468	Inditex	704,531	0.99
	Total Japan	5,287,374	7.43		Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.66%)		
LUXEMBOURG (0.00%, December 2006 – 0.68%)					Total Spain	704,531	0.99
	Steel & Other Metals (0.00%, December 2006 – 0.68%)			SWEDEN (0.88%, December 2006 – 0.79%)			
MEXICO (0.72%, December 2006 – 1.54%)					Engineering & Machinery (0.47%, December 2006 – 0.79%)		
	Media & Photography (0.00%, December 2006 – 0.71%)			22,424	Atlas Copco	334,019	0.47
	Telecommunication Services (0.72%, December 2006 – 0.83%)				Forestry & Paper (0.41%, December 2006 – 0.00%)		
8,491	America Movil	513,706	0.72	7,900	Holmen	292,812	0.41
	Total Mexico	513,706	0.72		Total Sweden	626,831	0.88
NETHERLANDS (1.44%, December 2006 – 1.46%)				SWITZERLAND (4.82%, December 2006 – 5.11%)			
	Food Producers & Processors (0.00%, December 2006 – 0.79%)				Chemicals (1.05%, December 2006 – 0.76%)		
	Information Technology Hardware (0.43%, December 2006 – 0.00%)			2,928	Syngenta	745,438	1.05
9,656	ASML Holding	305,641	0.43		Food Producers & Processors (1.79%, December 2006 – 1.12%)		
	Insurance (0.00%, December 2006 – 0.67%)			2,776	Nestle	1,273,726	1.79
	Oil & Gas (1.01%, December 2006 – 0.00%)				Investment Companies (0.00%, December 2006 – 1.53%)		
7,287	Schlumberger	717,697	1.01	7,266	Petroplus Holdings	562,174	0.79
	Total Netherlands	1,023,338	1.44		Oil & Gas (0.79%, December 2006 – 0.43%)		
NORWAY (0.00%, December 2006 – 1.27%)				4,904	Pharmaceuticals & Biotechnology (1.19%, December 2006 – 1.27%)	846,343	1.19
	Banks (0.00%, December 2006 – 0.57%)				Total Switzerland	3,427,681	4.82
	Oil & Gas (0.00%, December 2006 – 0.70%)			TAIWAN (1.54%, December 2006 – 1.53%)			
PORTUGAL (0.90%, December 2006 – 0.00%)					Electronic & Electrical Equipment (0.46%, December 2006 – 0.00%)		
	Oil & Gas (0.90%, December 2006 – 0.00%)			52,400	Hon Hai Precision Industry	326,078	0.46
23,873	Galp Energia	640,122	0.90		Information Technology Hardware (1.08%, December 2006 – 1.53%)		
	Total Portugal	640,122	0.90	96,000	Asustek Computer	288,051	0.41
REPUBLIC OF IRELAND (0.43%, December 2006 – 0.81%)				26,000	High Tech Computer	478,975	0.67
	Banks (0.43%, December 2006 – 0.81%)				Total Taiwan	1,093,104	1.54
20,547	Bank of Ireland	306,171	0.43	UNITED KINGDOM (12.04%, December 2006 – 8.89%)			
	Total Republic of Ireland	306,171	0.43		Aerospace & Defence (0.00%, December 2006 – 0.76%)		
RUSSIAN FEDERATION (0.49%, December 2006 – 0.49%)					Banks (0.89%, December 2006 – 1.39%)		
	Telecommunication Services (0.49%, December 2006 – 0.00%)			17,330	Standard Chartered	635,813	0.89
3,405	Mobile Telesystems ADR	347,378	0.49		Electricity (0.48%, December 2006 – 0.88%)		
	Utilities – Other (0.00%, December 2006 – 0.49%)			28,678	Drax Group	345,390	0.48
	Total Russian Federation	347,378	0.49	85,261	Tesco	808,335	1.14
SOUTH AFRICA (0.54%, December 2006 – 1.45%)					General Retailers (0.95%, December 2006 – 0.89%)		
	Electronic & Electrical Equipment (0.27%, December 2006 – 0.55%)			98,109	Carphone Warehouse	672,828	0.95
8,021	Naspers	190,851	0.27		Information Technology Hardware (0.49%, December 2006 – 0.48%)		
	General Retailers (0.27%, December 2006 – 0.90%)			29,547	Cambridge Silicon Radio	351,151	0.49
18,420	Massmart Holdings	192,899	0.27		Investment Companies (0.00%, December 2006 – 0.78%)		
	Total South Africa	383,750	0.54		Mining (1.98%, December 2006 – 0.77%)		
				8,825	Anglo American	540,916	0.76
				12,307	Xstrata	869,489	1.22

Worldwide Equity Fund

Portfolio statement (continued)

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value	
	Oil & Gas (3.59%, December 2006 – 1.65%)				Other Investments (0.00%, December 2006 – 0.93%)			
66,323	BG Group	1,515,695	2.13		Personal Care & Household Products (1.25%, December 2006 – 0.46%)			
44,694	BP	546,735	0.77		11,991	Procter & Gamble	887,934	1.25
37,788	Tullow Oil	489,712	0.69		Pharmaceuticals & Biotechnology (4.05%, December 2006 – 2.68%)			
	Software & Computer Services (0.39%, December 2006 – 0.00%)			5,865	Genzyme	436,649	0.61	
15,848	Autonomy	278,890	0.39	15,293	Johnson & Johnson	1,022,949	1.44	
	Telecommunication Services (1.08%, December 2006 – 0.00%)			12,211	Merck	714,344	1.00	
206,408	Vodafone Group	771,253	1.08	31,373	Pfizer	713,736	1.00	
	Tobacco (1.05%, December 2006 – 0.53%)				Real Estate (0.00%, December 2006 – 0.76%)			
13,804	Imperial Tobacco	743,873	1.05		Software & Computer Services (5.95%, December 2006 – 4.35%)			
	Total United Kingdom	8,570,080	12.04	4,882	DST Systems	399,152	0.56	
				1,191	Google	831,354	1.17	
				6,556	IBM	710,474	1.00	
				46,267	Microsoft	1,652,195	2.32	
				28,215	Oracle	643,584	0.90	
					Speciality & Other Finance (0.72%, December 2006 – 2.58%)			
				10,034	American Express	512,035	0.72	
					Steel & Other Metals (0.00%, December 2006 – 0.81%)			
					Support Services (2.01%, December 2006 – 0.38%)			
				11,126	Expedia	353,139	0.50	
				10,137	Iron Mountain	374,359	0.53	
				21,818	Republic Services	694,903	0.98	
					Telecommunication Services (1.04%, December 2006 – 1.41%)			
				17,742	AT & T	741,261	1.04	
					Tobacco (1.13%, December 2006 – 0.63%)			
				10,591	Altria Group	807,352	1.13	
					Transport (0.79%, December 2006 – 0.54%)			
				11,123	Norfolk Southern	562,601	0.79	
					Total United States of America	28,181,594	39.59	
					Total Value of Investments	69,380,614	97.47	
					Net Other Assets (December 2006 – 0.67%)	1,802,929	2.53	
					Net Assets	71,183,543	100.00	
					The calculation of the % Net Asset Value may not add up due to rounding.			
	Aerospace & Defence (1.39%, December 2006 – 1.22%)							
12,926	United Technologies	991,166	1.39					
	Banks (1.51%, December 2006 – 2.78%)							
15,560	Bank of America	635,315	0.89					
15,172	Citigroup	438,622	0.62					
	Beverages (1.28%, December 2006 – 1.45%)							
11,893	PepsiCo	911,479	1.28					
	Construction & Building Materials (0.00%, December 2006 – 1.25%)							
	Diversified Industrials (1.44%, December 2006 – 0.87%)							
8,683	FCSStone Group	400,286	0.56					
16,839	General Electric	625,232	0.88					
	Electricity (1.98%, December 2006 – 0.00%)							
5,887	Exelon	484,029	0.68					
9,186	NRG Energy	398,213	0.56					
19,810	Reliant Energy	523,776	0.74					
	Electronic & Electrical Equipment (0.00%, December 2006 – 0.51%)							
	Engineering & Machinery (1.55%, December 2006 – 0.84%)							
4,164	Deere & Co	386,877	0.54					
12,449	Thermo Electron	719,552	1.01					
	Food & Drug Retailers (0.00%, December 2006 – 1.15%)							
	Forestry & Paper (0.68%, December 2006 – 0.00%)							
10,506	Plum Creek Timber Industry	482,751	0.68					
	General Retailers (2.44%, December 2006 – 3.14%)							
6,723	Abercrombie & Fitch	536,764	0.75					
17,401	Ebay	578,061	0.81					
13,127	Wal-mart Stores	625,370	0.88					
	Health (2.31%, December 2006 – 2.25%)							
6,217	Inverness Medical Innovations	343,489	0.48					
12,509	St Jude Medical	506,990	0.71					
9,045	WellPoint Health Networks	793,608	1.12					
	Information Technology Hardware (1.65%, December 2006 – 2.43%)							
2,299	Apple	458,168	0.64					
26,583	Cisco Systems	721,463	1.01					
	Insurance (0.74%, December 2006 – 1.30%)							
9,122	American International Group	525,336	0.74					
	Media & Photography (0.75%, December 2006 – 1.80%)							
16,096	Comcast	294,074	0.41					
5,501	McGraw-Hill	239,459	0.34					
	Mining (1.70%, December 2006 – 0.37%)							
12,055	Arch Coal	539,220	0.76					
6,560	Freeport McMoRan Copper & Gold	667,546	0.94					
	Oil & Gas (3.23%, December 2006 – 4.51%)							
6,425	Devon Energy	575,487	0.81					
3,920	Diamond Offshore Drilling	562,638	0.79					
7,214	Exxon Mobil	683,527	0.96					
7,706	Marathon Oil Corporation	475,075	0.67					

Worldwide Equity Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 49,601,161 and proceeds received from sales were US\$ 62,300,193. The details of the Top 20 purchases and sales are detailed below:

Purchases	Cost US\$	Sales	Proceeds US\$
Bank of America	1,025,031	Bank of America	1,539,614
Zinifex	917,038	Posco	1,245,219
Vodafone Group	840,019	Goldman Sachs Group	1,062,573
Xstrata	745,961	Zinifex	1,015,009
Deere & Co	723,773	UBS	995,571
Ebay	709,644	Aur Resources	909,497
Merck	692,152	Numico	791,058
Deutsche Börse	691,673	Valero Energy	780,791
Siemens	680,455	Hypo Real Estate Holdings	769,457
Republic Services	668,994	Grifols	755,683
Continental	666,013	HSBC	750,846
E.ON	646,849	Jones Lang LaSalle	742,527
Bayer	612,819	Business Objects	742,075
Barclays	611,141	Leap Wireless	704,049
Norfolk Southern	591,580	Home Depot	684,263
Johnson & Johnson	589,602	Titan Cement	682,724
American Express	583,968	3i Group	665,923
Lehman Brothers Holding	569,919	Phelps Dodge	604,087
Diamond Offshore Drilling	560,738	Schneider Electric	600,626
Alcoa	560,315	E*TRADE Financial	596,721

A full detailed listing of portfolio changes is available from the Manager upon request.

Worldwide Equity Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	9,738,053	12,220,512
Net gains on investments	9,738,053	12,220,512

3 OTHER GAINS/(LOSSES)

	2007 US\$	2006 US\$
Other currency gains/(losses)	64,221	(31,036)
Total other gains/(losses)	64,221	(31,036)

4 INCOME

	2007 US\$	2006 US\$
UK dividends	192,551	227,726
Overseas dividends	1,133,303	1,055,385
Bank interest	44,358	28,786
Miscellaneous income	86	2,361
Exchange gains	–	843
Total income	1,370,298	1,315,101

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(1,444,274)	(1,392,759)
Registration expenses	(7,084)	(7,383)
Directors' periodic charge	(1,814)	(1,695)
	(1,453,172)	(1,401,837)
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(17,580)	(16,465)
Safe custody fees	(17,899)	4,119
Transaction charges	(35,297)	(1,821)
	(70,776)	(14,167)
Other expenses:		
Audit fee	(7,108)	(4,911)
Miscellaneous expenses	(69)	(56)
Publication charges	(11,413)	(10,557)
Exchange losses	(843)	–
	(19,433)	(15,524)
Total expenses	(1,543,381)	(1,431,528)

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(230,514)	(226,990)
United Kingdom income tax	(20,250)	(29,263)
Total taxation	(250,764)	(256,253)

7 FINANCE COSTS

Equalisation and Interest
Equalisation represents income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Add: Income deducted on cancellation of shares	20	–
Net equalisation for the period	20	–
Interest	16,617	27,224
Total finance costs	16,637	27,224

8 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	–	21,185
Sales awaiting settlement	206,622	146,571
Receivable from the Manager – Nominal Shares	151,898	137,159
Accrued income	60,098	47,254
Total debtors	418,618	352,169

9 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(29,346)	(266,885)
Purchases awaiting settlement	(66,700)	(277,800)
Accrued expenses	(18,129)	(12,363)
Amounts payable to the Manager	(115,484)	(110,154)
Total creditors	(229,659)	(667,202)

10 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 5. A balance of US\$ 114,697 (2006 – US\$ 108,684) in respect of annual management charge, and US\$ 559 (2006 – US\$ 559) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 3,739 (2006 – US\$ 3,690) in respect of safe custody charges and US\$ 1,394 (2006 – US\$ 1,302) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 4 and 7.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollar, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

	Net foreign currency assets		
	Monetary exposure US\$	Non- monetary exposure US\$	Total US\$
Currency 2007			
Australian Dollar	140,051	1,957,682	2,097,733
Brazilian Real	2,301	–	2,301
Canadian Dollar	7,274	304,919	312,193
Danish Krone	1,923	415,909	417,832
Euro	81,632	10,390,006	10,471,638
Hong Kong Dollar	3,106	3,329,010	3,332,116
Japanese Yen	9,688	5,287,374	5,297,062
Korean Won	–	585,472	585,472
Mexican Peso	18,932	–	18,932
New Zealand Dollar	765	–	765
Norwegian Krone	7,437	–	7,437
Singapore Dollar	590	–	590
South African Rand	167,576	383,750	551,326
Swedish Krona	81,910	626,831	708,741
Swiss Franc	3,487	3,427,681	3,431,168
Taiwanese Dollar	232,867	1,093,104	1,325,971
UK Sterling	438,368	8,570,080	9,008,448
Currency 2006	US\$	US\$	US\$
Australian Dollar	19,594	1,569,543	1,589,137
Canadian Dollar	2,426	891,930	894,356
Danish Krone	120	–	120
Euro	45,967	8,526,244	8,572,211
Hong Kong Dollar	934	2,381,299	2,382,233
Japanese Yen	16,454	8,141,729	8,158,183
Korean Won	–	1,747,615	1,747,615
Mexican Peso	19,095	–	19,095
New Zealand Dollar	702	–	702
Norwegian Krone	140,820	926,852	1,067,672
Singapore Dollar	553	–	553
South African Rand	205	1,055,923	1,056,128
Swedish Krona	2,279	573,451	575,730
Swiss Franc	48,663	3,718,628	3,767,291
Taiwanese Dollar	(23,786)	915,501	891,715
UK Sterling	117,427	6,476,822	6,594,249

Worldwide Equity Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

Currency 2007	Floating rate financial assets US\$	Fixed rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Australian Dollar	140,051	–	1,957,682	2,097,733
Brazilian Real	–	–	69,001	69,001
Canadian Dollar	7,274	–	304,919	312,193
Danish Krone	1,923	–	415,909	417,832
Euro	75,751	–	10,395,887	10,471,638
Hong Kong Dollar	3,106	–	3,329,010	3,332,116
Japanese Yen	167	–	5,296,895	5,297,062
Korean Won	–	–	585,472	585,472
Mexican Peso	18,932	–	–	18,932
New Zealand Dollar	765	–	–	765
Norwegian Krone	7,437	–	–	7,437
Singapore Dollar	590	–	–	590
South African Rand	167,576	–	383,750	551,326
Swedish Krona	81,910	–	626,831	708,741
Swiss Franc	3,487	–	3,427,681	3,431,168
Taiwanese Dollar	232,867	–	1,093,104	1,325,971
UK Sterling	427,793	–	8,580,655	9,008,448
US Dollar	444,340	–	33,332,437	33,776,777
Currency 2006	US\$	US\$	US\$	US\$
Australian Dollar	19,594	–	1,569,543	1,589,137
Canadian Dollar	2,028	–	892,328	894,356
Danish Krone	120	–	–	120
Euro	–	–	8,677,314	8,677,314
Hong Kong Dollar	934	–	2,381,299	2,382,233
Japanese Yen	4,171	–	8,154,012	8,158,183
Korean Won	–	–	1,747,615	1,747,615
Mexican Peso	19,095	–	–	19,095
New Zealand Dollar	702	–	–	702
Norwegian Krone	140,820	–	926,852	1,067,672
Singapore Dollar	553	–	–	553
South African Rand	278,005	–	1,055,923	1,333,928
Swedish Krona	2,279	–	573,451	575,730
Swiss Franc	48,663	–	3,718,628	3,767,291
Taiwanese Dollar	–	–	915,501	915,501
UK Sterling	105,402	–	6,488,847	6,594,249
US Dollar	309,286	–	35,592,448	35,901,734
Currency 2007	Floating rate financial liabilities US\$	Financial liabilities not carrying interest US\$	Total US\$	
Brazilian Real	–	(66,700)	(66,700)	
US Dollar	–	(162,959)	(162,959)	
Currency 2006	US\$	US\$	US\$	
Euro	(105,103)	–	(105,103)	
South African Rand	–	(277,800)	(277,800)	
Taiwanese Dollar	(23,786)	–	(23,786)	
US Dollar	–	(389,402)	(389,402)	

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

13 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 12 basis points.

