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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
Director of Allied Dunbar
International Fund Managers Limited

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)

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:

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

(With effect from 12th July 2007)

BNP Paribas Trust Company (IOM) Limited
PO Box 57
Royal Bank House
2 Victoria Street
Douglas
Isle of Man IM99 2PG

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

This Interim Report and Accounts contains the financial statements for the six months ended 30th June 2007 and also an analysis of each Fund including a portfolio statement.

A review of the period, 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.

21st August 2007

Investment Report

Market Overview

Review

After a subdued first quarter, world equity markets performed strongly during the second quarter, led higher by the Asian and Latin American markets as confidence in a sustained economic cycle strengthened. The MSCI World Index rose by 10.2% in US Dollar terms during the first half of the year, and by 7.5% in Sterling terms.

Global economic performance remains good, with healthy growth in all regions, although particularly within the developing economies of China, India and Brazil. Inflation remains a risk with commodity and energy prices continuing to increase, prompting central banks to raise rates in an attempt to head off inflationary pressures. The Chinese authorities have also tightened fiscal conditions, to cool off activity and prevent the economy overheating.

The corporate sector remains healthy with strong earnings and cash generation, and company results are generally exceeding expectations. Both the energy and materials sectors were strong during the first half of the year, pushed higher by demand growth and the rise in commodity prices. Concerns that rising interest rates in the US might lead to an increase in bad debts and potential contagion from sub-prime mortgage defaults caused global financials to weaken during the period. Merger and acquisition activity continues to run at record rates, fuelled by large scale buying from private equity companies and the strong balance sheets of industry leaders. This is continuing to underpin global equity markets.

Turning to bonds, continuing strong global growth put upward pressure on bond yields in the first half of the year. The associated fall in prices produced disappointing returns during the reporting period.

US government bonds returned 0.45% in US Dollar terms as expectations for interest rate cuts in 2007 were pared back. The ongoing weakness in the US housing sector appears to have had little knock-on effect to other areas of the economy and unemployment has remained low, causing the Federal Reserve to highlight inflationary pressures in official statements. UK gilts produced a return of -3.61% in Sterling terms as rising inflation fears led the Bank of England to increase interest rates by a further 0.50% in the first half of the year. Expectations of more rate increases continue to undermine the gilt market. European bond markets returned -1.1% in Euro terms as the Eurozone's strong economic recovery continued, allowing the European Central Bank to increase interest rates by a further 0.50% and also signal its intentions to continue to raise rates. The Japanese bond market produced a return of -0.78% as the economy maintained its strong momentum, boosted by robust global growth, leading the Bank of Japan to raise interest rates by 0.25%.

Outlook

We remain positive on the outlook for equities, reflecting our expectations for robust economic growth in all regions and attractive company valuations. Corporate earnings remain strong, underpinning valuations and returns to shareholders via dividends and share buybacks. Risk factors remain in the US sub-prime mortgage market and the potential knock-on effects to other parts of the financial system, along with higher interest rates in the UK and Europe as central banks in both regions attempt to curb inflationary pressures.

Government bonds look better value with yields around 5% in both the UK and US. Some consolidation is anticipated at these yield levels. With the Federal Reserve seen as leaving rates on hold for the rest of the year, sustained volatility in credit markets is likely to continue to drive government bond yield ranges. The recent widening in corporate bond yield spreads should soften corporate takeover activity in the coming months. In the absence of inflationary pressures coming through we anticipate the market preparing for a cut in Federal Reserve funds in 2008. In the UK and Europe, bond yields are less likely to fall as much given the central banks are still raising rates in response to firmer levels of economic activity.

Report of the Manager

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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 5, 15, 23, 27, 32, 38, 46 and 52.

The investment activities of the Company to 30th June 2007 are described in the Investment Report by the Investment Advisers on pages 5, 15, 23, 27, 32, 38, 46 and 52. The following amounts have been paid and/or accumulated for distribution to holders of Participating Redeemable Preference Shares in respect of the six months ended 30th June 2007. Where negative, the deficit has been transferred to the capital reserve.

| Investment Class | XD Date | Amount Due/ (Deficit) US\$ | Payment Date |
|-----------------------|----------|----------------------------------|-----------------|
| Managed | 1.7.2007 | 157,193 | 31.8.2007 |
| Worldwide Equity | 1.1.2008 | – | 28.2.2008 |
| Managed Currency | 1.7.2007 | 40,967 | 31.8.2007 |
| Gilt and Income | 1.7.2007 | 705,180 | 31.8.2007 |
| North American Growth | 1.1.2008 | – | 28.2.2008 |
| Far East | 1.1.2008 | – | 28.2.2008 |
| UK Capital Growth | 1.1.2008 | – | 28.2.2008 |
| Europe | 1.1.2008 | – | 28.2.2008 |

The total number and mid market value of Participating Redeemable Preference Shares as at 1st January 2007 and 30th June 2007 were as follows:

| Investment Class | Shares in Issue | | Mid Market Value Per Share (US\$) | |
|-----------------------|-----------------|------------|--------------------------------------|------------|
| | 1.1.2007 | 30.06.2007 | 1.1.2007 | 30.06.2007 |
| Managed | 65,560,476 | 63,965,977 | 1.6225 | 1.7220 |
| Worldwide Equity | 41,933,885 | 39,183,975 | 1.7810 | 1.9510 |
| Managed Currency | 6,240,086 | 5,662,914 | 0.3808 | 0.3797 |
| Gilt and Income | 73,040,145 | 68,838,224 | 0.5870 | 0.5647 |
| North American Growth | 41,424,250 | 39,110,104 | 3.5555 | 3.8775 |
| Far East | 7,876,730 | 6,950,853 | 3.0290 | 3.3825 |
| UK Capital Growth | 87,516,605 | 79,574,389 | 1.4938 | 1.6370 |
| Europe | 16,837,093 | 15,364,674 | 4.9844 | 5.5992 |

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 62.

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

Director
21st August 2007

Director
21st August 2007

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

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

After a subdued first quarter, world equity markets performed strongly during the second quarter, led higher by the Asian and Latin American markets as confidence in a sustained economic cycle strengthened. The MSCI World Index rose by 10.2% in US Dollar terms during the first half of the year, and by 7.5% in Sterling terms.

Global economic performance remains good, with healthy growth in all regions, although particularly within the developing economies of China, India and Brazil. Inflation remains a risk with commodity and energy prices continuing to increase, prompting central banks to raise rates in an attempt to head off inflationary pressures. The Chinese authorities have also tightened fiscal conditions, to cool off activity and prevent the economy overheating.

The corporate sector remains healthy with strong earnings and cash generation, and company results are generally exceeding expectations. Both the energy and materials sectors were strong during the first half of the year, pushed higher by demand growth and the rise in commodity prices. Concerns that rising interest rates in the US might lead to an increase in bad debts and potential contagion from sub-prime mortgage defaults caused global financials to weaken during the period. Merger and acquisition activity continues to run at record rates, fuelled by large scale buying from private equity companies and the strong balance sheets of industry leaders. This is continuing to underpin global equity markets.

Equity markets continue to look attractive. The outlook for economic growth and corporate profits is positive and valuations remain reasonable. The Fund's exposure to Japan was reduced during the period and the portfolio is now underweight. Although economic and corporate performance is good, the market itself remains under pressure from selling by domestic institutions. Elsewhere, as confidence improved, the Fund's positions in continental Europe and Asia were extended. The holdings in the energy sector were reduced in strength on less compelling valuations and the proceeds were reinvested in the commodity sector where the fundamentals remain very attractive. Financials were reduced as fears increased of bad debts and defaults. We increased the exposure to retail and technology stocks, as we were able to find attractively valued growth companies in niche market positions.

Turning to bonds, continuing strong global growth put upward pressure on bond yields in the first half of the year. The associated fall in prices has produced disappointing returns during the first half of 2007.

US government bonds returned 0.45% in US Dollar terms as expectations for interest rate cuts in 2007 were pared back. The ongoing weakness in the US housing sector appears to have had little knock-on effect to other areas of the economy and unemployment has remained low, causing the Federal Reserve to highlight inflationary pressures in official statements. UK gilts produced a return of -3.61% in Sterling terms as rising inflation fears led the Bank of England to increase interest rates by a further 0.50% in the first half of the year. Expectations of more rate increases continue to undermine the gilt market. European bond markets returned -1.1% in Euro terms as the Eurozone's strong economic recovery continued, allowing the European Central Bank to increase interest rates by a further 0.50% and also signal its intentions to continue to raise rates. The Japanese bond market produced a return of -0.78% as the economy maintained its strong momentum, boosted by robust global growth, leading the Bank of Japan to raise interest rates by 0.25%.

The Fund benefited from an underweight position in Japanese bonds and a relatively small exposure to the Yen. The overweight position in US bonds versus those in Japan and Europe allowed the Fund to take advantage of the US market's outperformance. Overall though, the rise in yields was the main determinant of low absolute returns for this element of the Fund.

Managed Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|------------------|------------------|
| Net gains on investments during the period | 2 | 6,188,601 | 5,042,472 |
| Other gains/(losses) | 3 | 15,181 | (43,403) |
| Income | 4 | 1,444,032 | 1,123,378 |
| Expenses | 5 | (1,120,813) | (972,645) |
| Finance costs: Interest | 7 | (7,081) | (12,586) |
| Net income before taxation | | 316,138 | 138,147 |
| Taxation | 6 | (174,041) | (162,194) |
| Net income/(expenses) after taxation | | 142,097 | (24,047) |
| Total return before distribution | | 6,345,879 | 4,975,022 |
| Finance costs: Distribution | 7 | (160,237) | (621) |
| Change in Net Assets attributable to Shareholders | | 6,185,642 | 4,974,401 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 106,113,364 | 100,301,056 |
| Debtors | 8 | 1,912,655 | 835,131 |
| Cash and bank balances | | 654,585 | 3,435,904 |
| Total other assets | | 2,567,240 | 4,271,035 |
| Total assets | | 108,680,604 | 104,572,091 |
| Liabilities | | | |
| Creditors | 9 | (452,475) | (587,927) |
| Bank overdrafts | | (526,964) | – |
| Distribution payable on income shares | | (157,193) | – |
| Total liabilities | | (1,136,632) | (587,927) |
| Net Assets attributable to Shareholders | | 107,543,972 | 103,984,164 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 577,985 | 577,985 |
| Share Premium | | 69,716,059 | 69,568,137 |
| Capital Reserve | | 37,249,928 | 33,838,042 |
| | | 107,543,972 | 103,984,164 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|--------------------|
| Net Assets at the start of the period | 103,984,164 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 2,573,447 |
| Less: Amounts paid on cancellation of shares | (5,199,281) |
| | (2,625,834) |
| Change in Net Assets attributable to Shareholders (see above) | 6,185,642 |
| Net Assets at the end of the period | 107,543,972 |

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 | – |

Managed Fund Portfolio statement

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value | |
|---|---|------------------|----------------------------|---|---|--|----------------------------|------|
| AUSTRALIA (2.06%, December 2006 – 1.54%) | | | | FINLAND (1.90%, December 2006 – 0.32%) | | | | |
| | Engineering & Machinery (0.36%, December 2006 – 0.00%) | | | | Government Bonds (1.47%, December 2006 – 0.00%) | | | |
| 208,646 | Boart Longyear Group | 393,546 | 0.36 | 605,000 | Finnish Government 3.875% 15/09/2017 | 768,245 | 0.72 | |
| | Mining (0.79%, December 2006 – 0.89%) | | | 100,000,000 | Republic of Finland 0.3% 18/10/2007 | 807,815 | 0.75 | |
| 146,469 | Oxiana | 438,048 | 0.41 | | Information Technology Hardware (0.43%, December 2006 – 0.32%) | | | |
| 25,634 | Zinifex | 405,100 | 0.38 | 16,444 | Nokia | 462,844 | 0.43 | |
| | Pharmaceuticals & Biotechnology (0.91%, December 2006 – 0.65%) | | | | Total Finland | 2,038,904 | 1.90 | |
| 13,207 | CSL | 981,850 | 0.91 | | | | | |
| | Total Australia | 2,218,544 | 2.06 | FRANCE (3.36%, December 2006 – 3.90%) | | | | |
| BELGIUM (2.14%, December 2006 – 1.49%) | | | | | Automobiles & Parts (0.00%, December 2006 – 0.42%) | | | |
| | Government Bonds (2.14%, December 2006 – 1.49%) | | | | Banks (0.71%, December 2006 – 0.68%) | | | |
| 100,000 | Belgium Kingdom 3.25% 28/09/2016 | 121,246 | 0.11 | 4,148 | Societe Generale | 768,312 | 0.71 | |
| 65,000 | Belgium Kingdom 5% 28/03/2035 | 90,592 | 0.08 | | Electronic & Electrical Equipment (0.40%, December 2006 – 0.43%) | | | |
| 1,450,000 | Belgium Kingdom 5.5% 28/09/2017 | 2,093,147 | 1.95 | 3,090 | Schneider Electric | 433,363 | 0.40 | |
| | Total Belgium | 2,304,985 | 2.14 | | Government Bonds (2.25%, December 2006 – 1.60%) | | | |
| BERMUDA (1.69%, December 2006 – 1.42%) | | | | | 725,000 | Government of France 3.75% 25/04/2017 | 913,144 | 0.85 |
| | Forestry & Paper (0.19%, December 2006 – 0.00%) | | | 1,280,000 | Government of France 4% 25/04/2055 | 1,499,666 | 1.40 | |
| 1,054,000 | China Grand Forestry Commission | 202,236 | 0.19 | | Insurance (0.00%, December 2006 – 0.52%) | | | |
| | Household Goods & Textiles (0.31%, December 2006 – 0.51%) | | | | Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.25%) | | | |
| 91,800 | Li & Fung | 331,733 | 0.31 | | Total France | 3,614,485 | 3.36 | |
| | Insurance (1.19%, December 2006 – 0.91%) | | | GERMANY (9.55%, December 2006 – 5.36%) | | | | |
| 8,964 | Partnerre | 695,786 | 0.64 | | Aerospace & Defence (0.55%, December 2006 – 0.00%) | | | |
| 9,487 | Renaissancere Holdings | 588,858 | 0.55 | 9,062 | MTU Aero Engines Holding | 588,169 | 0.55 | |
| | Total Bermuda | 1,818,613 | 1.69 | | Automobiles & Parts (1.13%, December 2006 – 0.00%) | | | |
| BRAZIL (1.65%, December 2006 – 1.30%) | | | | | 5,753 | Continental | 810,962 | 0.75 |
| | Forestry & Paper (0.39%, December 2006 – 0.37%) | | | 4,384 | DaimlerChrysler | 406,161 | 0.38 | |
| 6,391 | Aracruz Celulose ADR | 424,107 | 0.39 | | Corporate Bond (0.00%, December 2006 – 0.22%) | | | |
| | Mining (0.43%, December 2006 – 0.38%) | | | | Chemicals (0.66%, December 2006 – 0.00%) | | | |
| 12,250 | Companhia Vale do Rio Doce | 458,518 | 0.43 | 9,362 | Bayer | 708,514 | 0.66 | |
| | Oil & Gas (0.83%, December 2006 – 0.55%) | | | | Electronic & Electrical Equipment (0.76%, December 2006 – 0.00%) | | | |
| 7,255 | Petrol Brasileiros | 893,235 | 0.83 | 5,708 | Siemens | 820,206 | 0.76 | |
| | Total Brazil | 1,775,860 | 1.65 | | Government Bonds (3.51%, December 2006 – 2.87%) | | | |
| CANADA (1.14%, December 2006 – 1.30%) | | | | | 1,500,000 | Bundesobligation 3% 11/04/2008 | 2,006,973 | 1.87 |
| | Mining (0.61%, December 2006 – 0.45%) | | | 545,000 | Bundesobligation 3.25% 17/04/2009 | 721,261 | 0.67 | |
| 22,200 | Aur Resources | 658,887 | 0.61 | 850,000 | Bundesrepublik of Deutschland 3.25% 04/07/2015 | 1,049,470 | 0.97 | |
| | Oil & Gas (0.53%, December 2006 – 0.85%) | | | | Insurance (0.79%, December 2006 – 0.56%) | | | |
| 8,543 | Canadian Natural Resource | 563,728 | 0.53 | 3,647 | Allianz AG Holding | 854,439 | 0.79 | |
| | Total Canada | 1,222,615 | 1.14 | | Software & Computer Services (0.00%, December 2006 – 0.54%) | | | |
| CHINA (0.41%, December 2006 – 0.00%) | | | | | 3,692 | Deutsche Börse | 417,168 | 0.39 |
| | Telecommunication Services (0.41%, December 2006 – 0.00%) | | | 7,772 | Hypo Real Estate Holdings | 505,177 | 0.47 | |
| 40,500 | China Mobile | 435,172 | 0.41 | | Utilities – Other (1.29%, December 2006 – 0.72%) | | | |
| | Total China | 435,172 | 0.41 | 4,469 | E.On | 749,590 | 0.70 | |
| | | | | 5,939 | RWE | 632,201 | 0.59 | |
| DENMARK (0.33%, December 2006 – 0.34%) | | | | | Total Germany | 10,270,291 | 9.55 | |
| | Government Bonds (0.33%, December 2006 – 0.34%) | | | GREECE (0.56%, December 2006 – 0.63%) | | | | |
| 1,900,000 | Kingdom of Denmark 6% 15/11/2009 | 355,619 | 0.33 | | Construction & Building Materials (0.56%, December 2006 – 0.63%) | | | |
| | Total Denmark | 355,619 | 0.33 | 10,349 | Titan Cement | 598,810 | 0.56 | |
| | | | | | Total Greece | 598,810 | 0.56 | |