14 PORTFOLIO TRANSACTION COSTS

	2007 US\$	2006 US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	49,528,121	56,874,166
Commissions	39,105	45,737
Taxes	33,681	44,123
Fees	254	672
Total purchase costs	73,040	90,532
Gross purchases total	49,601,161	56,964,698
Analysis of total sale costs		
Gross sales before transaction costs	62,358,687	65,946,240
Commissions	(44,370)	(49,862)
Taxes	(3,020)	(3,476)
Fees	(11,104)	(7,372)
Total sale costs	(58,494)	(60,710)
Total sales net of transaction costs	62,300,193	65,885,530

Managed Currency Fund

Fund Investment Report

Investment Policy

To invest in a portfolio of short term fixed interest investments.

Types of Investment

The majority of the Fund is invested in short dated bonds and interest bearing time deposits, and is earning the higher rates of interest not normally available to the individual investor. Investments may be made in all forms of money market instrument which are normally held to maturity, and in any currency where the projected return over the life of investment is attractive. The Fund will normally have a bias towards US Dollar denominated assets.

Limited sales and purchases of currencies may be made through options and the forward and financial futures markets, whilst bearing in mind the investment policy of the Fund, the Fund size and the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

Throughout the reporting period the portfolio was invested entirely in US Dollar deposits. The US Dollar composition of the portfolio enabled the Fund to perform broadly in line with the US Certificate of Deposit One Month Index.

The Federal Reserve held US interest rates at 5.25% for the whole of the first half of the year. However, rates were subsequently cut by half a point to 4.75% on 18 September. The market had been anticipating lower rates but the cut proved larger than expected as the Federal Reserve was concerned that the problems in the US housing market could intensify and constrain economic growth. Thereafter, US rates were cut by a further quarter-point in both October and December, so that they ended the year at 4.25%.

Managed Currency Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Other gains	2	–	20
Income	3	108,335	128,094
Expenses	4	(26,591)	(31,395)
Finance costs: Interest	5	(2,627)	(2,121)
Net income before taxation		79,117	94,578
Taxation		–	–
Net income after taxation		79,117	94,578
Total return before distribution		79,117	94,598
Finance costs: Distribution	5	(82,922)	(98,830)
Change in Net Assets attributable to Shareholders		(3,805)	(4,232)

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
Debtors	6	52,751	60,303
Cash and bank balances		2,083,629	2,306,254
Total other assets		2,136,380	2,366,557
Total assets		2,136,380	2,366,557
Liabilities			
Creditors	7	(2,201)	(2,173)
Bank overdrafts		–	(100)
Distribution payable on income shares		(42,667)	(50,141)
Total liabilities		(44,868)	(52,414)
Net Assets attributable to Shareholders		2,091,512	2,314,143
Shareholders' Funds			
Nominal Value – Issued Share Capital		63,802	63,802
Share Premium		1,963,764	2,141,261
Capital Reserve		63,946	109,080
		2,091,512	2,314,143

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	2,314,143	2,650,178
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	354,956	145,473
Less: Amounts paid on cancellation of shares	(573,782)	(477,276)
	(218,826)	(331,803)
Change in Net Assets attributable to Shareholders (see above)	(3,805)	(4,232)
Net Assets at the end of the period	2,091,512	2,314,143

Distribution Table

for the accounting period 1st January 2007 to 30th June 2007

	Income US\$	Equalisation US\$	Distribution Payable 2007 US\$	Distribution Paid 2006 US\$
Group 1	0.0072	–	0.0072	0.0067
Group 2	0.0009	0.0063	0.0072	0.0067
Group 2 units are those purchased after 16:00 (UK time) on 31st December 2006				

for the accounting period 1st July 2007 to 31st December 2007

	Income US\$	Equalisation US\$	Distribution Payable 2007 US\$	Distribution Paid 2006 US\$
Group 1	0.0076	–	0.0076	0.0080
Group 2	0.0049	0.0027	0.0076	0.0080
Group 2 units are those purchased after 16:00 (UK time) on 30th June 2007				

Managed Currency Fund

Portfolio statement

as at 31st December 2007

Investment	Value US\$	% of Net Asset Value
Cash Deposits and Net Liquid Assets – 100% (December 2006 – 100%)		
BNP Paribas US\$ Deposit	337,526	16.14
Dexia Bank US\$ Deposit	307,787	14.72
Lloyds Bank US\$ Deposit	291,153	13.92
HBOS Treasury US\$ Deposit	290,146	13.87
Rabobank US\$ Deposit	285,916	13.67
Royal Bank of Canada US\$ Deposit	278,741	13.33
Bank of Montreal US\$ Deposit	266,542	12.74
Cash	25,818	1.23
Total value of cash deposits	2,083,629	99.62
Net Other Assets (December 2006 – 0.35%)	7,883	0.38
Net Assets	2,091,512	100.00

27

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the period was US\$ 307,787 and proceeds received from sales were US\$ 553,813. The details of all purchases and sales are shown below:

Purchases	Cost US\$	Sales	Proceeds US\$
Dexia Bank US\$ Deposit	307,787	Bank of Montreal US\$ Deposit	134,387
		Lloyds Bank US\$ Deposit	133,673
		Rabobank US\$ Deposit	84,922
		HBOS Treasury US\$ Deposit	84,432
		Royal Bank of Canada US\$ Deposit	83,847
		BNP Paribas US\$ Deposit	32,552

Managed Currency Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

28

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 OTHER GAINS

	2007 US\$	2006 US\$
Other currency gains	–	20
Total other gains	<u>–</u>	<u>20</u>

3 INCOME

	2007 US\$	2006 US\$
Interest on short term investments	105,470	125,424
Bank interest	2,863	2,034
Miscellaneous income	2	636
Total income	<u>108,335</u>	<u>128,094</u>

4 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(21,033)	(25,083)
Registration expenses	(657)	(738)
Directors' periodic charge	(51)	(59)
	<u>(21,741)</u>	<u>(25,880)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(495)	(580)
Transaction charges	(3,805)	(4,253)
	<u>(4,300)</u>	<u>(4,833)</u>
Other expenses:		
Audit fee	(151)	(171)
Miscellaneous expenses	(78)	(143)
Publication charges	(321)	(368)
	<u>(550)</u>	<u>(682)</u>
Total expenses	<u>(26,591)</u>	<u>(31,395)</u>

5 FINANCE COSTS

Distribution and Interest

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Interim	40,967	45,231
Final	42,667	50,141
	<u>83,634</u>	<u>95,372</u>
Add: Income deducted on cancellation of shares	4,990	5,038
Deduct: Income received on creation of shares	(5,702)	(1,580)
Net distribution for the period	<u>82,922</u>	<u>98,830</u>
Interest	2,627	2,121
Total finance costs	<u>85,549</u>	<u>100,951</u>

Details of the distribution per share are set out in the table on page 26.

6 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	–	10,564
Receivable from the Manager – Nominal Shares	49,718	48,203
Accrued income	3,033	1,536
Total debtors	<u>52,751</u>	<u>60,303</u>

7 CREDITORS

	2007 US\$	2006 US\$
Accrued expenses	(426)	(318)
Amounts payable to the Manager	(1,775)	(1,855)
Total creditors	<u>(2,201)</u>	<u>(2,173)</u>

8 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 6 and 7.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 1,710 (2006 – US\$ 1,770) in respect of annual management charge, and US\$ 53 (2006 – US\$ 54) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services are disclosed in Note 4. A balance of US\$ 41 (2006 – US\$ 41) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 3 and 5.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

9 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A small proportion of the Net Assets of the Fund are denominated in currencies other than US Dollar, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

	Net foreign currency assets		
	Monetary exposure US\$	Non-monetary exposure US\$	Total US\$
Currency 2007			
Euro	31	–	31
UK Sterling	247	–	247
Currency 2006			
Euro	226	–	226
UK Sterling	(100)	–	(100)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

	Floating rate financial assets US\$	Fixed rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Currency 2007				
Euro	31	–	–	31
UK Sterling	247	–	–	247
US Dollar	25,540	2,057,811	52,751	2,136,102
Currency 2006				
Euro	226	–	–	226
US Dollar	2,191	2,303,837	60,303	2,366,331

	Floating rate financial liabilities US\$	Financial liabilities not carrying interest US\$	Total US\$
Currency 2007			
US Dollar	–	(44,868)	(44,868)
Currency 2006			
UK Sterling	(100)	–	(100)
US Dollar	–	(52,314)	(52,314)

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

10 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

11 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is Nil basis points.

12 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

Gilt and Income Fund

Fund Investment Report

Investment Policy

To achieve a high total return with limited capital risk from a portfolio of Sterling-denominated fixed interest investments and money market assets.

Types of Investment

All assets are Sterling-denominated. Investments are primarily in Eurosterling Bonds and those UK Government Securities (gilt-edged stock) which can pay income free of UK withholding tax to the Fund, and in bank deposits. As market conditions justify, investments may be made in other appropriate assets as permitted by the Regulations.

Limited sales and purchases of fixed interest securities may be made through options and financial futures, whilst bearing in mind the investment policy of the Fund and the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

The gilt market achieved a return of 5.25% in 2007 and the Fund's performance was slightly ahead of the benchmark. The year had two distinct halves, and initially bond yields rose up until the end of June. Thereafter, ten-year bond yields fell from over 5.5% to 4.5% between July and December. The market's returns were therefore generated in the second half of the year when falling yields provided price appreciation.

The rise in yields early in the year was due to fears that the pick-up in inflation would force the Bank of England to increase interest rates a number of times. With inflation breaking above 3% in March, fears were exacerbated that the Bank was losing its inflation fighting credibility and that this would need to be regained through much higher rates to slow the economy. As events transpired, inflation fell back to 2% within three months, alleviating investors' concerns.

The second half of the year was dominated by worries over the consequences of the US sub-prime mortgage crisis and the associated credit crunch. The outlook for the UK economy deteriorated against the backdrop of higher interest rates and the sharp reduction in consumer and business confidence due to the credit crisis. With mortgage availability suffering and higher borrowing costs, turnover in the housing market fell dramatically late in the year, causing house prices to stagnate. This, along with the restricted availability of unsecured credit and evidence of falling profitability for retailers, led to speculation that interest rate hikes would be reversed quickly.

Speculation over lower interest rates and investors' flight to quality away from riskier corporate bonds led to increased demand for government bonds. This allowed gilts to recoup all of the capital losses seen in the first half of the year and to make further progress. The Fund benefited from being positioned to exploit the market move to a lower yield environment at the end of the year.

Gilt and Income Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	903,695	4,233,482
Income	3	2,082,923	2,107,481
Expenses	4	(555,530)	(586,306)
Finance costs: Interest	5	(2,949)	(8,032)
Net income before taxation		1,524,444	1,513,143
Taxation		–	–
Net income after taxation		1,524,444	1,513,143
Total return before distribution		2,428,139	5,746,625
Finance costs: Distribution	5	(1,539,740)	(1,528,812)
Change in Net Assets attributable to Shareholders		888,399	4,217,813

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
Debtors	6	938,282	723,262
Cash and bank balances		319,700	635,695
Total other assets		1,257,982	1,358,957
Total assets		45,616,973	42,270,068
Liabilities			
Creditors	7	(55,685)	(48,109)
Distribution payable on income shares		(829,406)	(787,214)
Total liabilities		(885,091)	(835,323)
Net Assets attributable to Shareholders		44,731,882	41,434,745
Shareholders' Funds			
Nominal Value – Issued Share Capital		619,054	619,054
Share Premium		38,744,479	34,776,833
Capital Reserve		5,368,349	6,038,858
		44,731,882	41,434,745

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	41,434,745	42,471,581
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	8,919,737	2,596,230
Less: Amounts paid on cancellation of shares	(6,510,999)	(7,850,879)
	2,408,738	(5,254,649)
Change in Net Assets attributable to Shareholders (see above)	888,399	4,217,813
Net Assets at the end of the period	44,731,882	41,434,745

Distribution Table

for the accounting period 1st January 2007 to 30th June 2007

	Income £	Equalisation £	Distribution Payable 2007 £	Distribution Paid 2006 £
Group 1	0.0051	–	0.0051	0.0049
Group 2	0.0039	0.0012	0.0051	0.0049

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2006

for the accounting period 1st July 2007 to 31st December 2007

	Income £	Equalisation £	Distribution Payable 2007 £	Distribution Paid 2006 £
Group 1	0.0054	–	0.0054	0.0052
Group 2	0.0033	0.0021	0.0054	0.0052

Group 2 units are those purchased after 16:00 (UK time) on 30th June 2007

Gilt and Income Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value
REPUBLIC OF IRELAND (0.00%, December 2006 – 1.16%)			
Corporate Bonds (0.00%, December 2006 – 1.16%)			
UNITED KINGDOM (99.17%, December 2006 – 97.58%)			
Government Bonds (99.17%, December 2006 – 97.58%)			
671,000	UK Treasury 4% 07/03/2009	1,329,448	2.97
1,569,000	UK Treasury 4.25% 07/03/2011	3,108,963	6.95
5,161,000	UK Treasury 4.25% 07/12/2027	9,990,165	22.33
1,150,000	UK Treasury 4.25% 07/12/2046	2,283,525	5.11
1,480,000	UK Treasury 4.25% 07/12/2055	2,973,860	6.65
878,000	UK Treasury 4.75% 07/03/2020	1,786,596	4.00
3,743,000	UK Treasury 4.75% 07/09/2015	7,569,489	16.92
532,000	UK Treasury 4.75% 07/12/2038	1,139,944	2.55
887,000	UK Treasury 5% 07/03/2008	1,766,113	3.95
2,825,000	UK Treasury 5% 07/09/2014	5,780,503	12.92
2,516,000	UK Treasury 8.75% 25/08/2017	6,630,385	14.82
	Total United Kingdom	44,358,991	99.17
	Total Value of Investments	44,358,991	99.17
	Net Other Assets (December 2006 – 1.26%)	372,891	0.83
	Net Assets	44,731,882	100.00
	Credit Ratings		
	AAA	44,358,991	100.00

The calculation of the % Net Asset Value may not add up due to rounding.

Gilt and Income Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 101,343,075 and proceeds received from sales/maturities were US\$ 98,743,096. The details of all the purchases and the Top 20 sales/maturities are detailed below:

Purchases	Cost US\$	Sales/Maturities	Proceeds US\$
UK Treasury 5% 07/09/2014	15,297,183	UK Treasury 4.25% 07/03/2011	11,349,725
UK Treasury 8.75% 25/08/2017	14,413,975	UK Treasury 5% 07/09/2014	9,575,966
UK Treasury 4.75% 07/09/2015	12,171,674	UK Treasury 4% 07/03/2009	9,012,920
UK Treasury 4.25% 07/12/2027	10,625,150	UK Treasury 8% 07/12/2015	8,348,314
UK Treasury 4% 07/03/2009	10,317,310	UK Treasury 8.75% 25/08/2017	8,040,798
UK Treasury 4.25% 07/03/2011	8,714,015	UK Treasury 7.25% 07/12/2007	6,424,460
UK Treasury 8% 07/12/2015	8,480,063	UK Treasury 4.75% 07/03/2020	5,655,865
UK Treasury 4.5% 07/12/2042	3,921,898	UK Treasury 6.25% 25/11/2010	5,636,371
UK Treasury 5% 07/03/2008	3,786,592	UK Treasury 4.75% 07/09/2015	5,055,925
UK Treasury 4.75% 07/03/2020	3,431,813	UK Treasury 4.25% 07/12/2046	4,149,431
UK Treasury 4.25% 07/12/2055	3,055,994	UK Treasury 4.5% 07/12/2042	3,998,442
UK Treasury 7.25% 07/12/2007	2,792,026	UK Treasury 4.75% 07/06/2010	3,807,573
UK Treasury 5% 07/03/2018	1,894,607	UK Treasury 4.75% 07/12/2038	3,706,177
UK Treasury 4.75% 07/12/2038	1,674,417	UK Treasury 4% 07/09/2016	2,603,514
UK Treasury 4.75% 07/06/2010	373,673	UK Treasury 4.25% 07/12/2027	2,434,528
UK Treasury 4.25% 07/12/2046	336,511	UK Treasury 6% 07/12/2028	2,385,031
UK Treasury 4% 07/09/2016	56,174	UK Treasury 5% 07/03/2008	2,022,077
		UK Treasury 4.25% 07/12/2055	1,993,110
		UK Treasury 5% 07/03/2018	1,876,747
		Irish Nationwide Building Society 4.75% 22/12/2008	487,136

A full detailed listing of portfolio changes is available from the Manager upon request.

Gilt and Income Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

32

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	141,330	(1,615,314)
Difference on currency conversion	762,365	5,848,796
Net gains on investments	903,695	4,233,482

3 INCOME

	2007 US\$	2006 US\$
Interest on debt securities	2,066,624	2,034,011
Bank interest	16,293	45,126
Miscellaneous income	6	28,344
Total income	2,082,923	2,107,481

4 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(519,033)	(554,888)
Registration expenses	(4,159)	(4,593)
Directors' periodic charge	(1,024)	(1,073)
	(524,216)	(560,554)
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(9,766)	(10,161)
Safe custody fees	(1,892)	10,331
Transaction charges	(9,707)	(15,668)
	(21,365)	(15,498)
Other expenses:		
Audit fee	(3,462)	(3,096)
Miscellaneous expenses	(36)	(503)
Publication charges	(6,451)	(6,655)
	(9,949)	(10,254)
Total expenses	(555,530)	(586,306)

5 FINANCE COSTS

Distribution and Interest

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Interim	705,180	697,870
Final	829,406	787,214
	1,534,586	1,485,084
Add: Income deducted on cancellation of shares	65,589	65,046
Deduct: Income received on creation of shares	(60,435)	(21,318)
Net distribution for the period	1,539,740	1,528,812
Interest	2,949	8,032
Total finance costs	1,542,689	1,536,844

Details of the distribution per share are set out in the table on page 30.