Managed Fund

Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|--|---|------------------|----------------------------|---|---|------------------|----------------------------|
| HONG KONG (1.96%, December 2006 – 1.86%) | | | | NETHERLANDS (0.62%, December 2006 – 4.13%) | | | |
| | General Retailers (0.59%, December 2006 – 0.61%) | | | | Corporate Bonds (0.11%, December 2006 – 0.12%) | | |
| 50,000 | Esprit Holdings | 634,466 | 0.59 | 100,000 | Rabobank Nederland 3.38% 18/01/2016 | 121,553 | 0.11 |
| | Real Estate (1.37%, December 2006 – 1.25%) | | | | Food Producers & Processors (0.51%, December 2006 – 0.54%) | | |
| 286,000 | China Overseas Land | 441,937 | 0.41 | 10,511 | Numico | 547,933 | 0.51 |
| 160,419 | Great Eagle Holdings | 559,177 | 0.52 | | Government Bonds (0.00%, December 2006 – 3.03%) | | |
| 138,000 | Hang Lung Properties | 473,087 | 0.44 | | Insurance (0.00%, December 2006 – 0.44%) | | |
| | Total Hong Kong | 2,108,667 | 1.96 | | Total Netherlands | 669,486 | 0.62 |
| JAPAN (9.09%, December 2006 – 8.72%) | | | | NORWAY (0.72%, December 2006 – 0.90%) | | | |
| | Automobiles & Parts (0.45%, December 2006 – 0.62%) | | | | Banks (0.00%, December 2006 – 0.40%) | | |
| 13,300 | Honda Motor | 483,622 | 0.45 | | Corporate Bonds (0.23%, December 2006 – 0.00%) | | |
| | Banks (0.56%, December 2006 – 1.38%) | | | 250,000 | Eksportfinans 5.5% 26/06/2017 | 247,475 | 0.23 |
| 55 | Mitsubishi UFJ Financial Group | 601,318 | 0.56 | | Oil & Gas (0.49%, December 2006 – 0.50%) | | |
| | Construction & Building Materials (1.29%, December 2006 – 1.63%) | | | 25,580 | TGS-NOPEC | 521,481 | 0.49 |
| 43,000 | Asahi Glass | 578,424 | 0.54 | | Total Norway | 768,956 | 0.72 |
| 11,470 | Goldcrest | 585,210 | 0.54 | | PORTUGAL (0.33%, December 2006 – 0.00%) | | |
| 29,000 | Sekisui Chemical | 223,585 | 0.21 | | Government Bonds (0.33%, December 2006 – 0.00%) | | |
| | Corporate Bonds (1.56%, December 2006 – 0.80%) | | | 275,000 | Obrig Do Tes Medio Prazo 4.35% 16/10/2017 | 359,506 | 0.33 |
| 100,000,000 | ASIF III 0.95% 15/07/2009 | 804,835 | 0.75 | | Total Portugal | 359,506 | 0.33 |
| 110,000,000 | Toyota Motor Credit 0.55% 30/06/2010 | 871,422 | 0.81 | | REPUBLIC OF IRELAND (0.64%, December 2006 – 0.58%) | | |
| | Electronic & Electrical Equipment (0.58%, December 2006 – 0.95%) | | | | Banks (0.64%, December 2006 – 0.58%) | | |
| 10,750 | Canon | 628,570 | 0.58 | 34,273 | Bank of Ireland | 689,912 | 0.64 |
| | Engineering & Machinery (1.03%, December 2006 – 0.73%) | | | | Total Republic of Ireland | 689,912 | 0.64 |
| 61,000 | Amada | 759,791 | 0.71 | | RUSSIAN FEDERATION (0.00%, December 2006 – 0.35%) | | |
| 12,000 | Komatsu | 345,971 | 0.32 | | Utilities – Other (0.00%, December 2006 – 0.35%) | | |
| | Government Agency (0.87%, December 2006 – 0.00%) | | | | SOUTH AFRICA (0.99%, December 2006 – 1.08%) | | |
| 85,000,000 | Development Bank of Japan 1.75% 21/06/2010 | 699,530 | 0.65 | | Electronic & Electrical (0.39%, December 2006 – 0.41%) | | |
| 30,000,000 | Development Bank of Japan 2.3% 19/03/2026 | 241,402 | 0.22 | 16,169 | Naspers | 417,192 | 0.39 |
| | Life Assurance (0.55%, December 2006 – 0.56%) | | | | General Retailers (0.60%, December 2006 – 0.67%) | | |
| 8,800 | T & D Holdings | 591,519 | 0.55 | 6,268,181 | Massmart Holdings | 646,482 | 0.60 |
| | Real Estate (0.42%, December 2006 – 0.61%) | | | | Total South Africa | 1,063,674 | 0.99 |
| 16,000 | Mitsui Fudosan | 447,041 | 0.42 | | SOUTH KOREA (2.57%, December 2006 – 2.04%) | | |
| | Software & Computer Services (0.64%, December 2006 – 0.47%) | | | | Banks (1.28%, December 2006 – 1.01%) | | |
| 1,900 | Nintendo | 690,888 | 0.64 | 5,602 | Kookmin Bank | 492,169 | 0.46 |
| | Speciality & Other Finance (0.76%, December 2006 – 0.97%) | | | 14,510 | Shinhan Financial Group | 881,822 | 0.82 |
| 25,900 | Nomura Holdings | 500,260 | 0.47 | | Electricity (0.38%, December 2006 – 0.00%) | | |
| 55,000 | Tokai Tokyo Securities | 313,576 | 0.29 | 9,140 | Korea Electric Power | 405,462 | 0.38 |
| | Steel & Other Metals (0.38%, December 2006 – 0.00%) | | | | Engineering & Machinery (0.26%, December 2006 – 0.00%) | | |
| 26,100 | Tokyo Steel | 408,372 | 0.38 | 8,440 | Doosan Infracore | 283,436 | 0.26 |
| | Total Japan | 9,775,336 | 9.09 | | Information Technology Hardware (0.00%, December 2006 – 0.34%) | | |
| LUXEMBOURG (0.83%, December 2006 – 1.99%) | | | | | Steel & Other Metals (0.65%, December 2006 – 0.69%) | | |
| | Steel & Other Metals (0.00%, December 2006 – 0.51%) | | | 1,458 | Posco | 699,700 | 0.65 |
| | Supranational Bonds (0.83%, December 2006 – 1.48%) | | | | Total South Korea | 2,762,589 | 2.57 |
| 250,000 | Eurofima 5% 03/04/2017 | 239,050 | 0.22 | | MEXICO (0.84%, December 2006 – 1.07%) | | |
| 81,000,000 | European Investment Bank 2.125% 20/09/2007 | 658,280 | 0.61 | | Media & Photography (0.41%, December 2006 – 0.52%) | | |
| | Total Luxembourg | 897,330 | 0.83 | 15,976 | Grupo Televisa ADR | 437,902 | 0.41 |
| | MEXICO (0.84%, December 2006 – 1.07%) | | | | Telecommunication Services (0.43%, December 2006 – 0.55%) | | |
| | Media & Photography (0.41%, December 2006 – 0.52%) | | | 7,404 | America Movil | 462,676 | 0.43 |
| 15,976 | Grupo Televisa ADR | 437,902 | 0.41 | | Total Mexico | 900,578 | 0.84 |