6 DEBTORS

	2007 US\$	2006 US\$
Receivable from the Manager – Nominal Shares	425,689	436,454
Accrued income	512,593	286,808
Total debtors	938,282	723,262

7 CREDITORS

	2007 US\$	2006 US\$
Accrued expenses	(9,235)	(6,758)
Amounts payable to the Manager	(46,450)	(41,351)
Total creditors	(55,685)	(48,109)

8 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 6 and 7.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 45,997 (2006 – US\$ 40,419) in respect of annual management charge, and US\$ 330 (2006 – US\$ 335) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 4. A balance of US\$ 438 (2006 – US\$ 435) in respect of safe custody charges and US\$ 872 (2006 – US\$ 755) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 3 and 5.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

9 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

There are no material assets denominated in currencies other than Sterling, which is the base currency in which the Fund is managed.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2007	US\$	US\$	US\$	US\$
UK Sterling	319,700	44,358,991	938,282	45,616,973
Currency 2006	US\$	US\$	US\$	US\$
UK Sterling	635,695	40,911,111	723,262	42,270,068
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2007	US\$	US\$	US\$	US\$
UK Sterling	–	–	(885,091)	(885,091)
Currency 2006	US\$	US\$	US\$	US\$
UK Sterling	–	–	(835,323)	(835,323)
	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets Weighted average period for which rate is fixed		
Currency	2007	2006	2007	2006
UK Sterling	5%	5%	15.13 years	16.18 years

There are no material amounts of non interest-bearing financial assets.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

10 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

11 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is Nil basis points.

12 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

North American Growth Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth in a portfolio of equities based in North America.

Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but may also be held indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

The US equity market, as measured by the S&P 500 Index, produced a total return of 5.5% in 2007 in US Dollar terms. During the year the market was quite volatile, with early strength giving way to weakness as the full extent of the sub-prime mortgage crisis became apparent.

For some time, the debate over the US economy has revolved around the extent of the economic slowdown we would see in 2007 and 2008. However, most commentators were surprised by the degree of weakness in the housing sector, partly caused by irrational lending to sub-prime customers in 2005 and 2006. As the year went on, it became evident that this phenomenon not only impacted sub-prime customers but more affluent consumers as well.

During the year we reduced the Fund's exposure to consumer discretionary companies and financials as the extent of the economic slowdown became clear. These sector positions, together with the increased overweight in technology and the overweight positions in industrials and materials, all benefited the Fund's performance.

Within the consumer discretionary sector, we sold the position in Coach, the manufacturer and retailer of luxury handbags, as we perceived the business would be adversely affected by an economic slowdown. Within financials, we sold the Fund's entire holding in Jones Lang LaSalle, the real estate company, as we perceived that the economic slowdown would have a detrimental effect on commercial real estate. We also sold the position in American Tower, which had been the biggest active investment in the Fund at the end of 2006. The stock had performed very strongly and in our opinion had become fully valued.

Within the software and computer services sector, we added a position in Electronic Arts, a company that should continue to benefit from the video games cycle. Electronic Arts is the largest independent publisher of video game software. In addition, we added a position in Research In Motion, the manufacturer of blackberry phones, as we believe the company's strategy to grow internationally and expand its consumer base should prove successful.

North American Growth Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	17,086,199	15,628,335
Other (losses)/gains	3	(54,229)	13,581
Income	4	2,092,161	1,949,813
Expenses	5	(2,993,077)	(2,812,858)
Finance costs: Interest	7	(36,131)	(29,751)
Net expenses before taxation		(937,047)	(892,796)
Taxation	6	(606,475)	(622,748)
Net expenses after taxation		(1,543,522)	(1,515,544)
Total return before distribution		15,488,448	14,126,372
Finance costs: Equalisation	7	–	(129)
Change in Net Assets attributable to Shareholders		15,488,448	14,126,243

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		147,560,568	142,861,420
Debtors	8	121,014	97,984
Cash and bank balances		7,362	772,439
Total other assets		128,376	870,423
Total assets		147,688,944	143,731,843
Liabilities			
Creditors	9	(337,080)	(256,845)
Bank overdrafts		(326)	–
Total liabilities		(337,406)	(256,845)
Net Assets attributable to Shareholders		147,351,538	143,474,998
Shareholders' Funds			
Nominal Value – Issued Share Capital		118,696	118,696
Share Premium		117,516,845	127,740,562
Capital Reserve		29,715,997	15,615,740
		147,351,538	143,474,998

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	143,474,998	139,636,434
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	2,755,005	3,425,680
Less: Amounts paid on cancellation of shares	(14,366,913)	(13,713,359)
	(11,611,908)	(10,287,679)
Change in Net Assets attributable to Shareholders (see above)	15,488,448	14,126,243
Net Assets at the end of the period	147,351,538	143,474,998

Distribution Table

There is no distribution for the accounting period 1st January 2007 to 31st December 2007, as expenses exceed income (2006: Nil).

North American Growth Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
BERMUDA (3.74%, December 2006 – 1.92%)				Insurance (1.97%, December 2006 – 4.18%)			
	Construction & Building Materials (0.84%, December 2006 – 0.00%)			30,732	American International Group	1,769,856	1.20
7,935	Foster Wheeler	1,231,115	0.84	238	Berkshire Hathaway	1,131,214	0.77
	Insurance (1.08%, December 2006 – 1.10%)			Life Assurance (1.20%, December 2006 – 0.00%)			
15,995	Everest Re Group	1,592,942	1.08	28,929	MetLife	1,765,248	1.20
	Media & Photography (0.86%, December 2006 – 0.00%)			Media & Photography (0.73%, December 2006 – 2.28%)			
29,289	VistaPrint	1,266,456	0.86	46,306	Directv Group	1,073,836	0.73
	Support Services (0.96%, December 2006 – 0.82%)			Mining (0.95%, December 2006 – 0.00%)			
38,943	Accenture	1,420,641	0.96	13,743	Freeport McMoRan Copper & Gold	1,398,488	0.95
	Total Bermuda	5,511,154	3.74	Oil & Gas (10.61%, December 2006 – 8.35%)			
CANADA (2.56%, December 2006 – 2.27%)				42,057	BJ Services	1,009,368	0.69
	Information Technology Hardware (1.10%, December 2006 – 0.00%)			20,605	Chevron Texaco	1,929,040	1.31
14,085	Research In Motion	1,619,493	1.10	27,053	Conoco Phillips	2,388,780	1.62
	Mining (1.46%, December 2006 – 0.68%)			18,614	Devon Energy	1,667,256	1.13
50,400	Barrick Gold	2,149,628	1.46	20,651	Diamond Offshore Drilling	2,964,038	2.01
	Oil & Gas (0.00%, December 2006 – 1.07%)			59,920	Exxon Mobil	5,677,420	3.85
	Transport (0.00%, December 2006 – 0.52%)			Other Investments (0.00%, December 2006 – 0.78%)			
	Total Canada	3,769,121	2.56	52,951	Avon Products	2,115,922	1.44
UNITED STATES OF AMERICA (93.84%, December 2006 – 95.38%)				20,251	Procter & Gamble	1,499,587	1.02
	Aerospace & Defence (4.30%, December 2006 – 3.45%)			Personal Care & Household Products (2.46%, December 2006 – 0.91%)			
20,963	Boeing	1,831,957	1.24	44,721	Johnson & Johnson	2,991,388	2.03
17,294	L3 Communications	1,844,578	1.25	68,051	Merck	3,980,984	2.70
34,730	United Technologies	2,663,096	1.81	80,747	Pfizer	1,836,994	1.25
	Banks (4.63%, December 2006 – 5.91%)			46,885	Schering-Plough	1,257,456	0.85
82,824	Bank of America	3,381,704	2.29	Real Estate (0.00%, December 2006 – 1.64%)			
56,510	Citigroup	1,633,704	1.11	Software & Computer Services (11.82%, December 2006 – 8.38%)			
42,044	JP Morgan Chase	1,810,415	1.23	22,540	DST Systems	1,842,870	1.25
	Beverages (4.42%, December 2006 – 4.19%)			45,278	Electronic Arts	2,631,105	1.79
30,856	Coca-Cola	1,912,146	1.30	5,406	Google	3,773,550	2.56
26,362	Hansen Natural	1,178,381	0.80	25,866	IBM	2,803,098	1.90
44,658	PepsiCo	3,422,589	2.32	134,487	Microsoft	4,802,531	3.26
	Chemicals (1.37%, December 2006 – 0.00%)			68,709	Oracle	1,567,252	1.06
17,921	Monsanto	2,019,338	1.37	Speciality & Other Finance (4.13%, December 2006 – 10.77%)			
	Construction & Building Material (0.00%, December 2006 – 1.76%)			19,539	Alliancebernstein Holding	1,479,884	1.00
	Diversified Industrials (3.12%, December 2006 – 2.20%)			37,071	American Express	1,891,733	1.28
31,582	FCSStone Group	1,455,930	1.00	18,050	Lehman Brothers Holdings	1,157,186	0.79
84,305	General Electric	3,130,245	2.12	78,734	TD Ameritrade Holding	1,562,083	1.06
	Electricity (1.61%, December 2006 – 0.00%)			Steel & Other Metals (0.63%, December 2006 – 0.98%)			
28,886	Exelon	2,375,007	1.61	25,352	Alcoa	926,869	0.63
	Electronic & Electrical Equipment (0.11%, December 2006 – 0.80%)			Support Services (6.80%, December 2006 – 5.41%)			
6,085	Stratasys	161,861	0.11	43,659	Auto Data Process	1,938,023	1.32
	Engineering & Machinery (4.27%, December 2006 – 1.72%)			48,734	Corrections	1,415,235	0.96
21,001	Deere & Co	1,951,203	1.32	70,288	Expedia	2,230,941	1.51
20,398	General Cable	1,496,805	1.02	62,647	Iron Mountain	2,313,554	1.57
49,209	Thermo Electron	2,844,280	1.93	66,810	Republic Services	2,127,899	1.44
	General Retailers (5.71%, December 2006 – 4.29%)			Telecommunication Services (2.76%, December 2006 – 1.88%)			
19,980	Abercrombie & Fitch	1,595,203	1.08	53,977	AT & T	2,255,159	1.53
31,970	Crocs	1,159,232	0.79	11,450	Leap Wireless	528,647	0.36
58,993	Ebay	1,959,747	1.33	63,273	Time Warner Telecommunication	1,283,177	0.87
37,306	GameStop	2,314,464	1.57	Tobacco (2.14%, December 2006 – 2.48%)			
29,149	Wal-mart Stores	1,388,658	0.94	41,380	Altria Group	3,154,397	2.14
	Health (1.95%, December 2006 – 3.13%)			Transport (0.99%, December 2006 – 0.99%)			
25,721	Inverness Medical Innovations	1,421,085	0.96	42,483	Kansas City Southern	1,457,167	0.99
14,264	Medco Health Solutions	1,454,928	0.99	Utilities – Other (1.01%, December 2006 – 0.00%)			
	Household Goods & Textiles (0.00%, December 2006 – 4.66%)			27,360	Kinder Morgan Energy	1,487,837	1.01
	Information Technology Hardware (7.32%, December 2006 – 8.51%)			Total United States of America			
36,084	American Tower	1,530,683	1.04	138,280,293			93.84
15,924	Apple Computer	3,173,494	2.15	Total Value of Investments			
99,292	Cisco Systems	2,694,785	1.83	147,560,568			100.14
28,987	Hewlett Packard	1,471,670	1.00	Net Other (Liabilities)/Assets (December 2006 – 0.43%)			
71,228	Intel	1,916,033	1.30	(209,030)			(0.14)
				Net Assets			
				147,351,538			100.00

The calculation of the % Net Asset Value may not add up due to rounding.

North American Growth Fund
Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 80,125,856 and proceeds received from sales were US\$ 92,444,134. The details of the Top 20 purchases and sales are detailed below:

Purchases	Cost US\$	Sales	Proceeds US\$
Merck	3,668,647	Crocs	3,176,544
Barrick Gold	2,305,286	Coach	3,135,946
Conoco Phillips	2,302,768	Jones Lang LaSalle	2,722,587
Exelon	2,269,381	Activision	2,399,448
Electronic Arts	2,261,911	WellPoint Health Networks	2,111,832
AT & T	2,174,804	E*TRADE Financial	2,057,892
Republic Services	2,164,347	Ultra Petroleum	2,009,438
Avon Products	2,019,544	American Express	1,968,649
Ebay	1,916,815	Nike	1,794,128
Moodys	1,908,069	Hansen Natural	1,785,612
Mohawk Industries	1,802,375	Mohawk Industries	1,776,145
MetLife	1,801,162	Amgen	1,738,833
Crocs	1,686,741	IntercontinentalExchange	1,731,756
Kansas City Southern	1,671,871	Goldman Sachs Group	1,707,524
General Cable	1,572,459	Wyeth	1,658,133
Inverness Medical Innovations	1,545,170	American Tower	1,655,055
Schering-Plough	1,544,420	Clear Channel Communications	1,616,676
Monsanto	1,537,860	Chicago Mercantile Exchange	1,609,780
Union Pacific	1,509,127	PMC-Sierra	1,605,084
Corning	1,479,355	SLM	1,599,646

A full detailed listing of portfolio changes is available from the Manager upon request.

North American Growth Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	17,086,199	15,628,335
Net gains on investments	<u>17,086,199</u>	<u>15,628,335</u>

3 OTHER (LOSSES)/GAINS

	2007 US\$	2006 US\$
Other currency (losses)/gains	(54,229)	13,581
Total other (losses)/gains	<u>(54,229)</u>	<u>13,581</u>

4 INCOME

	2007 US\$	2006 US\$
Overseas dividends	2,039,215	1,865,941
Bank interest	52,946	83,028
Miscellaneous income	–	844
Total income	<u>2,092,161</u>	<u>1,949,813</u>

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(2,886,683)	(2,729,383)
Registration expenses	(6,034)	(6,341)
Directors' periodic charge	(3,625)	(3,312)
	<u>(2,896,342)</u>	<u>(2,739,036)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(35,145)	(32,268)
Safe custody fees	(6,734)	18,105
Transaction charges	(17,174)	(29,234)
	<u>(59,053)</u>	<u>(43,397)</u>
Other expenses:		
Audit fee	(14,726)	(9,623)
Miscellaneous expenses	(135)	(116)
Publication charges	(22,821)	(20,686)
	<u>(37,682)</u>	<u>(30,425)</u>
Total expenses	<u>(2,993,077)</u>	<u>(2,812,858)</u>

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(606,475)	(622,748)
Total taxation	<u>(606,475)</u>	<u>(622,748)</u>

7 FINANCE COSTS

Equalisation and Interest

Equalisation represents income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Add: Income deducted on cancellation of shares	–	129
Net equalisation for the period	–	129
Interest	36,131	29,751
Total finance costs	<u>36,131</u>	<u>29,880</u>

8 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	–	10,294
Receivable from the Manager – Nominal Shares	23,098	15,136
Accrued income	97,916	72,554
Total debtors	<u>121,014</u>	<u>97,984</u>

9 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(69,254)	(19,792)
Accrued expenses	(28,426)	(19,057)
Amounts payable to the Manager	(239,400)	(217,996)
Total creditors	<u>(337,080)</u>	<u>(256,845)</u>

10 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 5. A balance of US\$ 238,343 (2006 – US\$ 215,460) in respect of annual management charge, and US\$ 470 (2006 – US\$ 479) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 1,569 (2006 – US\$ 1,629) in respect of safe custody charges and US\$ 2,896 (2006 – US\$ 2,581) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 4 and 7.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

North American Growth Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A small proportion of the Net Assets of the Fund are denominated in currencies other than US Dollar, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

Net foreign currency assets			
	Monetary exposure	Non-monetary exposure	Total
Currency 2007	US\$	US\$	US\$
Canadian Dollar	673	2,149,628	2,150,301
UK Sterling	6,689	–	6,689
Currency 2006	US\$	US\$	US\$
Canadian Dollar	1,484	1,718,387	1,719,871
UK Sterling	6,576	–	6,576

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2007	US\$	US\$	US\$	US\$
Canadian Dollar	673	–	2,149,628	2,150,301
UK Sterling	6,689	–	–	6,689
US Dollar	–	–	145,531,954	145,531,954
Currency 2006	US\$	US\$	US\$	US\$
Canadian Dollar	1,484	–	1,718,387	1,719,871
UK Sterling	6,576	–	–	6,576
US Dollar	764,379	–	141,241,017	142,005,396
	Floating rate financial liabilities	Financial liabilities not carrying interest	Total	
Currency 2007	US\$	US\$	US\$	
US Dollar	(326)	(337,080)	(337,406)	
Currency 2006	US\$	US\$	US\$	
US Dollar	–	(256,845)	(256,845)	

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

13 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 12 basis points.

14 PORTFOLIO TRANSACTION COSTS

	2007 US\$	2006 US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	80,044,046	141,759,829
Commissions	81,810	168,824
Total purchase costs	81,810	168,824
Gross purchases total	80,125,856	141,928,653
Analysis of total sale costs		
Gross sales before transaction costs	92,533,329	153,276,227
Commissions	(87,589)	(179,078)
Taxes	(1,606)	(4,732)
Total sale costs	(89,195)	(183,810)
Total sales net of transaction costs	92,444,134	153,092,417

Far East Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth from a portfolio of equities in the principal Far Eastern and Asian markets.

Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be held indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations. Investments may be held in any approved Far Eastern market.

Exposure to individual economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the Japanese market.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

Over the past year, the MSCI Asia Pacific Index rose by 12.7% in US Dollar terms. The Fund outperformed over the period. Regarding individual markets in the region, in US Dollar terms, Japan fell by 5.5%, China rose by 66.7%, Australia was up 16.5%, Korea gained 33.4% and Hong Kong was ahead by 41.6% (MSCI indices in US Dollar terms).

The performance figures highlight how Japan has lagged its neighbours during 2007. After a decent start to the year, the Japanese market declined by 20% between March and October. This was due to a combination of factors. For example, conservative company profit forecasts caused investors to lower their expectations for corporate earnings growth for the fiscal year to March 2008. In addition, there were genuine disappointments over the success of shareholder activism in Japan. There was also selling pressure from foreign investors in the face of a stronger economic outlook for Asia ex-Japan, and concerns in the second half of the year over the state of the world economy. Since October, the Japanese market has performed in line with other Asian markets.