Managed Fund

Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|--|---|------------------|----------------------------|--|---|------------------|----------------------------|
| SPAIN (1.36%, December 2006 – 2.17%) | | | | Government Bonds (2.19%, December 2006 – 2.29%) | | | |
| | General Retailers (0.79%, December 2006 – 0.75%) | | | 820,000 | UK Treasury 4% 07/03/2009 | 1,599,261 | 1.49 |
| 14,512 | Inditex | 854,598 | 0.79 | 100,000 | UK Treasury 4.75% 07/09/2015 | 190,256 | 0.18 |
| | Government Bonds (0.00%, December 2006 – 0.94%) | | | 295,000 | UK Treasury Bill 4.25% 07/12/2055 | 557,705 | 0.52 |
| | Pharmaceuticals & Biotechnology (0.57%, December 2006 – 0.48%) | | | 33,487 | Information Technology Hardware (0.49%, December 2006 – 0.35%) | | |
| 28,203 | Grifols | 612,714 | 0.57 | | Cambridge Silicon Radio | 529,134 | 0.49 |
| | Total Spain | 1,467,312 | 1.36 | | Investment Companies (0.00%, December 2006 – 0.49%) | | |
| SWEDEN (1.62%, December 2006 – 0.80%) | | | | 12,237 | Mining (0.66%, December 2006 – 0.57%) | | |
| | Corporate Bonds (0.58%, December 2006 – 0.00%) | | | | Anglo American | 715,245 | 0.66 |
| 650,000 | Swedish Export Credit 5.125% 01/03/2017 | 626,860 | 0.58 | 55,409 | Oil & Gas (1.55%, December 2006 – 1.19%) | | |
| | Engineering & Machinery (0.45%, December 2006 – 0.56%) | | | 27,322 | BG Group | 908,881 | 0.85 |
| 28,600 | Atlas Copco | 480,147 | 0.45 | 10,919 | BP | 328,930 | 0.31 |
| | Forestry & Paper (0.37%, December 2006 – 0.00%) | | | | SOCO International | 421,090 | 0.39 |
| 9,300 | Holmen | 395,081 | 0.37 | 14,573 | Tobacco (0.62%, December 2006 – 0.38%) | | |
| | Government Bonds (0.22%, December 2006 – 0.24%) | | | | Imperial Tobacco | 672,244 | 0.62 |
| 1,530,000 | Swedish Government 5% 01/12/2020 | 235,397 | 0.22 | | Total United Kingdom | 9,572,668 | 8.90 |
| | Total Sweden | 1,737,485 | 1.62 | UNITED STATES OF AMERICA (38.71%, December 2006 – 39.99%) | | | |
| SWITZERLAND (3.83%, December 2006 – 3.60%) | | | | | Aerospace & Defence (0.90%, December 2006 – 0.89%) | | |
| | Chemicals (0.45%, December 2006 – 0.44%) | | | 13,534 | United Technologies | 964,974 | 0.90 |
| 2,483 | Syngenta | 485,296 | 0.45 | | Banks (0.97%, December 2006 – 2.04%) | | |
| | Food Producers & Processors (0.78%, December 2006 – 0.82%) | | | 11,285 | Bank of America | 553,529 | 0.51 |
| 2,221 | Nestle | 844,414 | 0.78 | 9,503 | Citigroup | 492,540 | 0.46 |
| | Investment Companies (1.02%, December 2006 – 1.07%) | | | | Beverages (1.18%, December 2006 – 1.03%) | | |
| 18,346 | UBS | 1,099,078 | 1.02 | 11,064 | Hansen Natural | 482,722 | 0.45 |
| | Oil & Gas (0.71%, December 2006 – 0.35%) | | | 12,069 | PepsiCo | 789,313 | 0.73 |
| 7,576 | Petroplus Holdings | 761,702 | 0.71 | 11,544 | Construction & Building Materials (0.18%, December 2006 – 0.91%) | | |
| | Pharmaceuticals & Biotechnology (0.87%, December 2006 – 0.92%) | | | | Hovnanian Enterprises | 196,363 | 0.18 |
| 5,284 | Roche Holdings | 931,757 | 0.87 | 100,000,000 | Corporate Bonds (0.75%, December 2006 – 0.81%) | | |
| | Total Switzerland | 4,122,247 | 3.83 | | General Electric 1.45% 10/11/2011 | 802,568 | 0.75 |
| TAIWAN (0.87%, December 2006 – 0.96%) | | | | | Diversified Industrials (1.02%, December 2006 – 0.63%) | | |
| | Electronic & Electrical Equipment (0.52%, December 2006 – 0.00%) | | | 7,159 | FCStone Group | 415,723 | 0.39 |
| 65,000 | Hon Hai Precision Industry | 562,161 | 0.52 | 17,593 | General Electric | 677,682 | 0.63 |
| | Information Technology Hardware (0.35%, December 2006 – 0.96%) | | | | Electricity (0.55%, December 2006 – 0.00%) | | |
| 21,000 | High Tech Computer | 376,078 | 0.35 | 8,048 | Exelon | 588,228 | 0.55 |
| | Total Taiwan | 938,239 | 0.87 | | Electronic & Electrical Equipment (0.00%, December 2006 – 0.37%) | | |
| UNITED KINGDOM (8.90%, December 2006 – 8.62%) | | | | | Engineering & Machinery (0.58%, December 2006 – 0.53%) | | |
| | Aerospace & Defence (0.00%, December 2006 – 0.53%) | | | 12,080 | Thermo Fisher Scientific | 628,160 | 0.58 |
| | Banks (1.25%, December 2006 – 0.93%) | | | | Food & Drug Retailers (0.00%, December 2006 – 0.83%) | | |
| 40,531 | Barclays | 566,838 | 0.53 | 22,544 | Bowater | 564,953 | 0.53 |
| 16,126 | HSBC | 295,256 | 0.27 | 11,745 | Plum Creek Timber Industry | 493,407 | 0.46 |
| 15,056 | Standard Chartered | 488,191 | 0.45 | | General Retailers (2.55%, December 2006 – 2.21%) | | |
| | Construction & Building Materials (0.20%, December 2006 – 0.00%) | | | 9,875 | Abercrombie & Fitch | 725,319 | 0.67 |
| 9,786 | Hanson | 211,476 | 0.20 | 5,033 | Crocs | 215,815 | 0.20 |
| | Electricity (0.60%, December 2006 – 0.62%) | | | 21,812 | Ebay | 703,873 | 0.65 |
| 44,475 | Drax Group | 648,322 | 0.60 | 11,068 | Home Depot | 436,633 | 0.41 |
| | Food & Drug Retailers (0.63%, December 2006 – 0.58%) | | | 6,381 | Wal-mart Stores | 308,458 | 0.29 |
| 80,719 | Tesco | 672,955 | 0.63 | 11,897 | Winn-Dixie Stores | 357,505 | 0.33 |
| | General Retailers (0.71%, December 2006 – 0.69%) | | | | Government Agency (0.45%, December 2006 – 0.00%) | | |
| 115,906 | Carphone Warehouse | 766,884 | 0.71 | 250,000 | Federal Home Loan Mortgage 5% 18/04/2017 | 240,365 | 0.22 |
| | | | | 250,000 | Federal National Mortgage 5.375% 12/06/2017 | 246,975 | 0.23 |
| | | | | | Government Bonds (9.04%, December 2006 – 9.87%) | | |
| | | | | 200,000 | US Treasury 4.375 31/12/2007 | 199,453 | 0.19 |
| | | | | 1,245,000 | US Treasury 4.5% 15/02/2036 | 1,118,749 | 1.04 |
| | | | | 1,000,000 | US Treasury 4.875% 31/05/2011 | 996,250 | 0.93 |
| | | | | 1,975,000 | US Treasury 4.625% 15/11/2016 | 1,907,109 | 1.77 |
| | | | | 2,160,000 | US Treasury 4.75% 28/02/2009 | 2,151,478 | 2.00 |
| | | | | 1,400,000 | US Treasury 6.25% 15/08/2023 | 1,547,656 | 1.44 |
| | | | | 600,000 | US Treasury 8.125% 15/05/2021 | 765,750 | 0.71 |
| | | | | 1,000,000 | US Treasury 5.5% 15/08/2028 | 1,031,406 | 0.96 |