Over the reporting period the best performing sectors in Japan were energy and materials. The worst performers were consumer financials and banks. Amongst the best performing Japanese holdings were Nintendo, and the real estate company Toc Co. Ltd. The worst performers included the real estate stocks Arnest One and Goldcrest.

Within the rest of Asia, the best performing sectors were also energy and materials, on the back of the strength of oil and commodity prices. The industrials sector was another top performer, as strong demand growth was boosted by increased infrastructure spending. The worst performing sectors were technology, where there were concerns over the product pricing outlook, and financials.

During the year, the Fund's weighting in Japan was reduced, though we remain optimistic on the Japanese outlook, with growth driven by improving consumer spending and corporate sector capital investment, after years of under-spending by both groups. So far, corporate profits growth for the current year has been better than expected, in contrast to initially conservative company forecasts, and we expect profits to continue to grow well going forward.

We also remain optimistic on the outlook for other Asian markets. We expect steady economic growth in Asia in 2008. In terms of valuations, markets within the region are still reasonably valued relative to other markets and compared to historic levels, given their superior growth profile.

Far East Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	3,909,327	4,266,570
Other losses	3	(1,591)	(32,388)
Income	4	374,756	388,293
Expenses	5	(533,982)	(540,216)
Finance costs: Interest	7	(25,716)	(15,670)
Net expenses before taxation		(184,942)	(167,593)
Taxation	6	(30,657)	(34,662)
Net expenses after taxation		(215,599)	(202,255)
Total return before distribution		3,692,137	4,031,927
Finance costs: Equalisation	7	-	(55)
Change in Net Assets attributable to Shareholders		3,692,137	4,031,872

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		22,353,325	23,493,396
Debtors	8	181,295	156,493
Cash and bank balances		262,687	137,977
Total other assets		443,982	294,470
Total assets		22,797,307	23,787,866
Liabilities			
Creditors	9	(86,962)	(64,978)
Bank overdrafts		(504,040)	(464,017)
Total liabilities		(591,002)	(528,995)
Net Assets attributable to Shareholders		22,206,305	23,258,871
Shareholders' Funds			
Nominal Value – Issued Share Capital		77,658	77,658
Share Premium		14,229,163	16,778,742
Capital Reserve		7,899,484	6,402,471
		22,206,305	23,258,871

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	23,258,871	22,001,441
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	1,730,812	733,208
Less: Amounts paid on cancellation of shares	(6,475,515)	(3,507,650)
	(4,744,703)	(2,774,442)
Change in Net Assets attributable to Shareholders (see above)	3,692,137	4,031,872
Net Assets at the end of the period	22,206,305	23,258,871

Distribution Table

There is no distribution for the accounting period 1st January 2007 to 31st December 2007, as expenses exceed income (2006: Nil).

Far East Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
AUSTRALIA (13.71%, December 2006 – 9.44%)				General Retailers (4.14%, December 2006 – 1.52%)			
	Banks (0.52%, December 2006 – 0.46%)			129,793	Agile Property Holdings	233,667	1.05
4,843	Australia & New Zealand Bank Group	116,402	0.52	4,220	Anta Sports Products	5,866	0.03
	Construction & Building Materials (0.38%, December 2006 – 0.00%)			84,000	Lifestyle International Holdings	224,038	1.01
1,561	Leighton Holdings	83,801	0.38	3,172*	New Oriental Education	252,904	1.14
	Engineering & Machinery (0.54%, December 2006 – 0.00%)			17,000	Parkson Retail Group	202,618	0.91
59,634	Boart Longyear Group	120,837	0.54		Household Goods & Textiles (0.94%, December 2006 – 0.44%)		
	Food & Drug Retailers (1.62%, December 2006 – 0.97%)			56,000	Li Ning	208,241	0.94
12,122	Woolworths	360,470	1.62		Leisure Entertainment & Hotels (0.00%, December 2006 – 1.48%)		
	Insurance (1.93%, December 2006 – 1.43%)			1,610*	Focus Media Holding	92,414	0.42
14,748	QBE Insurance Group	427,950	1.93		Personal Care & Household Products (0.04%, December 2006 – 0.00%)		
	Mining (6.55%, December 2006 – 4.55%)			26,474	Bosideng International Holdings	8,453	0.04
21,290	BHP Billiton	749,631	3.38		Real Estate (0.09%, December 2006 – 0.29%)		
7,431	Newcrest Mining	215,108	0.97	19,900	Soho China	20,439	0.09
3,612	Rio Tinto	421,717	1.90		Software & Computer Services (0.21%, December 2006 – 0.00%)		
6,155	Zinifex	66,895	0.30	13,000	Alibaba	46,925	0.21
	Oil & Gas (0.00%, December 2006 – 0.52%)				Steel & Other Metals (0.00%, December 2006 – 0.29%)		
	Pharmaceuticals & Biotechnology (0.89%, December 2006 – 0.47%)				Total Cayman Islands	1,558,297	7.02
6,318	CSL	197,576	0.89	CHINA (3.80%, December 2006 – 5.42%)			
	Speciality & Other Finance (0.78%, December 2006 – 0.69%)				Banks (0.56%, December 2006 – 0.32%)		
2,579	Macquarie Group	172,386	0.78	30,472	China Merchants Bank	125,035	0.56
	Support Services (0.50%, December 2006 – 0.35%)				Construction & Building Materials (1.02%, December 2006 – 0.15%)		
12,851	Computershare	110,473	0.50	13,496	China National Materials	16,423	0.08
	Total Australia	3,043,246	13.71	35,000	China Shenhua Energy	208,914	0.94
BERMUDA (6.80%, December 2006 – 3.11%)					Electricity (0.00%, December 2006 – 0.25%)		
	General Retailers (1.32%, December 2006 – 0.00%)				Electronic & Electrical Equipment (0.00%, December 2006 – 1.34%)		
19,500	Esprit Holdings	292,300	1.32		Food & Drug Retailers (0.41%, December 2006 – 0.42%)		
	Household Goods & Textiles (1.02%, December 2006 – 0.74%)			109,520	Wumart Stores	91,423	0.41
56,000	Li & Fung	225,834	1.02		General Retailers (0.00%, December 2006 – 0.70%)		
	Information Technology Hardware (1.03%, December 2006 – 0.62%)				Health (0.62%, December 2006 – 0.31%)		
230,000	Huabao International Holding	228,565	1.03	60,000	Shandong Wiegao Group Medical	138,331	0.62
	Investment Companies (1.33%, December 2006 – 0.41%)				Life Assurance (0.65%, December 2006 – 0.47%)		
1,550,000	Rexcapital Financial Holdings	296,140	1.33	28,000	China Life Insurance	144,691	0.65
	Media & Photography (0.00%, December 2006 – 0.16%)				Mining (0.54%, December 2006 – 0.10%)		
	Real Estate (1.12%, December 2006 – 0.59%)			37,000	China Coal Energy	116,001	0.52
158,000	Midland Holdings	249,602	1.12	3,000	Xinjiang Xinxin Mining Industry	3,370	0.02
	Support Services (0.98%, December 2006 – 0.59%)				Oil & Gas (0.00%, December 2006 – 0.73%)		
63,000	Ports Design	217,306	0.98		Telecommunication Services (0.00%, December 2006 – 0.35%)		
	Total Bermuda	1,509,747	6.80		Transport (0.00%, December 2006 – 0.28%)		
CAYMAN ISLANDS (7.02%, December 2006 – 5.64%)					Total China	844,188	3.80
	Electronic & Electrical Equipment (0.59%, December 2006 – 0.40%)			HONG KONG (5.16%, December 2006 – 6.40%)			
98,000	AAC Acoustic Technology Holdings	130,940	0.59		Banks (0.60%, December 2006 – 1.60%)		
	Engineering & Machinery (0.00%, December 2006 – 0.31%)			19,441	Bank of East Asia	132,371	0.60
	Food Producers & Processors (0.59%, December 2006 – 0.00%)				Construction & Building Materials (0.00%, December 2006 – 0.42%)		
36,000	China Mengniu Dairy	131,792	0.59		General Retailers (0.00%, December 2006 – 1.90%)		
	Forestry & Paper (0.00%, December 2006 – 0.68%)				Information Technology Hardware (0.00%, December 2006 – 0.15%)		

Far East Fund

Portfolio statement (continued)

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
	Transport (1.58%, December 2006 – 0.00%)				Software & Computer Services (0.41%, December 2006 – 0.00%)		
19	East Japan Railway	156,328	0.70	380	NHN	91,723	0.41
36,000	Sumitomo Warehouse	194,674	0.88		Steel & Other Metals (1.11%, December 2006 – 0.00%)		
	Utilities – Other (0.95%, December 2006 – 0.00%)			400	Posco	245,540	1.11
45,000	Tokyo Gas	209,903	0.95		Total South Korea	1,145,656	5.16
	Total Japan	9,183,720	41.36				
	MALAYSIA (2.22%, December 2006 – 0.23%)				TAIWAN (4.05%, December 2006 – 4.69%)		
	Banks (0.36%, December 2006 – 0.23%)				Electronic & Electrical Equipment (2.71%, December 2006 – 2.52%)		
24,100	Bumiputra-Commerce Holdings	80,196	0.36	113,986	Chroma Ate	230,353	1.04
	Diversified Industrials (0.68%, December 2006 – 0.00%)			24,150	Delta Electronics	82,209	0.37
65,500	KNM Group	151,580	0.68	24,579	Hon Hai Precision Industry	152,951	0.69
	Food Producers & Processors (0.85%, December 2006 – 0.00%)			16,100	Power Technology	57,038	0.26
80,925	IOI	188,501	0.85	21,660	Tripod Technology	78,070	0.35
	Investment Companies (0.33%, December 2006 – 0.00%)				Household Goods & Textiles (0.32%, December 2006 – 0.42%)		
35,200	TA Ann Holdings Berhad	73,474	0.33	42,861	Chong Hong Construction	70,904	0.32
	Total Malaysia	493,751	2.22		Information Technology Hardware (1.02%, December 2006 – 0.78%)		
				39,722	Asustek Computer	119,187	0.53
				8,400	Mediatek	108,814	0.49
					Speciality & Other Finance (0.00%, December 2006 – 0.97%)		
					Total Taiwan	899,526	4.05
	PAKISTAN (0.27%, December 2006 – 0.16%)				THAILAND (0.00%, December 2006 – 0.18%)		
	Banks (0.27%, December 2006 – 0.16%)				Banks (0.00%, December 2006 – 0.18%)		
2,382*	MCB Bank	60,741	0.27				
	Total Pakistan	60,741	0.27		UNITED KINGDOM (0.45%, December 2006 – 0.34%)		
					Banks (0.45%, December 2006 – 0.34%)		
	PHILIPPINES (1.07%, December 2006 – 0.71%)			2,723	Standard Chartered	99,903	0.45
	General Retailers (0.30%, December 2006 – 0.21%)				Total United Kingdom	99,903	0.45
5,028	Ayala	67,108	0.30		Total Value of Investments	22,353,325	100.66
	Telecommunication Services (0.77%, December 2006 – 0.50%)				Net Other Liabilities (December 2006 – (1.01%))	(147,020)	(0.66)
2,240	Philippine Long Distance	171,228	0.77		Net Assets	22,206,305	100.00
	Total Philippines	238,336	1.07				
					ANALYSIS OF INVESTMENTS BY ASSET CLASS		
	SINGAPORE (3.21%, December 2006 – 3.53%)				Equity	21,178,414	94.74
	Banks (0.74%, December 2006 – 1.15%)				Collective Investment Schemes	1,174,911	5.26
12,000	United Overseas Bank	165,581	0.74		Total Value of Investments	22,353,325	100.00
	Engineering & Machinery (1.91%, December 2006 – 2.09%)						
38,000	Keppel	341,112	1.54				
21,789	Wilmar International	81,446	0.37				
	Real Estate (0.36%, December 2006 – 0.29%)						
8,300	City Developments	80,965	0.36				
	Transport (0.20%, December 2006 – 0.00%)						
11,000	Cosco (Singapore)	44,098	0.20				
	Total Singapore	713,202	3.21				
	SOUTH KOREA (5.16%, December 2006 – 4.22%)						
	Banks (1.24%, December 2006 – 1.85%)						
4,840	Shinhan Financial Group	275,919	1.24				
	Construction & Building Materials (0.00%, December 2006 – 0.26%)						
	Engineering & Machinery (1.92%, December 2006 – 1.25%)						
1,880	Daewoo Shipbuilding	103,562	0.47				
1,810	Doosan Infracore	57,679	0.26				
562	Hyundai Heavy Industries	265,488	1.19				
	General Retailers (0.48%, December 2006 – 0.33%)						
843	Hyundai Department Store	105,745	0.48				
	Information Technology Hardware (0.00%, December 2006 – 0.53%)						

*Alternative Investment Market

The calculation of the % Net Asset Value may not add up due to rounding.

Far East Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 14,256,159 and proceeds received from sales were US\$ 19,305,557. The details of the Top 20 purchases and sales are detailed below:

Purchases	Cost US\$	Sales	Proceeds US\$
Mitsubishi	411,188	Wilmar International	408,292
Nissan Motor	344,091	Shionogi	390,346
KDDI	336,243	Nintendo	388,050
Kobe Steel	305,101	Hyundai Heavy Industries	384,733
Tokyo Gas	277,734	Sumitomo Chemical	367,039
Shin Etsu Chemical	273,442	Mitsubishi	365,004
Mitsui	262,080	Zhuzhou	363,737
Sumitomo	261,919	Ricoh	340,454
Mitsui Fudosan	243,659	Showa Denko	335,531
Goldcrest	241,820	Takeda Chemical Industries	323,285
Sumitomo Mitsui Financial Group	240,669	Mitsui Mining	319,115
Yamada Denki	238,775	SMC	317,863
Sumitomo Warehouse	232,140	Pacific Metals Company	305,396
Nidec	231,919	Homeinns & Hotel Management	304,714
Posco	231,333	Chuo Mitsui Trust	303,833
Kyocera	224,309	Toyota Motor	298,974
NTT DoCoMo	222,780	Nippon Mining Holdings	287,482
Hokuriku Electric Power	221,286	Nomura Holdings	284,423
Nippon Electric Glass	221,172	Honda Motor	279,541
Nippon Telegraph & Telephone	217,835	Toc Co. Ltd.	258,622

A full detailed listing of portfolio changes is available from the Manager upon request.

Far East Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	3,909,327	4,266,570
Net gains on investments	<u>3,909,327</u>	<u>4,266,570</u>

3 OTHER LOSSES

	2007 US\$	2006 US\$
Other currency losses	(1,591)	(32,388)
Total other losses	<u>(1,591)</u>	<u>(32,388)</u>

4 INCOME

	2007 US\$	2006 US\$
UK dividends	2,207	625
Overseas dividends	370,344	385,888
Bank interest	2,205	1,165
Miscellaneous income	–	615
Total income	<u>374,756</u>	<u>388,293</u>

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(452,906)	(438,204)
Registration expenses	(8,212)	(8,967)
Directors' periodic charge	(572)	(535)
	<u>(461,690)</u>	<u>(447,706)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(5,539)	(5,203)
Safe custody fees	(19,736)	(5,402)
Transaction charges	(41,227)	(77,000)
	<u>(66,502)</u>	<u>(87,605)</u>
Other expenses:		
Audit fee	(2,173)	(1,552)
Miscellaneous expenses	(21)	(16)
Publication charges	(3,596)	(3,337)
	<u>(5,790)</u>	<u>(4,905)</u>
Total expenses	<u>(533,982)</u>	<u>(540,216)</u>

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(30,436)	(34,600)
United Kingdom income tax	(221)	(62)
Total taxation	<u>(30,657)</u>	<u>(34,662)</u>

7 FINANCE COSTS

Equalisation and Interest

Equalisation represents income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Add: Income deducted on cancellation of shares	–	87
Deduct: Income received on creation of shares	–	(32)
Net equalisation for the period	<u>–</u>	<u>55</u>
Interest	<u>25,716</u>	<u>15,670</u>
Total finance costs	<u>25,716</u>	<u>15,725</u>

8 DEBTORS

	2007 US\$	2006 US\$
Sales awaiting settlement	99,246	77,358
Receivable from the Manager – Nominal Shares	61,697	57,966
Accrued income	20,352	21,169
Total debtors	<u>181,295</u>	<u>156,493</u>

9 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(40,600)	(23,318)
Accrued expenses	(9,880)	(6,580)
Amounts payable to the Manager	<u>(36,482)</u>	<u>(35,080)</u>
Total creditors	<u>(86,962)</u>	<u>(64,978)</u>

10 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 5. A balance of US\$ 35,772 (2006 – US\$ 34,137) in respect of annual management charge, and US\$ 638 (2006 – US\$ 655) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 4,011 (2006 – US\$ 3,835) in respect of safe custody charges and US\$ 435 (2006 – US\$ 409) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 4 and 7.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

Far East Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than US Dollar, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

Net foreign currency assets			
	Monetary exposure	Non-monetary exposure	Total
	US\$	US\$	US\$
Currency 2007			
Australian Dollar	(3,921)	3,043,246	3,039,325
Hong Kong Dollar	(7,791)	4,713,125	4,705,334
Indonesian Rupiah	–	241,890	241,890
Japanese Yen	(32,237)	9,183,721	9,151,484
Korean Won	99,246	1,145,656	1,244,902
Malaysian Ringitt	5,573	493,751	499,324
New Zealand Dollar	133	–	133
Philippine Peso	165	238,336	238,501
Singapore Dollar	3,612	713,202	716,814
Taiwanese Dollar	248,491	899,526	1,148,017
Thai Bhat	110	–	110
UK Sterling	4,768	99,903	104,671
Currency 2006	US\$	US\$	US\$
Australian Dollar	(1,209)	2,195,724	2,194,515
Hong Kong Dollar	13	3,906,511	3,906,524
Indonesian Rupiah	287	373,247	373,534
Japanese Yen	15,680	12,043,293	12,058,973
Korean Won	97	982,040	982,137
Malaysian Ringitt	2,872	52,961	55,833
New Zealand Dollar	122	–	122
Philippine Peso	2,723	166,261	168,984
Singapore Dollar	–	985,399	985,399
Taiwanese Dollar	128,491	1,090,077	1,218,568
Thai Bhat	1,894	41,376	43,270
UK Sterling	(485)	79,397	78,912

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	US\$	US\$	US\$	US\$
Currency 2007				
Australian Dollar	–	–	3,043,246	3,043,246
Hong Kong Dollar	–	–	4,713,125	4,713,125
Indonesian Rupiah	–	–	241,890	241,890
Japanese Yen	–	–	9,190,320	9,190,320
Korean Won	–	–	1,244,902	1,244,902
Malaysian Ringitt	5,573	–	493,751	499,324
New Zealand Dollar	133	–	–	133
Philippine Peso	–	–	238,501	238,501
Singapore Dollar	3,612	–	713,202	716,814
Taiwanese Dollar	248,491	–	899,526	1,148,017
Thai Bhat	110	–	–	110
UK Sterling	4,768	–	99,903	104,671
US Dollar	–	–	1,656,254	1,656,254
Currency 2006	US\$	US\$	US\$	US\$
Australian Dollar	–	–	2,195,724	2,195,724
Hong Kong Dollar	13	–	3,906,511	3,906,524
Indonesian Rupiah	–	–	373,534	373,534
Japanese Yen	1,893	–	12,057,080	12,058,973
Korean Won	–	–	982,137	982,137
Malaysian Ringitt	2,872	–	52,961	55,833
New Zealand Dollar	122	–	–	122
Philippine Peso	2,692	–	166,292	168,984
Singapore Dollar	–	–	985,399	985,399
Taiwanese Dollar	128,491	–	1,090,077	1,218,568
Thai Bhat	1,894	–	41,376	43,270
UK Sterling	–	–	79,397	79,397
US Dollar	–	–	1,719,401	1,719,401

	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
	US\$	US\$	US\$
Currency 2007			
Australian Dollar	(3,921)	–	(3,921)
Hong Kong Dollar	(7,791)	–	(7,791)
Japanese Yen	(38,836)	–	(38,836)
US Dollar	(453,492)	(86,962)	(540,454)
Currency 2006	US\$	US\$	US\$
Australian Dollar	(1,209)	–	(1,209)
UK Sterling	(485)	–	(485)
US Dollar	(462,323)	(64,978)	(527,301)

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

13 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 18 basis points.