Managed Fund
Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|------------------------------|--------------------|----------------------------|--|------------|--------------------|----------------------------|
| | | | | ANALYSIS OF INVESTMENTS BY ASSET CLASS | | | |
| Health (1.26%, December 2006 – 1.54%) | | | | Equity | | 77,225,893 | 72.78 |
| 10,298 | St Jude Medical | 430,250 | 0.40 | Fixed Interest | | 28,887,471 | 27.22 |
| 11,551 | Wellpoint Health Networks | 926,737 | 0.86 | Total Value of Investments | | 106,113,364 | 100.00 |
| Household Goods & Textiles (0.38%, December 2006 – 0.00%) | | | | The calculation of the % Net Asset Value may not add up due to rounding. | | | |
| 8,554 | Coach | 410,421 | 0.38 | | | | |
| Information Technology Hardware (1.44%, December 2006 – 1.68%) | | | | | | | |
| 11,570 | American Tower | 486,287 | 0.45 | | | | |
| 10,423 | Analog Devices | 396,699 | 0.37 | | | | |
| 24,021 | Cisco Systems | 670,907 | 0.62 | | | | |
| Insurance (0.38%, December 2006 – 0.83%) | | | | | | | |
| 5,805 | American International Group | 407,685 | 0.38 | | | | |
| Media & Photography (0.81%, December 2006 – 1.20%) | | | | | | | |
| 17,228 | Comcast | 488,242 | 0.45 | | | | |
| 5,663 | McGraw-Hill | 390,067 | 0.36 | | | | |
| Mining (0.66%, December 2006 – 0.26%) | | | | | | | |
| 8,585 | Freeport McMoRan | 713,757 | 0.66 | | | | |
| Oil & Gas (3.08%, December 2006 – 3.20%) | | | | | | | |
| 6,941 | Devon Energy | 544,730 | 0.51 | | | | |
| 7,768 | Exxon Mobil | 658,416 | 0.61 | | | | |
| 13,642 | Marathon Oil Corporation | 828,206 | 0.77 | | | | |
| 6,440 | Schlumberger | 556,480 | 0.52 | | | | |
| 9,645 | Valero Energy | 716,045 | 0.67 | | | | |
| Other Investments (0.00%, December 2006 – 0.69%) | | | | | | | |
| Personal Care & Household Products (0.30%, December 2006 – 0.32%) | | | | | | | |
| 5,200 | Procter & Gamble | 319,384 | 0.30 | | | | |
| Pharmaceuticals & Biotechnology (2.07%, December 2006 – 1.90%) | | | | | | | |
| 7,121 | Genzyme | 463,506 | 0.43 | | | | |
| 5,396 | Johnson & Johnson | 332,555 | 0.31 | | | | |
| 27,155 | Pfizer | 695,168 | 0.65 | | | | |
| 12,849 | Wyeth | 734,963 | 0.68 | | | | |
| Real Estate (0.47%, December 2006 – 0.58%) | | | | | | | |
| 4,444 | Jones Lang LaSalle | 506,216 | 0.47 | | | | |
| Software & Computer Services (3.75%, December 2006 – 3.08%) | | | | | | | |
| 2,146 | Google | 1,126,650 | 1.05 | | | | |
| 8,714 | IBM | 924,643 | 0.86 | | | | |
| 48,187 | Microsoft | 1,436,454 | 1.34 | | | | |
| 27,289 | Oracle | 539,776 | 0.50 | | | | |
| Speciality & Other Finance (1.76%, December 2006 – 1.90%) | | | | | | | |
| 2,682 | Bear Stearns | 382,990 | 0.36 | | | | |
| 3,434 | Blackstone Group | 102,814 | 0.10 | | | | |
| 14,347 | CIT Group | 803,145 | 0.75 | | | | |
| 2,723 | Goldman Sachs Group | 593,151 | 0.55 | | | | |
| Steel & Other Metals (0.00%, December 2006 – 0.60%) | | | | | | | |
| Support Services (0.87%, December 2006 – 0.28%) | | | | | | | |
| 16,933 | Iron Mountain | 442,798 | 0.41 | | | | |
| 16,192 | Republic Services | 494,018 | 0.46 | | | | |
| Telecommunication Services (1.19%, December 2006 – 0.96%) | | | | | | | |
| 12,779 | AT&T | 527,006 | 0.49 | | | | |
| 9,014 | Leap Wireless | 757,266 | 0.70 | | | | |
| Tobacco (0.55%, December 2006 – 0.48%) | | | | | | | |
| 8,450 | Altria Group | 594,120 | 0.55 | | | | |
| Transport (0.58%, December 2006 – 0.37%) | | | | | | | |
| 11,701 | Norfolk Southern | 620,973 | 0.58 | | | | |
| Total United States of America | | 41,625,481 | 38.71 | | | | |
| Total Value of Investments | | 106,113,364 | 98.67 | | | | |
| Net Other Assets (December 2006 – 3.54%) | | 1,430,608 | 1.33 | | | | |
| Net Assets | | 107,543,972 | 100.00 | | | | |

Managed Fund

Summary of material portfolio changes

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

The total cost of purchases during the period was US\$ 63,794,335 and proceeds received from sales/maturities were US\$ 64,170,627. 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 4.875% 31/01/2009 | 3,408,500 |
| US Treasury 4.875% 31/01/2009 | 3,416,031 | Dutch Treasury Certificate 0% 28/02/2007 | 3,156,176 |
| Dutch Treasury Certificate 0% 29/06/2007 | 2,589,736 | Dutch Treasury Certificate 0% 29/06/2007 | 2,612,242 |
| German Treasury Bill 0% 14/02/2007 | 2,584,474 | German Treasury Bill 0% 14/02/2007 | 2,602,679 |
| US Treasury 4.625% 29/02/2012 | 2,416,688 | German Treasury Bill 0% 17/01/2007 | 2,508,485 |
| Treasury Bill 0% 10/05/2007 | 2,404,944 | US Treasury 4.625% 29/02/2012 | 2,416,688 |
| Treasury Bill 0% 01/03/2007 | 1,960,581 | Treasury Bill 0% 10/05/2007 | 2,409,117 |
| Bundesobligation 3% 11/04/2008 | 1,954,143 | Treasury Bill 0% 01/03/2007 | 1,970,000 |
| US Treasury 6.25% 15/08/2023 | 1,595,332 | Bonos Estado | 1,699,500 |
| Belgium Kingdom 5.5% 28/09/2017 | 1,162,015 | US Treasury 4.625% 15/11/2016 | 1,698,640 |
| US Treasury 5.5% 15/08/2028 | 1,078,320 | US Treasury 4.75% 28/02/2009 | 1,613,196 |
| Bundesrepublik of Deutschland 3.25% 04/07/2015 | 1,036,866 | Bank of America | 1,344,250 |
| Government of France 3.75% 25/04/2017 | 906,476 | US Treasury 6.25% 15/05/2030 | 1,156,485 |
| Toyota Motor Credit 0.55% 30/06/2010 | 900,095 | US Treasury 4.5% 15/02/2036 | 855,881 |
| Republic of Finland 0.3% 18/10/2007 | 832,144 | European Investment Bank 2.125% 20/09/2007 | 841,659 |
| Finnish Government 3.875% 15/09/2017 | 792,547 | US Treasury 4.13% 15/08/2010 | 789,344 |
| Bonos Estado | 739,985 | Phelps Dodge | 641,703 |
| Development Bank of Japan 1.75% 21/06/2010 | 725,386 | Amgen | 627,897 |
| Exelon | 717,742 | 3i Group | 585,708 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|---------------------------|------------------|------------------|
| Non-derivative securities | 6,188,601 | 5,042,472 |
| Net gains on investments | <u>6,188,601</u> | <u>5,042,472</u> |

3 OTHER GAINS/(LOSSES)

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|---------------|-----------------|
| Other currency gains/(losses) | 15,181 | (43,403) |
| | <u>15,181</u> | <u>(43,403)</u> |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|-----------------------------|------------------|------------------|
| UK dividends | 136,074 | 87,623 |
| Overseas dividends | 739,590 | 662,636 |
| Interest on debt securities | 524,833 | 342,196 |
| Bank interest | 42,638 | 30,309 |
| Miscellaneous income | 74 | 614 |
| Exchange gain | 823 | - |
| Total income | <u>1,444,032</u> | <u>1,123,378</u> |

5 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|--------------------|------------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (1,046,510) | (934,901) |
| Registration expenses | (9,539) | (10,724) |
| Directors' periodic charge | (1,334) | (1,241) |
| | <u>(1,057,383)</u> | <u>(946,866)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (12,625) | (10,989) |
| Safe custody fees | (10,543) | 12,440 |
| Transaction charges | (18,139) | (16,978) |
| | <u>(41,307)</u> | <u>(15,527)</u> |
| Other expenses: | | |
| Audit fee | (10,323) | (3,255) |
| Miscellaneous expenses | (99) | - |
| Publication charges | (11,701) | (6,997) |
| | <u>(22,123)</u> | <u>(10,252)</u> |
| Total expenses | <u>(1,120,813)</u> | <u>(972,645)</u> |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|------------------|------------------|
| Analysis of charge in period: | | |
| Overseas tax | (159,772) | (148,249) |
| United Kingdom income tax | (14,269) | (13,945) |
| Total taxation | <u>(174,041)</u> | <u>(162,194)</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 | 3,060 | 622 |
| Deduct: Income received on creation of shares | (16) | (1) |
| Net distribution for the period | 160,237 | 621 |
| Interest | 7,081 | 12,586 |
| Total finance costs | <u>167,318</u> | <u>13,207</u> |

Details of the distribution per share are set out in the table on page 6.