14 PORTFOLIO TRANSACTION COSTS

	2007 US\$	2006 US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	14,239,036	16,353,737
Commissions	16,177	37,330
Taxes	725	2,738
Fees	221	595
Total purchase costs	17,123	40,663
Gross purchases total	14,256,159	16,394,400
Analysis of total sale costs		
Gross sales before transaction costs	19,336,063	19,389,354
Commissions	(24,617)	(34,142)
Taxes	(2,324)	(3,412)
Fees	(3,565)	(5,338)
Total sale costs	(30,506)	(42,892)
Total sales net of transaction costs	19,305,557	19,346,462

UK Capital Growth Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth from a portfolio of equities based in the United Kingdom.

Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants and also through fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activity

The UK equity market, as measured by the FTSE All-Share Index, produced a total return of 5.3% in Sterling terms in 2007. However, this performance masked the increased volatility in the second half of the year.

As the year progressed, the economic backdrop deteriorated. Although global economic growth continued to be strong, concerns increased that weakness in the sub-prime part of the US housing market could spread to the wider US economy. This in turn could lead, via reduced demand for their exports, to much weaker growth in the rest of the world, and the Far East in particular. Debate about this so-called 'contagion' increased as the year progressed. Increasingly, it became clear that in a more global world the chances of the Far East 'de-coupling' were slim.

Inflationary pressures continued to mount during the year. The oil price, albeit in depreciating US Dollar terms, increased by approximately 50% during 2007 to around the \$90/barrel level. Metal and agricultural commodity prices also increased significantly during the year.

Thus, the governor of the Bank of England, for the first time since the Bank was granted independence in 1997, was forced to write a formal letter to the government explaining why consumer price inflation had, albeit briefly, exceeded the 3% permitted cap. Such pressures led to three quarter-point hikes in UK interest rates during the year and saw bond yields increase. However, towards the end of the year these trends reversed amid heightened concerns about weaker domestic economic growth. As a result, bond yields fell and interest rates were cut by a quarter-point in December.

Money markets seized up in August and around the world the cost of borrowing increased above 'official' interest rates, as banks fretted about counterparty risk due to their exposure to the US sub-prime housing market. Subsequent concerns about economic growth focused on the link between financial market liquidity and house prices. This represented a complete turnaround in the global liquidity conditions that had fuelled house prices, consumer expenditure and private equity takeover bids in recent years. US house prices registered the first fall in nominal terms since the depression of the 1930s, and in the UK house prices began to weaken in the last quarter of the year. As well as charging more for loans, banks began to restrict the availability of credit as they started to conserve capital to cover the inevitable rise in delinquencies. Although Sovereign Wealth Funds (SWFs) became a significant feature for the first time, they appear a relatively modest positive in the overall context of the credit squeeze.

Against this background, equity market volatility increased and the UK market struggled to make progress.

In response to this changing background, activity within the Fund increased markedly in the second quarter of the year. A more defensive profile was introduced as exposure to financials was reduced and the Fund's existing holdings in more resilient parts of the market were increased.

New holdings added during the year included De La Rue, Diageo, EMAP and Rio Tinto, the latter two benefiting from subsequent bid approaches. The biggest sales during the year were in the property sector. Formerly one of the Fund's largest overweight positions, and one of the most successful, the Fund moved very underweight in property by selling all but a small residual position in St. Modwen Properties, as the sector peaked early in the year. Although never a big participant in new issues, the Fund sold the four in which it had participated in recent years, namely New Star Equity Management and Easyjet (both had virtually doubled), Clipper Windpower (which had trebled) and Safestore Holdings (which was sold at a modest loss).

The largest overweight sector positions continue to be utilities, food retailers, tobacco and now oils, all defensive areas of the market. The largest underweight sectors are banks, food producers and general financials. The Fund remains overweight, albeit to a lesser extent, in medium-sized companies, driven by individual stock opportunities.

Tesco and Pennon Group remain two of the three largest holdings relative to the All-Share Index. The top five positions also include BG Group, British American Tobacco and Standard Chartered, all of which are long standing holdings that have outperformed strongly during the year.

Overall, the Fund performed well during the year, especially in the final quarter. Both stock selection and sector positioning made meaningful contributions. The holding in Autonomy, which was up 86%, was the star performer whilst the big underweight position in financials was the principal contributor at a sector level.

UK Capital Growth Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	12,883,247	35,972,447
Income	3	4,200,274	4,404,164
Expenses	4	(2,529,703)	(2,595,948)
Finance costs: Interest	6	(26,912)	(14,586)
Net income before taxation		1,643,659	1,793,630
Taxation	5	(422,379)	(484,661)
Net income after taxation		1,221,280	1,308,969
Total return before distribution		<u>14,104,527</u>	<u>37,281,416</u>
Finance costs: Distribution	6	(1,238,692)	(1,329,362)
Change in Net Assets attributable to Shareholders		<u>12,865,835</u>	<u>35,952,054</u>

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		113,430,441	125,738,727
Debtors	7	591,848	553,345
Cash and bank balances		1,929,428	1,720,080
Total other assets		2,521,276	2,273,425
Total assets		<u>115,951,717</u>	<u>128,012,152</u>
Liabilities			
Creditors	8	(268,230)	(876,246)
Distribution payable on income shares		(1,070,720)	(1,165,453)
Total liabilities		<u>(1,338,950)</u>	<u>(2,041,699)</u>
Net Assets attributable to Shareholders		<u>114,612,767</u>	<u>125,970,453</u>
Shareholders' Funds			
Nominal Value – Issued Share Capital		471,281	471,281
Share Premium		64,660,650	79,630,047
Capital Reserve		49,480,836	45,869,125
		<u>114,612,767</u>	<u>125,970,453</u>

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	125,970,453	113,419,572
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	1,895,843	1,614,924
Less: Amounts paid on cancellation of shares	(26,119,364)	(25,016,097)
	(24,223,521)	(23,401,173)
Change in Net Assets attributable to Shareholders (see above)	12,865,835	35,952,054
Net Assets at the end of the period	<u>114,612,767</u>	<u>125,970,453</u>

Distribution Table

for the accounting period 1st January 2007 to 31st December 2007

	Income £	Equalisation £	Distribution Payable 2007 £	Distribution Paid 2006 £
Group 1	0.0075	–	0.0075	0.0068
Group 2	0.0045	0.0030	0.0075	0.0068

Group 2 units are those purchased after 16:00 (UK time) on 31st December 2006

UK Capital Growth Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
UNITED KINGDOM (98.97%, December 2006 – 99.82%)				Oil & Gas (19.82%, December 2006 – 15.29%)			
	Aerospace & Defence (3.14%, December 2006 – 2.33%)			207,500	BG Group	4,742,404	4.14
170,000	BAE Systems	1,683,761	1.47	675,000	BP	8,257,797	7.20
22,000	Chemring Group	900,501	0.79	67,500	Hunting	955,459	0.83
92,500	Rolls-Royce Group	1,001,796	0.87	195,000	Royal Dutch Shell	8,109,827	7.08
3,737,000	Rolls-Royce Group B Shares	7,440	0.01	50,000	Tullow Oil	648,022	0.57
	Banks (12.29%, December 2006 – 15.97%)			Personal Care & Household Products (3.19%, December 2006 – 2.25%)			
20,000	Barclays	200,479	0.17	45,000	Reckitt Benckiser	2,603,435	2.27
100,000	HBOS	1,463,275	1.28	100,000	SSL International	1,057,141	0.92
340,000	HSBC	5,692,637	4.97	Pharmaceuticals & Biotechnology (4.73%, December 2006 – 6.09%)			
220,000	Lloyds TSB Group	2,066,204	1.80	13,750	AstraZeneca	592,104	0.52
165,000	Royal Bank of Scotland	1,457,675	1.27	145,000	GlaxoSmithKline	3,689,244	3.22
87,500	Standard Chartered	3,210,494	2.80	50,000	Shire	1,134,784	0.99
	Beverages (2.96%, December 2006 – 1.82%)			Real Estate (0.27%, December 2006 – 3.93%)			
125,000	Diageo	2,685,159	2.34	40,000	St. Modwen Properties	312,962	0.27
25,000	SABMiller	704,263	0.62	Software & Computer Services (1.09%, December 2006 – 1.54%)			
	Chemicals (0.65%, December 2006 – 1.95%)			67,500	Autonomy	1,187,940	1.04
20,000	Johnson Matthey	748,958	0.65	103,000	Blinkx	56,903	0.05
	Construction & Building Materials (1.18%, December 2006 – 2.02%)			Speciality & Other Finance (0.35%, December 2006 – 1.68%)			
105,000	Balfour Beatty	1,039,448	0.91	200,000	Begbies Traynor Group	398,170	0.35
25,000	Bovis Homes Group	306,591	0.27	Support Services (3.20%, December 2006 – 1.22%)			
	Diversified Industrials (0.70%, December 2006 – 0.61%)			75,000	Babcock International Group	840,636	0.73
100,000	Gooch & Housego	796,340	0.70	64,996	De La Rue	1,256,448	1.10
	Electricity (2.75%, December 2006 – 3.68%)			175,000	RPS Group	1,114,876	0.97
32,500	Drax Group	391,451	0.34	50,000	Serco Group	460,135	0.40
80,000	International Power	720,688	0.63	Telecommunication Services (7.88%, December 2006 – 4.86%)			
62,500	Scottish & Southern Energy	2,038,133	1.78	307,500	BT Group	1,669,738	1.46
	Electronic & Electrical Equipment (0.67%, December 2006 – 0.82%)			1,970,000	Vodafone Group	7,361,546	6.42
57,500	Spectris	772,699	0.67	Tobacco (4.90%, December 2006 – 3.37%)			
	Engineering & Machinery (0.63%, December 2006 – 0.89%)			92,000	British American Tobacco	3,599,059	3.14
45,000	Weir Group	723,873	0.63	37,500	Imperial Tobacco	2,020,962	1.76
	Food & Drug Retailers (4.92%, December 2006 – 4.59%)			Transport (1.51%, December 2006 – 4.13%)			
225,000	Morrison (W) Supermarkets	1,437,891	1.26	55,000	FirstGroup	888,019	0.77
442,500	Tesco	4,195,530	3.66	65,000	J Fisher & Sons	842,428	0.74
	Food Producers & Processors (0.50%, December 2006 – 0.00%)			Utilities – Other (3.97%, December 2006 – 3.39%)			
50,000	Dairy Crest Group	577,346	0.50	80,000	Centrica	570,976	0.50
	General Retailers (0.47%, December 2006 – 1.16%)			126,500	National Grid	2,100,367	1.83
166,000	Topps Tiles	537,032	0.47	140,000	Pennon Group	1,874,385	1.64
	Insurance (0.81%, December 2006 – 1.04%)			Total United Kingdom			
315,669	Royal & Sun Alliance	931,362	0.81			113,430,441	98.97
	Investment Companies (0.00%, December 2006 – 0.84%)			Total Value of Investments			
	Leisure Entertainment & Hotels (1.31%, December 2006 – 2.84%)					113,430,441	98.97
125,000	Fuller Smith & Turner	1,505,580	1.31	Net Other Assets (December 2006 – 0.18%)			
	Life Assurance (2.72%, December 2006 – 2.01%)					1,182,326	1.03
195,000	Chesnara	648,320	0.57	Net Assets			
150,000	Friends Provident	485,568	0.42			114,612,767	100.00
315,000	Legal & General	818,389	0.71	The calculation of the % Net Asset Value may not add up due to rounding.			
82,500	Prudential	1,166,962	1.02				
	Media & Photography (1.48%, December 2006 – 1.36%)						
55,000	EMAP	1,006,823	0.88				
47,500	Pearson	692,218	0.60				
	Mining (10.88%, December 2006 – 8.14%)						
47,500	Anglo American	2,911,668	2.54				
32,500	BHP Billiton	999,655	0.87				
60,000	Hochschild Mining	517,223	0.45				
18,000	Lonmin	1,106,952	0.97				
28,000	Rio Tinto	2,963,340	2.58				
125,000	UK Coal	1,144,739	1.00				
40,000	Xstrata	2,826,211	2.47				

UK Capital Growth Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 36,934,468 and proceeds received from sales were US\$ 62,121,997. The details of the Top 20 purchases and sales are detailed below:

Purchases	Cost US\$	Sales	Proceeds US\$
HSBC	2,242,085	HSBC	4,262,642
BT Group	2,008,145	AstraZeneca	3,278,724
Rio Tinto	1,838,634	BP	2,622,654
Diageo	1,823,141	Royal Bank of Scotland	1,990,701
AstraZeneca	1,772,704	Imperial Chemicals Industries	1,987,141
BP	1,479,945	Hanson	1,634,816
Royal Dutch Shell	1,374,387	Anglo American	1,607,071
HBOS	1,326,446	Barclays	1,490,354
Hunting	1,284,643	St. Modwen Properties	1,396,576
Centrica	1,261,119	Lonmin	1,338,500
Lloyds TSB Group	1,246,629	WPP Group	1,306,117
Prudential	1,195,104	Standard Chartered	1,286,372
BHP Billiton	1,194,447	3i Group	1,283,293
EMAP	960,149	Brixton	1,231,974
National Grid	860,897	Enterprise Inns	1,228,442
Pearson	856,818	Intermediate Capital Group	1,181,729
Marks & Spencer	824,540	Xstrata	1,134,248
Bovis Homes Group	729,724	Premier Oil	1,064,465
Lonmin	721,595	FirstGroup	1,017,945
Babcock International Group	716,823	Croda International	1,003,327

A full detailed listing of portfolio changes is available from the Manager upon request.

UK Capital Growth Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	10,707,623	20,145,616
Difference on currency conversion	2,175,624	15,826,831
Net gains on investments	<u>12,883,247</u>	<u>35,972,447</u>

3 INCOME

	2007 US\$	2006 US\$
UK dividends	4,144,923	4,360,019
Bank interest	55,267	40,779
Underwriting commission	–	1,881
Miscellaneous income	84	1,485
Total income	<u>4,200,274</u>	<u>4,404,164</u>

4 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(2,436,563)	(2,521,601)
Registration expenses	(6,691)	(7,554)
Directors' periodic charge	(3,085)	(3,129)
	<u>(2,446,339)</u>	<u>(2,532,284)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(29,367)	(29,595)
Safe custody fees	(5,993)	14,825
Transaction charges	(17,412)	(20,395)
	<u>(52,772)</u>	<u>(35,165)</u>
Other expenses:		
Audit fee	(11,091)	(9,016)
Miscellaneous expenses	(119)	(101)
Publication charges	(19,382)	(19,382)
	<u>(30,592)</u>	<u>(28,499)</u>
Total expenses	<u>(2,529,703)</u>	<u>(2,595,948)</u>

5 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
United Kingdom income tax	(422,379)	(484,661)
Total taxation	<u>(422,379)</u>	<u>(484,661)</u>

6 FINANCE COSTS

Distribution and Interest

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Final	1,070,720	1,165,453
	<u>1,070,720</u>	<u>1,165,453</u>
Add: Income deducted on cancellation of shares	175,770	174,035
Deduct: Income received on creation of shares	(7,798)	(10,126)
Net distribution for the period	<u>1,238,692</u>	<u>1,329,362</u>
Interest	26,912	14,586
Total finance costs	<u>1,265,604</u>	<u>1,343,948</u>

Details of the distribution per share are set out in the table on page 48.

7 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	–	11,715
Receivable from the Manager – Nominal Shares	291,949	252,490
Accrued income	299,899	289,140
Total debtors	<u>591,848</u>	<u>553,345</u>

8 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(49,224)	(657,412)
Accrued expenses	(32,322)	(25,628)
Amounts payable to the Manager	(186,684)	(193,206)
Total creditors	<u>(268,230)</u>	<u>(876,246)</u>

9 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 4. A balance of US\$ 185,352 (2006 – US\$ 190,933) in respect of annual management charge, and US\$ 530 (2006 – US\$ 538) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 4. A balance of US\$ 1,161 (2006 – US\$ 1,365) in respect of safe custody charges and US\$ 2,252 (2006 – US\$ 2,287) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 3 and 6.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

UK Capital Growth Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

10 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

There are no material assets denominated in currencies other than Sterling, which is the base currency in which the Fund is managed.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

	Floating rate financial assets US\$	Fixed rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Currency 2007				
UK Sterling	1,929,428	–	114,022,289	115,951,717
Currency 2006	US\$	US\$	US\$	US\$
UK Sterling	1,720,080	–	126,292,072	128,012,152
	Floating rate financial liabilities US\$	Financial liabilities not carrying interest US\$	Financial liabilities not carrying interest US\$	Total US\$
Currency 2007				
UK Sterling	–	(1,338,950)	(1,338,950)	(1,338,950)
Currency 2006		US\$	US\$	US\$
UK Sterling	–	(2,041,699)	(2,041,699)	(2,041,699)

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

11 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

12 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 7 basis points.

13 PORTFOLIO TRANSACTION COSTS

	2007 US\$	2006 US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	36,724,975	31,199,473
Commissions	33,025	32,492
Taxes	176,468	152,137
Total purchase costs	209,493	184,629
Gross purchases total	36,934,468	31,384,102
Analysis of total sale costs		
Gross sales before transaction costs	62,177,106	51,961,096
Commissions	(54,671)	(37,853)
Taxes	(438)	(296)
Total sale costs	(55,109)	(38,149)
Total sales net of transaction costs	62,121,997	51,922,947

Europe Fund

Fund Investment Report

Investment Policy

To invest primarily for capital growth from a portfolio of European equities.

Types of Investment

Investments are made principally for prospects of capital growth in Continental European stocks, generally in shares of leading European companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of shares and the income from them can go down as well as up.

Portfolio Activities

European stock markets enjoyed a strong year and the Fund gained 9.6% over the period in Sterling terms (0.5% in fund currency terms).

European markets initially saw strong gains following their short correction in February, which was caused by an increase in risk aversion and concerns about rising long-term interest rates in the US. It had also become apparent that the problems in the US housing market were starting to manifest themselves in other areas, predominantly hitting risky loans to lower income consumers. However, the underlying European economy seemed to be on a more solid footing than the US as Continental European economies continued to benefit from strong orders from emerging markets, corporate restructuring and reforms aimed at improving companies' competitiveness.

During this period, the Fund did well and benefited from the strong performance of European steel stocks within the portfolio, which was prompted by better demand conditions and China ceasing its low priced exports. The Fund also gained from a strong performance by Nexans, a cable manufacturer benefiting from infrastructure investment in electricity networks, shipping and cars. MTU Aero Engines Holding (commercial/civil aerospace) performed very well throughout the period as growth was substantially above market expectations in its strong spares business, and the airline market remained robust. Wincor Nixdorf (cash machines) also performed very well, boosted by a good performance in its home market of Europe.

Towards the middle of the year, the Fund lightened its weightings in banks as we found better opportunities elsewhere, but we were also concerned that bad debts could hurt some players. However, the Fund benefited from strong performances from other financials, such as Azimut Holding (Italian fund manager), and the holdings in private banking companies such as EFG International and Julius Baer Holding. Stocks not performing well during this period included Lanxess (chemical company) and Fresenius Medical Care (dialysis company) on concerns over reimbursement.

The fall in the markets from mid-July to mid-August was caused by fears of slowing economic activity in the US and the drying up of liquidity in corporate and asset backed bond markets. This led to fears about European corporate earnings. However, demand in Asia remained very strong and the reduction in US official interest rates in September led to a sharp recovery in equity prices. This was a tough period and the Fund was hurt by its overweight position in temporary employment companies. This sector was adversely affected by the cautious comments from Dutch company Randstad, concerning the US market. Similarly, the overweight position in telecoms proved unhelpful as the sector outperformed after company results did not disappoint the market. On a positive note, the reduced weighting in banks benefited performance as the sector was hit by concerns over investment banks' earnings and credit quality. The Fund's positions in the banking sector were reduced further due to concerns over asset quality and the illiquidity of credit markets. In contrast, the exposure to the food manufacturing sector was increased. With rising input costs there were concerns that margins could come under pressure. However Nestle, the largest company in the sector, managed to improve its margins in the first half, helping to quash these worries. The Fund's exposure to smaller companies was reduced following their strong performance.

European markets fell during the last few months of the year, prompted by fears that the widening of credit spreads would lead to lower economic activity and profit shortfalls. In the banking sector, write-downs to profits following losses in the credit markets were commonplace, and at UBS led to a capital increase. This served to heighten nervousness elsewhere in the equity market. Sectors less dependent on the economic cycle fared better. Hence, utilities and telecoms stocks performed relatively well. Food price inflation also rose during the period and some of the food retailers, such as Jeronimo Martins in Portugal, benefited from this. During this period the Fund's performance was helped by a big underweight position in the banking sector. An increased weighting in telecoms also helped as this sector benefited from evidence that price erosion was less evident in the mobile sector, in particular. Utilities also gained as energy prices rose and the prices charged to customers increased accordingly. The weightings in insurance stocks were reduced due to concerns that some companies may need to write down the value of certain assets.

As we head into 2008, economic growth is expected to slow, prompted by wider credit spreads and in certain countries, lower house prices. This should adversely affect consumer confidence. As such, company profits growth is expected to slow and in some sectors profits are expected to fall short of expectations. It will be important to avoid such situations and consequently the exposure to economy sensitive companies is now lower than in previous years. However, export growth to Asia, the Middle East and parts of Eastern Europe should remain buoyant, so that profits for companies with significant exposure to these regions should continue to be robust. The strength of the Euro means that companies' pricing power is likely to be more important than ever if margins are not to be hit by foreign competition.

Europe Fund

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	10,283,280	23,883,206
Other losses	3	(28,824)	(10,628)
Income	4	1,892,283	1,642,245
Expenses	5	(1,881,167)	(1,714,363)
Finance costs: Interest	7	(34,742)	(39,269)
Net expenses before taxation		(23,626)	(111,387)
Taxation	6	(421,950)	(379,840)
Net expenses after taxation		(445,576)	(491,227)
Total return before distribution		9,808,880	23,381,351
Finance costs: Equalisation	7	(8,497)	(15,527)
Change in Net Assets attributable to Shareholders		9,800,383	23,365,824

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		76,755,896	81,685,572
Debtors	8	68,710	962,988
Cash and bank balances		1,285,460	167,096
Total other assets		1,354,170	1,130,084
Total assets		78,110,066	82,815,656
Liabilities			
Creditors	9	(166,238)	(443,536)
Bank overdrafts		–	(629,190)
Total liabilities		(166,238)	(1,072,726)
Net Assets attributable to Shareholders		77,943,828	81,742,930
Shareholders' Funds			
Nominal Value – Issued Share Capital		104,722	104,722
Share Premium		40,845,717	46,752,986
Capital Reserve		36,993,389	34,885,222
		77,943,828	81,742,930

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	81,742,930	71,157,655
Movement due to sales and repurchases of shares:		
Amounts received on creation of shares	1,544,536	618,986
Less: Amounts paid on cancellation of shares	(15,144,272)	(13,399,535)
	(13,599,736)	(12,780,549)
Change in Net Assets attributable to Shareholders (see above)	9,800,383	23,365,824
Unclaimed distributions	251	–
Net Assets at the end of the period	77,943,828	81,742,930

Distribution Table

There is no distribution for the accounting period 1st January 2007 to 31st December 2007, as expenses exceed income (2006: Nil).

Europe Fund

Portfolio statement

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
AUSTRIA (1.15%, December 2006 – 0.60%)				FRANCE (19.56%, December 2006 – 18.49%)			
	Banks (0.00%, December 2006 – 0.60%)				Banks (2.87%, December 2006 – 2.65%)		
	Electricity (1.15%, December 2006 – 0.00%)			14,064	BNP Paribas	1,525,007	1.96
12,816	Oesterreichische Elektrizitats	896,980	1.15	4,909	Societe Generale	709,685	0.91
	Total Austria	896,980	1.15		Beverages (0.89%, December 2006 – 0.00%)		
				3,000	Pernod Ricard	692,962	0.89
BELGIUM (3.39%, December 2006 – 3.36%)					Chemicals (0.00%, December 2006 – 0.94%)		
	Beverages (1.88%, December 2006 – 1.01%)				Construction & Building Materials (0.00%, December 2006 – 0.67%)		
17,556	Interbrew	1,462,771	1.88		Electricity (2.20%, December 2006 – 0.00%)		
	Chemicals (0.67%, December 2006 – 1.51%)			25,262	Suez	1,719,690	2.20
2,112	Umicore	523,287	0.67		Electronic & Electrical Equipment (0.41%, December 2006 – 3.58%)		
	Food & Drug Retailers (0.84%, December 2006 – 0.84%)			1,504	Alstom	323,156	0.41
2,802	Colruyt	659,555	0.84		Engineering & Machinery (0.58%, December 2006 – 0.55%)		
	Total Belgium	2,645,613	3.39	4,395	Neopost	450,481	0.58
CYPRUS (0.92%, December 2006 – 0.00%)					Food & Drug Retailers (0.00%, December 2006 – 1.59%)		
	Banks (0.92%, December 2006 – 0.00%)				Food Producers & Processors (2.24%, December 2006 – 0.00%)		
39,261	Bank of Cyprus	717,377	0.92	19,465	Groupe Danone	1,746,739	2.24
	Total Cyprus	717,377	0.92		General Retailers (0.00%, December 2006 – 0.70%)		
CZECH REPUBLIC (1.37%, December 2006 – 0.00%)					Health (1.75%, December 2006 – 0.57%)		
	Electronic & Electrical Equipment (1.37%, December 2006 – 0.00%)			21,528	Essilor International	1,368,891	1.75
14,316	CEZ	1,071,872	1.37		Household Goods & Textiles (0.00%, December 2006 – 0.40%)		
	Total Czech Republic	1,071,872	1.37		Insurance (0.89%, December 2006 – 3.14%)		
DENMARK (1.97%, December 2006 – 2.58%)				5,590	Euler Hermes	692,676	0.89
	Chemicals (1.02%, December 2006 – 0.00%)				Oil & Gas (3.91%, December 2006 – 2.27%)		
6,950	Novozymes	791,528	1.02	36,742	Total	3,047,927	3.91
	Insurance (0.00%, December 2006 – 1.86%)				Software & Computer Services (0.52%, December 2006 – 0.00%)		
	Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.72%)			6,837	Dassault Systemes	403,760	0.52
	Transport (0.95%, December 2006 – 0.00%)				Telecommunication Services (1.16%, December 2006 – 0.00%)		
33,800	DSV	740,406	0.95	25,059	France Telecom	901,837	1.16
	Total Denmark	1,531,934	1.97		Utilities – Other (2.14%, December 2006 – 1.43%)		
				18,249	Veolia Environnement	1,665,628	2.14
FINLAND (4.02%, December 2006 – 1.27%)					Total France	15,248,439	19.56
	Automobiles & Parts (0.00%, December 2006 – 0.87%)			GERMANY (15.19%, December 2006 – 18.32%)			
	Engineering & Machinery (1.16%, December 2006 – 0.00%)				Aerospace & Defence (0.00%, December 2006 – 1.62%)		
16,356	Outotec Oyj	898,961	1.16		Automobiles & Parts (0.98%, December 2006 – 0.00%)		
	Information Technology Hardware (2.86%, December 2006 – 0.00%)			5,866	Continental	762,032	0.98
57,556	Nokia	2,231,209	2.86		Banks (0.00%, December 2006 – 1.55%)		
	Oil & Gas (0.00%, December 2006 – 0.40%)				Chemicals (2.20%, December 2006 – 2.26%)		
	Total Finland	3,130,170	4.02	14,635	Bayer	1,333,845	1.71
				7,821	Lanxess	383,101	0.49
					Electronic & Electrical Equipment (0.88%, December 2006 – 1.42%)		
				7,246	Wincor Nixdorf	683,072	0.88

Europe Fund

Portfolio statement

as at 31st December 2007

56

Holding	Investment	Value US\$	% of Net Asset Value	Holding	Investment	Value US\$	% of Net Asset Value
Engineering & Machinery (1.49%, December 2006 – 1.48%)				NORWAY (3.03%, December 2006 – 5.15%)			
4,641	MAN	772,022	0.99	Banks (0.74%, December 2006 – 0.00%)			
12,913	Tognum	387,707	0.50	37,600	Den Norske Bank	574,850	0.74
General Retailers (0.00%, December 2006 – 1.29%)				Oil & Gas (2.29%, December 2006 – 4.29%)			
Health (1.02%, December 2006 – 2.16%)				57,450	Statoil	1,787,346	2.29
25,369	Rhoen-Klinikum	795,068	1.02	Speciality & Other Finance (0.00%, December 2006 – 0.86%)			
Insurance (0.00%, December 2006 – 2.08%)				Total Norway			
Real Estate (0.00%, December 2006 – 1.66%)				<u>2,362,196</u>			
Software & Computer Services (0.00%, December 2006 – 0.77%)				<u>3.03</u>			
Speciality & Other Finance (0.00%, December 2006 – 1.45%)				PORTUGAL (0.69%, December 2006 – 0.00%)			
Steel & Other Metals (0.00%, December 2006 – 0.58%)				Food & Drug Retailers (0.69%, December 2006 – 0.00%)			
Telecommunication Services (1.79%, December 2006 – 0.00%)				68,129	Jeronimo Martins	537,777	0.69
63,653	Deutsche Telekom	1,397,542	1.79	Total Portugal			
Utilities – Other (6.83%, December 2006 – 0.00%)				<u>537,777</u>			
14,678	E.ON	3,123,094	4.01	<u>0.69</u>			
15,677	RWE NVP	2,199,937	2.82	REPUBLIC OF IRELAND (2.63%, December 2006 – 4.02%)			
Total Germany				Banks (0.00%, December 2006 – 0.35%)			
<u>11,837,420</u>				Construction & Building Materials (0.93%, December 2006 – 2.04%)			
<u>15.19</u>				20,760	CRH	723,755	0.93
GREECE (2.50%, December 2006 – 3.56%)				Food Producers & Processors (1.04%, December 2006 – 0.49%)			
Banks (2.50%, December 2006 – 3.06%)				36,897	IAWS Group	811,715	1.04
26,700	EFG Eurobank Ergasias	939,818	1.21	Transport (0.66%, December 2006 – 1.14%)			
26,001	Piraeus Bank	1,009,472	1.29	12,961*	Ryanair Holdings	514,198	0.66
Construction & Building Materials (0.00%, December 2006 – 0.50%)				Total Republic of Ireland			
Total Greece				<u>2,049,668</u>			
<u>1,949,290</u>				<u>2.63</u>			
<u>2.50</u>				SPAIN (10.03%, December 2006 – 4.54%)			
ITALY (0.95%, December 2006 – 5.00%)				Banks (2.20%, December 2006 – 1.62%)			
Banks (0.00%, December 2006 – 1.30%)				34,747	Banco Bilbao Vizcaya Argentaria	850,762	1.09
Information Technology Hardware (0.00%, December 2006 – 0.88%)				39,877	Banco Santander	861,535	1.11
Oil & Gas (0.95%, December 2006 – 1.31%)				Construction & Building Materials (1.07%, December 2006 – 0.00%)			
18,556	Saipem	741,039	0.95	13,055	Tecnicas Reunidas	831,458	1.07
Speciality & Other Finance (0.00%, December 2006 – 1.51%)				General Retailers (1.75%, December 2006 – 0.00%)			
Total Italy				22,230	Inditex	1,365,437	1.75
<u>741,039</u>				Investment Companies (1.16%, December 2006 – 0.00%)			
<u>0.95</u>				13,248	Bolsas & Mercados Espanoles	902,427	1.16
NETHERLANDS (4.25%, December 2006 – 9.08%)				Media & Photography (0.00%, December 2006 – 0.46%)			
Food Producers & Processors (0.00%, December 2006 – 0.53%)				Software & Computer Services (0.00%, December 2006 – 0.58%)			
Information Technology Hardware (1.66%, December 2006 – 1.57%)				Support Services (0.00%, December 2006 – 1.32%)			
40,979	ASML Holding	1,296,867	1.66	Telecommunication Services (3.85%, December 2006 – 0.00%)			
Insurance (0.00%, December 2006 – 0.71%)				92,491	Telefonica	3,002,785	3.85
Steel & Other Metals (0.00%, December 2006 – 1.05%)				Utilities – Other (0.00%, December 2006 – 0.56%)			
Support Services (0.00%, December 2006 – 5.22%)				Total Spain			
Telecommunication Services (2.59%, December 2006 – 0.00%)				<u>7,814,404</u>			
110,848	Koninklijke KPN	2,014,072	2.59	<u>10.03</u>			
Total Netherlands				SWEDEN (4.84%, December 2006 – 4.19%)			
<u>3,310,939</u>				Banks (0.82%, December 2006 – 0.00%)			
<u>4.25</u>				24,900	Skandinaviska Enskilda Banken	635,711	0.82
NETHERLANDS (4.25%, December 2006 – 9.08%)				Engineering & Machinery (0.24%, December 2006 – 1.85%)			
Food Producers & Processors (0.00%, December 2006 – 0.53%)				12,600	Atlas Copco	187,650	0.24

Europe Fund
Portfolio statement (continued)

as at 31st December 2007

Holding	Investment	Value US\$	% of Net Asset Value
	General Retailers (1.24%, December 2006 – 0.50%)		
15,950	Hennes & Mauritz	968,672	1.24
	Information Technology Hardware (0.00%, December 2006 – 1.23%)		
	Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.61%)		
	Telecommunication Services (2.54%, December 2006 – 0.00%)		
212,500	TeliaSonera AB	1,981,037	2.54
	Total Sweden	3,773,070	4.84

SWITZERLAND (21.99%, December 2006 – 19.77%)

	Banks (1.68%, December 2006 – 3.55%)		
21,789	Credit Suisse Group	1,310,314	1.68
	Chemicals (3.96%, December 2006 – 2.25%)		
1,099	Givaudan	1,058,799	1.36
7,097	Lonza Group Registered	860,471	1.10
4,587	Syngenta	1,167,586	1.50
	Electronic & Electrical Equipment (0.00%, December 2006 – 0.79%)		
	Engineering & Machinery (0.62%, December 2006 – 1.34%)		
7,503	Schindler Holdings	482,676	0.62
	Food Producers & Processors (4.95%, December 2006 – 0.84%)		
8,410	Nestle	3,858,092	4.95
	General Retailers (1.58%, December 2006 – 0.00%)		
11,200	Dufry	1,230,352	1.58
	Health (0.00%, December 2006 – 1.26%)		
	Investment Companies (0.00%, December 2006 – 2.39%)		
	Pharmaceuticals & Biotechnology (8.31%, December 2006 – 5.13%)		
17,490	Actelion	801,582	1.03
41,014	Novartis	2,247,320	2.88
19,869	Roche Holdings	3,428,400	4.40
	Speciality & Other Finance (0.00%, December 2006 – 0.50%)		
	Support Services (0.89%, December 2006 – 1.18%)		
581	SGS	692,116	0.89
	Transport (0.00%, December 2006 – 0.54%)		
	Total Switzerland	17,137,708	21.99
	Total Value of Investments	76,755,896	98.48
	Net Other Assets (December 2006 – 0.07%)	1,187,932	1.52
	Net Assets	77,943,828	100.00

*Alternative Investment Market

The calculation of the % Net Asset Value may not add up due to rounding.