8 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|----------------|
| Sales awaiting settlement | 984,897 | 153,987 |
| Receivable from the Manager – Nominal Shares | 418,060 | 414,074 |
| Accrued income | 509,698 | 267,070 |
| Total debtors | <u>1,912,655</u> | <u>835,131</u> |

9 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|------------------|
| Amounts payable for cancellation of shares | (32,522) | (123,473) |
| Purchases awaiting settlement | (222,299) | (290,844) |
| Accrued expenses | (21,395) | (16,066) |
| Amounts payable to the Manager | (176,259) | (157,544) |
| Total creditors | <u>(452,475)</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\$ 172,761 (2006 – US\$ 154,775) in respect of annual management charge, and US\$ 1,551 (2006 – US\$ 1,528) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 4,989 (2006 – US\$ 4,379) in respect of safe custody charges and US\$ 2,061 (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 RBS International 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 30th June 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 61.

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 | 237 | 2,218,543 | 2,218,780 |
| Brazilian Real | 2,251 | – | 2,251 |
| Canadian Dollar | 4,307 | 1,222,614 | 1,226,921 |
| Danish Krone | 638 | 355,619 | 356,257 |
| Euro | 21,222 | 21,205,879 | 21,227,101 |
| Hong Kong Dollar | (60,613) | 3,077,809 | 3,017,196 |
| Japanese Yen | 207,021 | 12,043,999 | 12,251,020 |
| Korean Won | – | 2,762,589 | 2,762,589 |
| Malaysian Ringitt | 2,411 | – | 2,411 |
| New Zealand Dollar | 19,120 | – | 19,120 |
| Norwegian Krone | 571 | 521,482 | 522,053 |
| Singapore Dollar | 3,233 | – | 3,233 |
| South African Rand | 152,599 | 1,063,674 | 1,216,273 |
| Swedish Krona | 90,035 | 1,110,625 | 1,200,660 |
| Swiss Franc | 215,633 | 4,122,247 | 4,337,880 |
| Taiwanese Dollar | 166,827 | 938,238 | 1,105,065 |
| UK Sterling | 13,563 | 9,572,669 | 9,586,232 |
| 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 30th June 2007 was:

| | Floating rate financial assets | Fixed rate financial assets | Financial assets not carrying interest | Total |
|----------------------|-------------------------------------|---|--|------------|
| | US\$ | US\$ | US\$ | US\$ |
| Currency 2007 | | | | |
| Australian Dollar | 237 | – | 2,218,543 | 2,218,780 |
| Brazilian Real | – | – | 67,528 | 67,528 |
| Canadian Dollar | 2,762 | – | 1,224,159 | 1,226,921 |
| Danish Krone | 638 | 355,619 | – | 356,257 |
| Euro | 1,719 | 9,744,804 | 11,480,578 | 21,227,101 |
| Hong Kong Dollar | – | – | 3,077,808 | 3,077,808 |
| Japanese Yen | 116,284 | 4,885,851 | 7,248,885 | 12,251,020 |
| Korean Won | – | – | 2,762,589 | 2,762,589 |
| Malaysian Ringitt | 2,411 | – | – | 2,411 |
| New Zealand Dollar | 19,120 | – | – | 19,120 |
| Norwegian Krone | 572 | – | 521,481 | 522,053 |
| Singapore Dollar | 3,233 | – | – | 3,233 |
| South African Rand | 152,599 | – | 1,063,674 | 1,216,273 |
| Swedish Krona | 90,035 | 235,397 | 875,228 | 1,200,660 |
| Swiss Franc | 98,148 | – | 4,239,732 | 4,337,880 |
| Taiwanese Dollar | 166,827 | – | 938,238 | 1,105,065 |
| UK Sterling | – | 2,347,222 | 7,355,198 | 9,702,420 |
| US Dollar | – | 11,318,577 | 36,064,908 | 47,383,485 |
| 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 |
| | Floating rate financial liabilities | Financial liabilities not carrying interest | Total | |
| | US\$ | US\$ | US\$ | |
| Currency 2007 | | | | |
| Brazilian Real | – | (65,277) | (65,277) | |
| Hong Kong Dollar | (60,612) | – | (60,612) | |
| UK Sterling | (116,188) | – | (116,188) | |
| US Dollar | (350,164) | (544,391) | (894,555) | |
| Currency 2006 | US\$ | US\$ | US\$ | |
| US Dollar | – | (587,927) | (587,927) | |
| | Fixed rate financial assets | Fixed rate financial assets | | |
| | Weighted average interest rate | Weighted average period for which rate is fixed | | |
| Currency | 2007 | 2006 | | |
| Danish Krone | 5% | 6% | 2.38 years 2.88 years | |
| Euro | 4% | 4% | 13.32 years 23.53 years | |
| Japanese Yen | 1% | 2% | 3.02 years 3.41 years | |
| Swedish Krona | 4% | 5% | 13.44 years 13.93 years | |
| UK Sterling | 4% | 4% | 13.33 years 14.08 years | |
| US Dollar | 5% | 5% | 11.55 years 13.77 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.

Managed Fund

Notes to the financial statements (continued)

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

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

14 PORTFOLIO TRANSACTION COSTS

| | 2007 | 2006 |
|--|------------|-------------|
| | US\$ | US\$ |
| Analysis of total purchase costs | | |
| Purchases in period before transaction costs | 63,754,226 | 134,846,347 |
| Commissions | 25,558 | 28,813 |
| Taxes | 14,283 | 25,241 |
| Fees | 268 | 138 |
| Total purchase cost | 40,109 | 54,192 |
| Gross purchase total | 63,794,335 | 134,900,539 |
| Analysis of total sales cost | | |
| Gross sales before transaction costs | 64,198,331 | 137,748,826 |
| Commissions | (21,490) | (29,093) |
| Taxes | (3,898) | (2,972) |
| Fees | (2,316) | (5,806) |
| Total sales cost | (27,704) | (37,871) |
| Total sales net of transaction costs | 64,170,627 | 137,710,955 |

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

After a subdued first quarter, world equity markets performed strongly during the second quarter, led higher by the Asian and Latin American markets as confidence in a sustained economic cycle strengthened. The MSCI World Index rose by 10.2% in US Dollar terms during the first half of the year, and by 7.5% in Sterling terms.

Global economic performance remains good, with healthy growth in all regions, although particularly within the developing economies of China, India and Brazil. Inflation remains a risk with commodity and energy prices continuing to increase, prompting central banks to raise rates in an attempt to head off inflationary pressures. The Chinese authorities have also tightened fiscal conditions, to cool off activity and prevent the economy overheating.

The corporate sector remains healthy with strong earnings and cash generation, and company results are generally exceeding expectations. Both the energy and materials sectors were strong during the first half of the year, pushed higher by demand growth and the rise in commodity prices. Concerns that rising interest rates in the US might lead to an increase in bad debts and potential contagion from sub-prime mortgage defaults caused global financials to weaken during the period. Merger and acquisition activity continues to run at record rates, fuelled by large scale buying from private equity companies and the strong balance sheets of industry leaders. This is continuing to underpin global equity markets.

Equity markets continue to look attractive. The outlook for economic growth and corporate profits is positive and valuations remain reasonable. The Fund's exposure to Japan was reduced during the period and the portfolio is now underweight. Although economic and corporate performance is good, the market itself remains under pressure from selling by domestic institutions. Elsewhere, as confidence improved, the Fund's positions in continental Europe and Asia were extended. The holdings in the energy sector were reduced in strength on less compelling valuations and the proceeds were reinvested in the commodity sector where the fundamentals remain very attractive. Financials were reduced as fears increased of bad debts and defaults. We increased the exposure to retail and technology stocks, as we were able to find attractively valued growth companies in niche market positions.