Europe Fund

Summary of material portfolio changes

for the accounting period 1st January 2007 to 31st December 2007

The total cost of purchases during the year was US\$ 111,247,940, and proceeds received from sales were US\$ 126,454,663. The details of the Top 20 purchases and sales are detailed below:

Purchases	Cost US\$	Sales	Proceeds US\$
Nestle	3,892,830	Credit Suisse Group	3,229,639
Societe Generale	3,026,566	Carrefour	3,155,062
Telefonica	2,903,597	Societe Generale	3,064,450
E.ON	2,816,763	AXA	2,913,714
Credit Suisse Group	2,790,792	Allianz AG Holding	2,901,781
Nokia	2,232,758	UBS	2,546,727
Novartis	2,228,143	ABB	2,375,919
Roche Holdings	2,225,652	Nexans	2,352,468
Inditex	2,216,034	Schneider Electric	2,321,593
RWE NVP	2,138,742	Trygvesta	1,998,203
Koninklijke KPN	2,033,672	USG People	1,972,913
Teliasonera AB	1,918,284	Banco Bilbao Vizcaya Argentaria	1,932,279
Pernod Ricard	1,881,932	MTU Aero Engines Holding	1,917,937
Carrefour	1,793,037	Fresenius Medical Care	1,879,734
Fresenius	1,687,367	Arcelor Mittal	1,825,991
Groupe Danone	1,638,778	Nokian Renkaat	1,782,175
Suez	1,631,041	Vedior	1,648,831
KloECKner	1,629,094	Ability Group	1,624,280
Arcelor Mittal	1,601,475	Julius Baer Holding	1,618,866
Banco Bilbao Vizcaya Argentaria	1,563,700	Adecco	1,618,177

A full detailed listing of portfolio changes is available from the Manager upon request.

Europe Fund

Notes to the financial statements

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 62.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	1,398,853	15,545,864
Difference on currency conversion	8,884,427	8,337,342
Net gains on investments	<u>10,283,280</u>	<u>23,883,206</u>

3 OTHER LOSSES

	2007 US\$	2006 US\$
Other currency losses	(28,824)	(10,628)
Total other losses	<u>(28,824)</u>	<u>(10,628)</u>

4 INCOME

	2007 US\$	2006 US\$
Overseas dividends	1,845,320	1,631,014
Bank interest	46,446	8,830
Miscellaneous income	517	2,401
Total income	<u>1,892,283</u>	<u>1,642,245</u>

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager:		
Annual management charge	(1,717,033)	(1,555,346)
Registration expenses	(7,299)	(7,502)
Directors' periodic charge	(2,164)	(1,914)
	<u>(1,726,496)</u>	<u>(1,564,762)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustee's fees	(20,834)	(18,331)
Safe custody fees	(22,565)	(4,166)
Transaction charges	(89,631)	(109,644)
	<u>(133,030)</u>	<u>(132,141)</u>
Other expenses:		
Audit fee	(7,924)	(5,524)
Miscellaneous expenses	(129)	(61)
Publication charges	(13,588)	(11,875)
	<u>(21,641)</u>	<u>(17,460)</u>
Total expenses	<u>(1,881,167)</u>	<u>(1,714,363)</u>

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(421,950)	(379,840)
Total taxation	<u>(421,950)</u>	<u>(379,840)</u>

7 FINANCE COSTS

Equalisation and Interest

Equalisation represents income received on the creation of shares and income deducted on the cancellation of shares, and comprises:

	2007 US\$	2006 US\$
Add: Income deducted on cancellation of shares	9,577	16,035
Deduct: Income received on creation of shares	(1,080)	(508)
Net equalisation for the period	<u>8,497</u>	<u>15,527</u>
Interest	34,742	39,269
Total finance costs	<u>43,239</u>	<u>54,796</u>

8 DEBTORS

	2007 US\$	2006 US\$
Sales awaiting settlement	–	897,447
Receivable from the Manager – Nominal Shares	68,710	62,630
Accrued income	–	2,911
Total debtors	<u>68,710</u>	<u>962,988</u>

9 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(9,971)	(300,151)
Accrued expenses	(29,313)	(21,003)
Amounts payable to the Manager	(126,954)	(122,382)
Total creditors	<u>(166,238)</u>	<u>(443,536)</u>

10 RELATED PARTY TRANSACTIONS

Allied Dunbar International Fund Managers Limited is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through creations and paid on cancellations are disclosed in the Statement of Change in Shareholders' Net Assets. The amounts due to/from Allied Dunbar International Fund Managers Limited in respect of share transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts paid to Allied Dunbar International Fund Managers Limited in respect of Fund administration and registrar services are disclosed in Note 5. A balance of US\$ 125,956 (2006 – US\$ 120,820) in respect of annual management charge, and US\$ 527 (2006 – US\$ 549) in respect of registration fees is due at the end of the accounting period.

Amounts paid to BNP Paribas Trust Company (IOM) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 6,175 (2006 – US\$ 11,065) in respect of safe custody charges and US\$ 1,531 (2006 – US\$ 1,447) in respect of trustee services are due at the end of the accounting period.

The Fund receives and pays interest on deposits held with BNP Paribas Securities Services Custody Bank Limited as disclosed in Notes 4 and 7.

Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associate of the Manager acted as principal in all investment transactions.

Europe Fund

Notes to the financial statements (continued)

for the accounting period 1st January 2007 to 31st December 2007

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instrument risks on page 66.

Currency exposures

A substantial proportion of the Net Assets of the Fund are denominated in currencies other than Euro, which is the base currency in which the Fund is managed. This has the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

Net foreign currency assets			
Currency 2007	Monetary exposure US\$	Non-monetary exposure US\$	Total US\$
Czech Krona	12,644	1,071,872	1,084,516
Danish Krone	513,782	1,531,935	2,045,717
Hungarian Forint	17,187	–	17,187
Norwegian Krone	2,890	2,362,195	2,365,085
Swedish Krona	224,152	3,773,070	3,997,222
Swiss Franc	5,004	17,137,708	17,142,712
UK Sterling	16,059	–	16,059
US Dollar	1,703	514,197	515,900
Currency 2006	US\$	US\$	US\$
Danish Krone	104,016	2,105,287	2,209,303
Hungarian Forint	15,600	–	15,600
Norwegian Krone	2,399	4,213,940	4,216,339
Swedish Krona	6,486	3,426,100	3,432,586
Swiss Franc	334,969	16,162,424	16,497,393
UK Sterling	15,789	–	15,789
US Dollar	18,845	930,527	949,372

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and financial liabilities at 31st December 2007 was:

Currency 2007	Floating rate financial assets US\$	Fixed rate financial assets US\$	Financial assets not carrying interest US\$	Total US\$
Czech Krona	12,644	–	1,071,872	1,084,516
Danish Krone	513,782	–	1,531,935	2,045,717
Euro	492,039	–	50,433,629	50,925,668
Hungarian Forint	17,187	–	–	17,187
Norwegian Krone	2,890	–	2,362,195	2,365,085
Swedish Krona	224,152	–	3,773,070	3,997,222
Swiss Franc	5,004	–	17,137,708	17,142,712
UK Sterling	16,059	–	–	16,059
US Dollar	1,703	–	514,197	515,900
Currency 2006	US\$	US\$	US\$	US\$
Danish Krone	104,016	–	2,105,287	2,209,303
Euro	–	–	55,479,274	55,479,274
Hungarian Forint	15,600	–	–	15,600
Norwegian Krone	2,399	–	4,213,940	4,216,339
Swedish Krona	6,486	–	3,426,100	3,432,586
Swiss Franc	3,961	–	16,493,432	16,497,393
UK Sterling	15,789	–	–	15,789
US Dollar	18,845	–	930,527	949,372
Currency 2007	Floating rate financial liabilities US\$	Financial liabilities not carrying interest US\$	Total US\$	
Euro	–	(166,238)	(166,238)	
Currency 2006	US\$	US\$	US\$	
Euro	(629,190)	(443,536)	(1,072,726)	

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value. The basis of valuation is disclosed in Note 1 (5) to the aggregated accounts.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments.

13 STOCKBROKING COMMISSION

The average rate of stockbroking commission for those transactions where commission is paid is 35 basis points.

14 PORTFOLIO TRANSACTION COSTS

	2007 US\$	2006 US\$
Analysis of total purchase costs		
Purchases in period before transaction costs	111,101,159	113,267,390
Commissions	128,751	151,441
Taxes	16,615	31,858
Fees	1,415	3,817
Total purchase costs	146,781	187,116
Gross purchases total	111,247,940	113,454,506
Analysis of total sale costs		
Gross sales before transaction costs	126,607,941	127,055,238
Commissions	(146,480)	(138,170)
Taxes	(1,771)	(5,101)
Fees	(5,027)	(6,246)
Total sale costs	(153,278)	(149,517)
Total sales net of transaction costs	126,454,663	126,905,721

Aggregated Accounts

Statement of Total Return

for the accounting period 1st January 2007 to 31st December 2007

	Notes	2007 US\$	2006 US\$
Net gains on investments during the period	2	66,505,152	109,609,172
Other gains/(losses)	3	28,535	(107,598)
Income	4	14,712,555	14,040,085
Expenses	5	(12,325,103)	(11,741,167)
Finance Cost: Interest		(156,275)	(154,526)
Net income before taxation		2,231,177	2,144,392
Taxation	6	(1,995,849)	(2,033,528)
Net income after taxation		235,328	110,864
Total return before distributions		66,769,015	109,612,438
Finance costs: Distributions		(3,030,127)	(2,973,302)
Change in Net Assets attributable to Shareholders		63,738,888	106,639,136

Balance Sheet

as at 31st December 2007

	Notes	2007 US\$	2006 US\$
Assets			
Portfolio of investments			
		579,527,706	587,332,874
Debtors	7	4,320,352	3,741,675
Cash and bank balances		10,505,793	10,107,097
Total other assets		14,826,145	13,848,772
Total assets		594,353,851	601,181,646
Liabilities			
Creditors	8	(1,419,090)	(2,947,016)
Bank overdrafts		(504,366)	(1,222,196)
Distribution payable on income shares		(1,942,793)	(2,002,808)
Total liabilities		(3,866,249)	(6,172,020)
Net Assets attributable to Shareholders		590,487,602	595,009,626
Shareholders' Funds			
Nominal Value – Issued Share Capital		2,275,194	2,275,194
Share Premium		391,336,377	429,393,038
Capital Reserve		196,876,031	163,341,394
		590,487,602	595,009,626

Statement of Change in Shareholders' Net Assets

for the accounting period 1st January 2007 to 31st December 2007

	2007 US\$	2006 US\$
Net Assets at the start of the period	595,009,626	554,750,603
Movement due to sales and repurchases of shares:		
Amounts receivable on issue of shares	24,124,351	19,752,234
Less: Amounts payable on cancellation of shares	(92,385,544)	(86,132,347)
	(68,261,193)	(66,380,113)
Change in Net Assets attributable to Shareholders (see above)	63,738,888	106,639,136
Unclaimed distributions	281	–
Net Assets at the end of the period	590,487,602	595,009,626

The aggregated financial statements represent the sum of the individual Funds within the Umbrella Company. Further analysis of the Distribution and the Net Asset position can be found within the financial statements of the individual Funds.

The Annual Report and Accounts were approved on behalf of the Directors of Allied Dunbar International Funds Limited by:

Director
12th February 2008

Director
12th February 2008

Notes to the Aggregated Accounts for Allied Dunbar International Funds Limited

Notes to the Aggregated Accounts

for the accounting period 1st January 2007 to 31st December 2007

1 ACCOUNTING POLICIES

- (1) Basis of accounting
The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with applicable United Kingdom Accounting Standards and the Statement of Recommended Practice for Authorised Funds issued by the IMA in December 2005.
- (2) Aggregation
The aggregated accounts represent the sum of the Company's individual Funds.
Further analysis of the Distribution and the Net Asset position can be found within the financial statements of the individual funds.
- (3) Recognition of income
Income is included in the Statement of Total Return as follows:
Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend.
Dividends, interest and other income receivable include any withholding taxes but exclude any other taxes.
Special dividends are treated as a repayment of capital, unless there is sufficient evidence that they should be treated as income.
Stock dividends are recognised as income on the basis of the market value of the shares at the date they are quoted ex-dividend.
Interest on debt securities and bank and short-term deposits is recognised on an earned basis.
In the case of debt securities purchased at a significant discount to the maturity value, the discount is amortised over the life of the security and accounted for as income.
In accordance with the practice followed by investment trusts and as allowed by Financial Reporting Standard 3, revaluations and realisations of investments, including those arising on translation of investments expressed in foreign currencies and bank deposits forming part of the Company's investment portfolio, are treated as transactions on capital account which, whether surpluses or deficiencies, do not form part of, and are not affected in, the income account for the period but are credited or charged to reserves.
- (4) Treatment of expenses (including management expenses)
All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Transaction charges on all funds are added back for the purpose of determining the amount available for distribution.
- (5) Basis of valuation of investments
The investments of the Company are valued at the fair value price (usually bid value) at 16:00 (UK time), being the valuation point on the last working day of the accounting period.
- (6) Exchange Rates
The assets and liabilities in each sub-fund expressed in foreign currencies at the end of the accounting period are translated into each sub-funds functional currency at the exchange rates ruling at 16:00 (UK time), on that date. Revenue items denominated in foreign currency are translated into each sub-funds functional currency at the exchange rates ruling at the date of transaction.
The presentation currency of the Company is US Dollars. The Assets, Liabilities and Revenue items of each sub-fund are translated into US Dollars at the exchange rates ruling at 16:00 (UK time), at the end of each accounting period. Foreign exchange translation adjustments arising from the translation of the sub-funds into the Company's presentation currency are included with 'Net gains on investments'.
- (7) Taxation
The taxation charge represents overseas taxes deducted at source.
- (8) Equalisation
Equalisation is that proportion of the total distribution payment which represents a return of capital.
The payment represents the average amount of income accrued in the price of shares at the dates of purchase, and reflects the fact that the purchase price included an element for income accrued awaiting distribution. Equalisation can only occur on the first distribution following a purchase of shares. The amount is not liable to UK Income Tax and should be deducted from the cost of the shares for Capital Gains Tax purposes.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	2007 US\$	2006 US\$
Non-derivative securities	54,682,736	79,596,203
Difference on currency conversion	11,822,416	30,012,969
Net gains on investments	<u>66,505,152</u>	<u>109,609,172</u>

3 OTHER GAINS/(LOSSES)

	2007 US\$	2006 US\$
Other currency gains/(losses)	28,535	(107,598)
Total other gains/(losses)	<u>28,535</u>	<u>(107,598)</u>

4 INCOME

	2007 US\$	2006 US\$
UK dividends	4,544,177	4,812,772
Overseas dividends	6,587,557	5,975,910
Interest on debt securities	3,163,167	2,783,490
Interest on short term investments	105,470	125,424
Bank interest	311,415	300,520
Exchange gains	-	1,666
Underwriting commission	-	1,881
Miscellaneous income	769	38,422
Total income	<u>14,712,555</u>	<u>14,040,085</u>

5 EXPENSES

	2007 US\$	2006 US\$
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(11,599,312)	(11,131,612)
Registration & general expenses	(59,382)	(64,223)
Directors' periodic charge	(14,999)	(14,055)
	<u>(11,673,693)</u>	<u>(11,209,890)</u>
Payable to the Trustee or associate of the Trustee, and the agents of either of them:		
Trustees' fees	(144,557)	(135,423)
Safe custody fees	(96,511)	39,717
Transaction charges	(255,811)	(306,299)
	<u>(496,879)</u>	<u>(402,005)</u>
Other expenses:		
Audit fee	(57,828)	(40,701)
Miscellaneous expenses	(690)	(1,076)
Publication charges	(94,347)	(87,495)
Exchange losses	(1,666)	-
	<u>(154,531)</u>	<u>(129,272)</u>
Total expenses	<u>(12,325,103)</u>	<u>(11,741,167)</u>

6 TAXATION

	2007 US\$	2006 US\$
Analysis of charge in period:		
Overseas tax	(1,531,553)	(1,490,543)
United Kingdom income tax	(464,296)	(542,985)
Total taxation	<u>(1,995,849)</u>	<u>(2,033,528)</u>

7 DEBTORS

	2007 US\$	2006 US\$
Amounts receivable for issue of shares	795,776	53,758
Sales awaiting settlement	533,279	1,275,363
Accrued income	1,496,691	988,442
Receivable from Manager – Nominal Shares	1,494,606	1,424,112
Total debtors	<u>4,320,352</u>	<u>3,741,675</u>

Notes to the Aggregated Accounts (continued)

8 CREDITORS

	2007 US\$	2006 US\$
Amounts payable for cancellation of shares	(198,395)	(1,391,031)
Purchases awaiting settlement	(137,212)	(568,644)
Accrued expenses	(153,107)	(107,773)
Amounts payable to Fund Manager	(930,376)	(879,568)
Total creditors	<u>(1,419,090)</u>	<u>(2,947,016)</u>

9 MATERIAL CONTRACTS

Management and Trustee and Investment Advisory Agreements

The following contracts which are or may be significant have been entered into the date by the company:

- a) Management Agreement dated 29th December 1989 (as amended) between the Company and the Manager whereby the latter has been appointed to act as the Manager in accordance with the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005. The activities of the Manager include managing the Company's business, investments and administrative affairs and distributing and promoting the distribution of its Participating Redeemable Preference Shares including by way of offer for sale, subject to the overall supervision of the Directors. The Regulations allow for the delegation of the Manager's functions.

The Manager's remuneration comes from two principal sources:

- i) The Manager is entitled to retain the amount which is the difference between the proceeds for the Participating Shares sold to the applicant and the cost of the Manager of those shares.
 - ii) A management charge payable monthly at an annual rate of 1.95% of the underlying property of the Investment Fund (calculated on an offer basis) for all Investment funds except the Gilt and Income which has a rate of 1.25% and the Managed Currency Fund which has a rate of 1%.
- b) The principal activities of the Investment Adviser are the giving of investment advice and the provision of discretionary and non-discretionary Investment Management Services to Companies in the Zurich Financial Services Group. Under an agreement dated 14th November 1995 between the Manager and the Investment Adviser to advise the Manager in relation to the investment of the property of the Funds.
- c) The Trustee Agreement dated 29th December 1989 between the Company and the Trustee whereby the Trustee has agreed to provide trustee services to the Company in accordance with the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005. The Articles of Association Authorise payments to the trustee to be paid out of the property of the scheme. The Trustee's remuneration is calculated on a daily basis and paid monthly.

During the year the Trustee's fees were calculated as follows:

First £20m of the aggregate value	0.10%
Next £40m of the aggregate value	0.04%
Balance	0.01%

The trustee's fees are subject to a minimum annual fee of £6,000.

On 29th June 2007 the sale of the Trustees parent company (RBSI Securities Services (Holdings) Limited) to BNP Paribas Securities Services (Holdings) Limited was completed and on 12th July 2007 the Trustees' name was changed to BNP Paribas Trust Company (IOM) Limited.

10 SHAREHOLDERS' FUNDS

Authorised Share Capital	2007 US\$	2006 US\$
Management Shares: 10 of US\$ 1 each	10	10
Unclassified Shares: 1,000,000,000 of US\$ 0.0025 each	<u>2,500,000</u>	<u>2,500,000</u>
	<u>2,500,010</u>	<u>2,500,010</u>

The Management Shares have been issued and fully paid up and are held by Allied Dunbar International Fund Managers Limited.

The Unclassified Shares are termed as such, pending issue. They may be issued as Participating Redeemable Preference Shares ('Participating Shares') or as Nominal Shares.

Participating Shares may be issued and redeemed at prices based on the value of the Net Assets of the Company attributable to the appropriate Fund as determined in accordance with its Articles of Association and the Regulations. On redemption of a Participating Share, a Nominal Share may be issued to the Manager for cash at par on the basis of one Nominal Share for each share redeemed. Nominal Shares may subsequently be converted and reissued as Participating Shares.

There are no pre-emption rights on the issue or transfer of Participating Shares in the Company.

The holders of a Participating Share of any class or a Management Share are entitled to one vote. The Management Shares do not carry any right to dividends and in the event of a winding up, rank only for the return of paid up capital.

Share Premium

The Share Premium Account is made up of the difference between proceeds of issue and the nominal value of the total shares in issue.

10 SHAREHOLDERS' FUNDS (continued)

	No. of Shares	Aggregated Total US\$	Managed US\$	Worldwide Equity US\$
(a) Management Shares of US\$ 1 each fully paid Balance as at 31.12.07 and 31.12.06	10	10	10	
(b) Nominal and Participating Redeemable Preference Shares of US\$ 0.0025 each fully paid Balances as at 01.01.07 Issued/(Redeemed) during the year Balances as at 31.12.07		2,275,184 – 2,275,184	577,975 – 577,975	241,996 – 241,996
Number of Nominal and Participating Redeemable Shares Balances as at 01.01.07 Issued/(Redeemed) during the year Balances as at 31.12.07	910,073,574 – 910,073,574		231,189,915 – 231,189,915	96,797,669 – 96,797,669
Share Premium Balances as at 01.01.07 Premium relating to shares Issued/(Redeemed) during the year Balances as at 31.12.07		429,393,038 (38,056,661) 391,336,377	69,568,137 468,339 70,036,476	52,004,470 (8,665,187) 43,339,283
Capital Reserve Realised Reserve Balances as at 01.01.07 Movement for year Balances as at 31.12.07		385,392,082 62,824,050 448,216,132	112,519,690 10,676,565 123,196,255	59,394,951 10,609,325 70,004,276
Unrealised Reserve Balances as at 01.01.07 Movement for year Balances as at 31.12.07		(222,050,688) (29,289,413) (251,340,101)	(78,681,648) (4,762,841) (83,444,489)	(38,812,095) (3,589,917) (42,402,012)
Total of Capital Reserve as at 31.12.07		196,876,031	39,751,766	27,602,264
Total of Capital Reserve as at 31.12.06		163,341,394	33,838,042	20,582,856

Notes to the Aggregated Accounts (continued)

Managed Currency US\$	Gilt and Income US\$	North American Growth US\$	Far East US\$	UK Capital Growth US\$	Europe US\$
63,802	619,054	118,696	77,658	471,281	104,722
–	–	–	–	–	–
63,802	619,054	118,696	77,658	471,281	104,722
25,521,230	247,621,578	47,478,545	31,063,268	188,512,450	41,888,919
–	–	–	–	–	–
25,521,230	247,621,578	47,478,545	31,063,268	188,512,450	41,888,919
2,141,261	34,776,833	127,740,562	16,778,742	79,630,047	46,752,986
(177,497)	3,967,646	(10,223,717)	(2,549,579)	(14,969,397)	(5,907,269)
1,963,764	38,744,479	117,516,845	14,229,163	64,660,650	40,845,717
2,820,557	4,480,765	57,077,926	32,729,423	43,981,903	72,386,867
14	(1,577,976)	8,142,117	3,039,411	17,222,844	14,711,750
2,820,571	2,902,789	65,220,043	35,768,834	61,204,747	87,098,617
(2,711,477)	1,558,093	(41,462,186)	(26,326,952)	1,887,222	(37,501,645)
(45,148)	907,467	5,958,140	(1,542,398)	(13,611,133)	(12,603,583)
(2,756,625)	2,465,560	(35,504,046)	(27,869,350)	(11,723,911)	(50,105,228)
63,946	5,368,349	29,715,997	7,899,484	49,480,836	36,993,389
109,080	6,038,858	15,615,740	6,402,471	45,869,125	34,885,222

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing their investment objectives, each of the Funds may hold a number of financial instruments. These financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Funds' operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

The main risks arising from financial instruments and the Manager's policies for managing these risks are stated below. These policies have been applied throughout the period under review.

These policies have been consistent for both the current and prior period to which these financial statements relate.

Market price risk

Market price risk is the risk that the value of the Funds' investment will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Funds might hold. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Funds' investment portfolios are exposed to market price fluctuations, which are monitored by the Manager in pursuance of their investment objectives and policies as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Services Authorities Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security issuer.

Foreign currency risk

Foreign currency risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

For those Funds where a portion of the investment portfolio is invested in overseas securities the balance sheet can be affected by movements in exchange rates. The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies.

Interest rate risk

Interest rate risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in interest rates.

Some of the Funds invest in fixed and floating rate securities. The income of these Funds may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rate profile for the relevant Funds is shown in their notes to the financial statements, contained within the full accounts.

Liquidity risk

The assets of the Funds comprise mainly readily realisable securities. The main liability of the Funds is the redemption of any shares that investors wish to sell. Assets from a Fund may need to be sold if insufficient cash is available to finance such redemptions.

Credit risk

Certain transactions in securities that the Funds enter into expose them to risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in broker's financial ratings are reviewed.

The value of Funds' investments will be adversely impacted in the event of the default or perceived increased credit risk of an issuer.

Derivatives

The Funds also enter into derivative transactions in the form of forward foreign currency contracts. The purpose of this financial instrument is efficient portfolio management. Forward currency contracts are used to manage currency risk arising from holdings of overseas securities.

The Company does not hold any derivatives as at the period end.

Comparative Tables

	Value of property of the fund on a bid basis	*Cancellation price per share	Shares in issue	Calendar Year	Net per share	Highest offer share price	Lowest bid share price
Managed Fund (US\$)							
for the year ending 31st December 2005	93,657,725	1.3869	67,530,231	1997	0.0068	1.1210	0.9006
for the year ending 31st December 2006	103,984,164	1.5861	65,560,476	1998	0.0159	1.2155	0.9232
for the year ending 31st December 2007	110,366,227	1.7671	62,455,079	1999	0.0058	1.4307	1.0998
				2000	0.0027	1.4988	1.1749
				2001	0.0075	1.2998	0.9708
				2002	0.0067	1.1410	0.8636
				2003	0.0061	1.2130	0.8720
				2004	0.0046	1.3480	1.0590
				2005	-	1.4690	1.2430
				2006	-	1.6690	1.3700
				2007	0.0025	1.9150	1.5470
Worldwide Equity Fund (US\$)							
for the year ending 31st December 2005	69,756,017	1.4685	47,500,088	1997	-	1.3420	1.0580
for the year ending 31st December 2006	72,829,322	1.7368	41,933,885	1998	0.0010	1.4470	1.0650
for the year ending 31st December 2007	71,183,543	1.9752	36,038,389	1999	-	1.7440	1.3070
				2000	-	1.8060	1.3110
				2001	-	1.4810	0.9748
				2002	-	1.2410	0.8212
				2003	-	1.2030	0.7854
				2004	-	1.3700	1.0740
				2005	-	1.5620	1.2470
				2006	-	1.8310	1.4350
				2007	-	2.1830	1.6780
Managed Currency Fund (US\$)							
for the year ending 31st December 2005	2,650,178	0.3702	7,159,171	1997	0.0182	0.3609	0.3363
for the year ending 31st December 2006	2,314,143	0.3709	6,240,086	1998	0.0228	0.3647	0.3352
for the year ending 31st December 2007	2,091,512	0.3712	5,633,985	1999	0.0160	0.3601	0.3366
				2000	0.0163	0.3634	0.3365
				2001	0.0080	0.3634	0.3368
				2002	0.0006	0.3589	0.3370
				2003	-	0.3806	0.3385
				2004	0.0009	0.3962	0.3569
				2005	0.0070	0.3898	0.3650
				2006	0.0147	0.3905	0.3637
				2007	0.0148	0.3905	0.3615
Gilt and Income Fund (£)							
for the year ending 31st December 2005	24,730,162	0.3009	82,178,169	1997	0.0238	0.2993	0.2525
for the year ending 31st December 2006	21,192,718	0.2902	73,040,145	1998	0.0233	0.3396	0.2746
for the year ending 31st December 2007	22,468,736	0.2905	77,346,139	1999	0.0269	0.3371	0.2898
				2000	0.0147	0.3212	0.2844
				2001	0.0155	0.3252	0.2856
				2002	0.0142	0.3194	0.2861
				2003	0.0127	0.3252	0.2836
				2004	0.0112	0.3112	0.2795
				2005	0.0096	0.3183	0.2835
				2006	0.0101	0.3248	0.2859
				2007	0.0105	0.3086	0.2681
North American Growth Fund (US\$)							
for the year ending 31st December 2005	139,636,434	3.1297	44,616,450	1997	-	1.9100	1.3490
for the year ending 31st December 2006	143,474,998	3.4636	41,424,250	1998	-	2.4350	1.6870
for the year ending 31st December 2007	147,351,538	3.8534	38,239,173	1999	-	4.3130	2.2960
				2000	-	5.5400	3.5440
				2001	-	4.0400	2.4410
				2002	-	3.1490	2.0730
				2003	-	2.8880	1.9970
				2004	-	3.1850	2.6070
				2005	-	3.3670	2.8230
				2006	-	3.6840	2.9270
				2007	-	4.2580	3.3410
Far East Fund (US\$)							
for the year ending 31st December 2005	22,001,441	2.4602	8,943,058	1997	-	2.9620	1.7510
for the year ending 31st December 2006	23,258,871	2.9529	7,876,730	1998	0.0056	2.0800	1.3730
for the year ending 31st December 2007	22,206,305	3.4782	6,384,424	1999	-	3.1167	1.5990
				2000	-	3.2128	1.8901
				2001	-	2.1081	1.3070
				2002	-	1.6950	1.1890
				2003	-	1.8580	1.1500
				2004	-	2.1070	1.5910
				2005	-	2.7170	1.8290
				2006	-	3.1180	2.3460
				2007	-	3.9930	2.8640
UK Capital Growth Fund (£)							
for the year ending 31st December 2005	66,041,442	0.6277	105,207,332	1997	0.0063	0.5150	0.3822
for the year ending 31st December 2006	64,367,519	0.7355	87,516,605	1998	0.0068	0.6111	0.4526
for the year ending 31st December 2007	57,569,765	0.8026	71,733,008	1999	0.0056	0.6873	0.5306
				2000	0.0033	0.7371	0.5904
				2001	0.0064	0.6656	0.4638
				2002	0.0065	0.5845	0.4019
				2003	0.0076	0.5175	0.3599
				2004	0.0075	0.5677	0.4685
				2005	0.0063	0.6714	0.5231
				2006	0.0068	0.7909	0.6225
				2007	0.0075	0.8742	0.7234
Europe Fund (EUR)							
for the year ending 31st December 2005	60,293,828	3.0426	19,816,855	1997	-	1.8631	1.1739
for the year ending 31st December 2006	61,998,793	3.6823	16,837,093	1998	-	2.6122	1.5359
for the year ending 31st December 2007	53,321,906	3.7017	14,404,899	1999	-	3.1015	1.9777
				2000	-	3.8475	2.7098
				2001	-	2.7350	1.9669
				2002	-	2.7340	1.6920
				2003	0.0022	2.2750	1.4750
				2004	-	2.4890	2.0860
				2005	-	3.2240	2.3430
				2006	-	3.8850	2.9030
				2007	-	4.3800	3.5520

*This calculation is based on an accounting valuation and may differ to the actual published daily price.

Performance Table to 31st December 2007

Growth % per annum compound to
31st December 2007 on an Offer to Offer basis

	2007		2006		2005		2004		2003	
	Denom-ination %	£ Equiv %	Denom-ination %	£ Equiv %	Denom-ination %	£ Equiv %	Denom-ination %	£ Equiv %	Denom-ination %	£ Equiv %
Fund: Managed (US\$) Fund Size: 110.37m Offer Price 31st December 2007: 1.8580 Yield %: 0.37	+11.6	+9.4	+14.6	+0.7	+7.1	+20.2	+12.7	+4.2	+24.8	+12.7
Fund: Worldwide Equity (US\$) Fund Size: 71.18m Offer Price 31st December 2007: 2.0830 Yield %: 0.00	+13.8	+11.5	+18.4	+4.1	+12.8	+26.7	+13.9	+5.3	+27.9	+15.5
Fund: Managed Currency (US\$) Fund Size: 2.09m Offer Price 31st December 2007: 0.3894 Yield %: 0.18	+3.8	+1.7	+3.8	-8.8	+0.5	+12.8	+2.3	-5.5	+6.8	-3.5
Fund: Gilt and Income (£) Fund Size: 22.47m Offer Price 31st December 2007: 0.3086 Yield %: 3.38	-	+3.9	-	-0.3	-	+6.6	-	+4.8	-	+2.5
Fund: North American Growth (US\$) Fund Size: 147.35m Offer Price 31st December 2007: 4.0650 Yield %: 0.00	+11.2	+9.0	+10.7	-2.7	+3.6	+16.3	+10.5	+2.1	+24.9	+12.8
Fund: Far East (US\$) Fund Size: 22.21m Offer Price 31st December 2007: 3.6800 Yield %: 0.00	+18.0	+15.7	+20.5	+5.8	+23.4	+38.5	+12.9	+4.4	+37.0	+23.7
Fund: UK Capital Growth (£) Fund Size: 57.57m Offer Price 31st December 2007: 0.8577 Yield %: 0.88	-	+10.0	-	+18.5	-	+19.6	-	+11.3	-	+16.7
Fund: Europe (EUR) Fund Size: 53.32m Offer Price 31st December 2007: 3.9050 Yield %: 0.31	+0.5	+9.6	+21.3	+19.0	+28.3	+24.4	+10.3	+10.4	+17.1	+27.1

Total Funds under Management: US\$ 590.49m

You should bear in mind that the value of shares and the income from the Funds can go down as well as up. These figures, whilst illustrating past performance, should not be taken as a guide to future performance. Different financial conditions will mean that future investment performance may be better or worse.

Further Information

Taxation

The Company is resident in the Isle of Man and, as such, is liable to Manx Income Tax on profits after deduction of dividends payable. The Company intends to distribute all its net income as dividends and thus no charge to Manx Income Tax is expected to accrue.

The Company has been granted Approved Investment Company status in the Isle of Man under an Extra-Statutory Concession enabling it to pay all dividends to non-residents without deduction of tax at source.

Directors' fees

Each Director is entitled to an equivalent payment in Sterling for Directors' fees of US\$ 7,500 per annum. All Directors, except the non-executive Directors, waive their rights to any Director's fees.

Approval of Accounts

The Accounts were approved by the Board of Directors on 12th February 2008.