Worldwide Equity Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|------------------|------------------|
| Net gains on investments during the period | 2 | 6,757,490 | 4,789,388 |
| Other gains/(losses) | 3 | 15,014 | (23,805) |
| Income | 4 | 856,156 | 911,497 |
| Expenses | 5 | (777,556) | (692,189) |
| Finance costs: Interest | 7 | (11,013) | (13,231) |
| Net income before taxation | | 67,587 | 206,077 |
| Taxation | 6 | (168,495) | (283,694) |
| Net expenses after taxation | | (100,908) | (77,617) |
| Total return before distribution | | 6,671,596 | 4,687,966 |
| Finance costs: Equalisation | 7 | (20) | - |
| Change in Net Assets attributable to Shareholders | | 6,671,576 | 4,687,966 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 74,052,642 | 72,341,592 |
| Debtors | 8 | 1,178,076 | 352,169 |
| Cash and bank balances | | 376,935 | 931,652 |
| Total other assets | | 1,555,011 | 1,283,821 |
| Total assets | | 75,607,653 | 73,625,413 |
| Liabilities | | | |
| Creditors | 9 | (493,224) | (667,202) |
| Bank overdrafts | | (538,193) | (128,889) |
| Total liabilities | | (1,031,417) | (796,091) |
| Net Assets attributable to Shareholders | | 74,576,236 | 72,829,322 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 241,996 | 241,996 |
| Share Premium | | 48,045,786 | 52,004,470 |
| Capital Reserve | | 26,288,454 | 20,582,856 |
| | | 74,576,236 | 72,829,322 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|-------------------|
| Net Assets at the start of the period | 72,829,322 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 1,314,106 |
| Less: Amounts paid on cancellation of shares | (6,238,768) |
| | (4,924,662) |
| Change in Net Assets attributable to Shareholders (see above) | 6,671,576 |
| Net Assets at the end of the period | 74,576,236 |

Worldwide Equity Fund

Portfolio statement

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|---|------------------|----------------------------|---|---|------------------|----------------------------|
| AUSTRALIA (2.87%, December 2006 – 2.15%) | | | | GERMANY (8.30%, December 2006 – 3.16%) | | | |
| | Engineering & Machinery (0.50%, December 2006 – 0.00%) | | | | Aerospace & Defence (0.73%, December 2006 – 0.00%) | | |
| 200,000 | Boart Longyear Group | 377,238 | 0.50 | 8,422 | MTU Aero Engines Holding | 546,630 | 0.73 |
| | Mining (1.11%, December 2006 – 1.26%) | | | | Automobiles & Parts (1.55%, December 2006 – 0.00%) | | |
| 145,947 | Oxiana | 436,486 | 0.59 | 5,464 | Continental | 770,223 | 1.03 |
| 24,449 | Zinifex | 386,373 | 0.52 | 4,181 | DaimlerChrysler | 387,354 | 0.52 |
| | Pharmaceuticals & Biotechnology (1.26%, December 2006 – 0.89%) | | | | Chemicals (0.90%, December 2006 – 0.00%) | | |
| 12,641 | CSL | 939,772 | 1.26 | 8,843 | Bayer | 669,236 | 0.90 |
| | Total Australia | 2,139,869 | 2.87 | | Electronic & Electrical Equipment (1.04%, December 2006 – 0.00%) | | |
| | | | | 5,413 | Siemens | 777,816 | 1.04 |
| BERMUDA (2.33%, December 2006 – 1.97%) | | | | | Insurance (1.10%, December 2006 – 0.79%) | | |
| | Forestry & Paper (0.26%, December 2006 – 0.00%) | | | 3,515 | Allianz AG Holding | 823,513 | 1.10 |
| 1,004,000 | China Grand Forestry Commission | 192,643 | 0.26 | | Software & Computer Services (0.00%, December 2006 – 0.75%) | | |
| | Household Goods & Textiles (0.41%, December 2006 – 0.72%) | | | | Speciality & Other Finance (1.18%, December 2006 – 0.64%) | | |
| 84,800 | Li & Fung | 306,437 | 0.41 | 3,454 | Deutsche Börse | 390,276 | 0.52 |
| | Insurance (1.66%, December 2006 – 1.25%) | | | 7,518 | Hypo Real Estate Holdings | 488,668 | 0.66 |
| 8,610 | Partnerre | 668,308 | 0.89 | | Utilities – Other (1.80%, December 2006 – 0.98%) | | |
| 9,197 | Renaissancere Holdings | 570,858 | 0.77 | 4,295 | E.On | 720,405 | 0.97 |
| | Total Bermuda | 1,738,246 | 2.33 | 5,781 | RWE | 615,383 | 0.83 |
| | | | | | Total Germany | 6,189,504 | 8.30 |
| BRAZIL (2.52%, December 2006 – 1.95%) | | | | GREECE (0.78%, December 2006 – 0.88%) | | | |
| | Forestry & Paper (0.53%, December 2006 – 0.51%) | | | | Construction & Building Materials (0.78%, December 2006 – 0.88%) | | |
| 5,964 | Aracruz Celulose ADR | 395,771 | 0.53 | 10,003 | Titan Cement | 578,790 | 0.78 |
| | Mining (0.87%, December 2006 – 0.71%) | | | | Total Greece | 578,790 | 0.78 |
| 17,312 | Compania Vale do Rio Doce | 647,988 | 0.87 | | | | |
| | Oil & Gas (1.12%, December 2006 – 0.73%) | | | HONG KONG (2.62%, December 2006 – 2.55%) | | | |
| 6,821 | Petrol Brasileiro | 839,801 | 1.12 | | General Retailers (0.78%, December 2006 – 0.81%) | | |
| | Total Brazil | 1,883,560 | 2.52 | 46,000 | Esprit Holdings | 583,709 | 0.78 |
| | | | | | Real Estate (1.84%, December 2006 – 1.74%) | | |
| CANADA (1.31%, December 2006 – 1.79%) | | | | 270,000 | China Overseas Land | 417,213 | 0.56 |
| | Mining (0.59%, December 2006 – 0.63%) | | | 149,321 | Great Eagle Holdings | 520,492 | 0.70 |
| 14,700 | Aur Resources | 436,290 | 0.59 | 127,000 | Hang Lung Properties | 435,377 | 0.58 |
| | Oil & Gas (0.72%, December 2006 – 1.16%) | | | | Total Hong Kong | 1,956,791 | 2.62 |
| 8,164 | Canadian Natural Resources | 538,719 | 0.72 | | | | |
| | Total Canada | 975,009 | 1.31 | JAPAN (9.14%, December 2006 – 11.18%) | | | |
| | | | | | Automobiles & Parts (0.61%, December 2006 – 0.85%) | | |
| CHINA (0.55%, December 2006 – 0.00%) | | | | 12,500 | Honda Motor | 454,532 | 0.61 |
| | Telecommunication Services (0.55%, December 2006 – 0.00%) | | | | Banks (0.76%, December 2006 – 1.97%) | | |
| 38,000 | China Mobile | 408,310 | 0.55 | 52 | Mitsubishi UFJ Financial Group | 568,519 | 0.76 |
| | Total China | 408,310 | 0.55 | | Construction & Building Materials (1.77%, December 2006 – 2.18%) | | |
| FINLAND (0.61%, December 2006 – 0.45%) | | | | 41,000 | Asahi Glass | 551,520 | 0.74 |
| | Information Technology Hardware (0.61%, December 2006 – 0.45%) | 0.61 | | 10,840 | Goldcrest | 553,067 | 0.74 |
| 16,099 | Nokia | 453,134 | 0.61 | 28,000 | Sekisui Chemical | 215,875 | 0.29 |
| | Total Finland | 453,134 | 0.61 | | Electronic & Electrical Equipment (0.77%, December 2006 – 1.30%) | | |
| | | | | 9,900 | Canon | 578,869 | 0.77 |
| FRANCE (1.73%, December 2006 – 3.26%) | | | | | Engineering & Machinery (1.44%, December 2006 – 1.17%) | | |
| | Automobiles & Parts (0.00%, December 2006 – 0.55%) | | | 56,000 | Amada | 697,513 | 0.94 |
| | Banks (1.02%, December 2006 – 0.96%) | | | 13,000 | Komatsu | 374,802 | 0.50 |
| 4,105 | Societe Generale | 760,348 | 1.02 | | Life Assurance (0.80%, December 2006 – 0.80%) | | |
| | Electronic & Electrical Equipment (0.71%, December 2006 – 0.71%) | | | 8,850 | T & D Holdings | 594,880 | 0.80 |
| 3,801 | Schneider Electric | 533,078 | 0.71 | | Real Estate (0.56%, December 2006 – 0.87%) | | |
| | Insurance (0.00%, December 2006 – 0.71%) | | | 15,000 | Mitsui Fudosan | 419,101 | 0.56 |
| | Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.33%) | | | 1,700 | Nintendo | 618,163 | 0.83 |
| | Total France | 1,293,426 | 1.73 | | Software & Computer Services (0.83%, December 2006 – 0.68%) | | |
| | | | | 25,400 | Nomura Holdings | 490,603 | 0.66 |
| | | | | 56,000 | Tokai Tokyo Securities | 319,278 | 0.43 |

Worldwide Equity Fund

Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|--|------------------|----------------------------|---|---|------------------|----------------------------|
| JAPAN (0.51%, December 2006 – 0.00%) | | | | SPAIN (1.89%, December 2006 – 1.69%) | | | |
| 24,400 | Steel & Other Metals (0.51%, December 2006 – 0.00%) Tokyo Steel | 381,773 | 0.51 | 14,054 | General Retailers (1.11%, December 2006 – 1.03%) Inditex | 827,627 | 1.11 |
| | Total Japan | 6,818,495 | 9.14 | 26,638 | Pharmaceuticals & Biotechnology (0.78%, December 2006 – 0.66%) Grifols | 578,714 | 0.78 |
| LUXEMBOURG (0.00%, December 2006 – 0.68%) | | | | Total Spain | | | |
| | Steel & Other Metals (0.00%, December 2006 – 0.68%) | | | | | 1,406,341 | 1.89 |
| MEXICO (1.12%, December 2006 – 1.54%) | | | | SWEDEN (1.11%, December 2006 – 0.79%) | | | |
| 14,682 | Media & Photography (0.54%, December 2006 – 0.71%) Grupo Televisa ADR | 402,434 | 0.54 | 27,024 | Engineering & Machinery (0.61%, December 2006 – 0.79%) Atlas Copco | 453,689 | 0.61 |
| 6,924 | Telecommunication Services (0.58%, December 2006 – 0.83%) America Movil Sab | 432,681 | 0.58 | 8,900 | Forestry & Paper (0.50%, December 2006 – 0.00%) Holmen | 378,088 | 0.50 |
| | Total Mexico | 835,115 | 1.12 | | Total Sweden | 831,777 | 1.11 |
| NETHERLANDS (0.75%, December 2006 – 1.46%) | | | | SWITZERLAND (5.30%, December 2006 – 5.11%) | | | |
| 10,726 | Food Producers & Processors (0.75%, December 2006 – 0.79%) Numico | 559,141 | 0.75 | 2,284 | Chemicals (0.60%, December 2006 – 0.76%) Syngenta | 446,402 | 0.60 |
| | Insurance (0.00%, December 2006 – 0.67%) | | | 2,121 | Food Producers & Processors (1.08%, December 2006 – 1.12%) Nestle | 806,394 | 1.08 |
| | Total Netherlands | 559,141 | 0.75 | 18,272 | Investment Companies (1.47%, December 2006 – 1.53%) UBS | 1,094,645 | 1.47 |
| NORWAY (0.66%, December 2006 – 1.27%) | | | | TAIWAN (1.26%, December 2006 – 1.53%) | | | |
| 24,180 | Banks (0.00%, December 2006 – 0.57%) Oil & Gas (0.66%, December 2006 – 0.70%) TGS-NOPEC | 492,940 | 0.66 | 67,000 | Electronic & Electrical Equipment (0.78%, December 2006 – 0.00%) Hon Hai Precision Industry | 579,458 | 0.78 |
| | Total Norway | 492,940 | 0.66 | 20,000 | Information Technology Hardware (0.48%, December 2006 – 1.53%) High Tech Computer | 358,169 | 0.48 |
| REPUBLIC OF IRELAND (0.87%, December 2006 – 0.81%) | | | | Total Taiwan | | | |
| 32,328 | Banks (0.87%, December 2006 – 0.81%) Bank of Ireland | 650,759 | 0.87 | | | 937,627 | 1.26 |
| | Total Republic of Ireland | 650,759 | 0.87 | UNITED KINGDOM (9.35%, December 2006 – 8.89%) | | | |
| RUSSIAN FEDERATION (0.00%, December 2006 – 0.49%) | | | | Aerospace & Defence (0.00%, December 2006 – 0.76%) | | | |
| | Utilities – Other (0.00%, December 2006 – 0.49%) | | | Banks (1.85%, December 2006 – 1.39%) | | | |
| SOUTH AFRICA (1.35%, December 2006 – 1.45%) | | | | 39,291 Barclays 549,497 0.74 | | | |
| 15,102 | Electronic & Electrical Equipment (0.52%, December 2006 – 0.55%) Naspers | 389,662 | 0.52 | 14,663 HSB 268,469 0.36 | | | |
| 50,939 | General Retailers (0.83%, December 2006 – 0.90%) Massmart Holdings | 616,803 | 0.83 | 17,330 Standard Chartered 561,926 0.75 | | | |
| | Total South Africa | 1,006,465 | 1.35 | Construction & Building Materials (0.27%, December 2006 – 0.00%) | | | |
| SOUTH KOREA (3.59%, December 2006 – 2.88%) | | | | 9,252 Hanson 199,936 0.27 | | | |
| 5,807 | Banks (1.84%, December 2006 – 1.44%) Kookmin Bank | 510,180 | 0.69 | Electricity (0.83%, December 2006 – 0.88%) | | | |
| 14,120 | Shinhan Financial Group | 858,120 | 1.15 | 42,160 Drax Group 614,576 0.83 | | | |
| 8,290 | Electricity (0.49%, December 2006 – 0.00%) Korea Electric Power | 367,755 | 0.49 | Food & Drug Retailers (0.87%, December 2006 – 0.76%) | | | |
| 8,090 | Engineering & Machinery (0.36%, December 2006 – 0.00%) Doosan Infracore | 271,682 | 0.36 | 77,815 Tesco 648,744 0.87 | | | |
| 1,392 | Information Technology Hardware (0.00%, December 2006 – 0.48%) Steel & Other Metals (0.90%, December 2006 – 0.96%) Posco | 668,026 | 0.90 | 105,955 Carphone Warehouse 701,044 0.94 | | | |
| | Total South Korea | 2,675,763 | 3.59 | 32,457 Cambridge Silicon Radio 512,859 0.69 | | | |
| | | | | Investment Companies (0.00%, December 2006 – 0.78%) | | | |
| | | | | Mining (0.90%, December 2006 – 0.77%) | | | |
| | | | | 11,455 Anglo American 669,537 0.90 | | | |

Worldwide Equity Fund

Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---------|--|------------------|----------------------------|---------|---|-------------------|----------------------------|
| | Oil & Gas (2.15%, December 2006 – 1.65%) | | | | Other Investments (0.00%, December 2006 – 0.93%) | | |
| 54,192 | BG Group | 888,919 | 1.19 | | Personal Care & Household Products (0.43%, December 2006 – 0.46%) | | |
| 26,259 | BP | 316,132 | 0.42 | | 5,185 Procter & Gamble | 318,463 | 0.43 |
| 10,414 | SOCO International | 401,615 | 0.54 | | Pharmaceuticals & Biotechnology (2.80%, December 2006 – 2.68%) | | |
| | Tobacco (0.85%, December 2006 – 0.53%) | | | 6,491 | Genzyme | 422,499 | 0.57 |
| 13,804 | Imperial Tobacco | 636,771 | 0.85 | 5,735 | Johnson & Johnson | 353,448 | 0.47 |
| | Total United Kingdom | 6,970,025 | 9.35 | 25,184 | Pfizer | 644,710 | 0.86 |
| | | | | 11,706 | Wyeth | 669,583 | 0.90 |
| | | | | | Real Estate (0.65%, December 2006 – 0.76%) | | |
| | | | | 4,270 | Jones Lang LaSalle | 486,396 | 0.65 |
| | | | | | Software & Computer Services (5.19%, December 2006 – 4.35%) | | |
| | | | | 2,044 | Google | 1,073,100 | 1.44 |
| | | | | 8,093 | IBM | 858,748 | 1.15 |
| | | | | 46,267 | Microsoft | 1,379,219 | 1.85 |
| | | | | 28,215 | Oracle | 558,093 | 0.75 |
| | | | | | Speciality & Other Finance (2.34%, December 2006 – 2.58%) | | |
| | | | | 2,581 | Bear Stearns | 368,567 | 0.49 |
| | | | | 2,146 | Blackstone Group | 64,251 | 0.09 |
| | | | | 13,654 | CIT Group | 764,351 | 1.02 |
| | | | | 2,543 | Goldman Sachs Group | 553,942 | 0.74 |
| | | | | | Steel & Other Metals (0.00%, December 2006 – 0.81%) | | |
| | | | | | Support Services (1.19%, December 2006 – 0.38%) | | |
| | | | | 16,142 | Iron Mountain | 422,113 | 0.57 |
| | | | | 15,043 | Republic Services | 458,962 | 0.62 |
| | | | | | Telecommunication Services (1.77%, December 2006 – 1.41%) | | |
| | | | | 12,580 | AT&T | 518,799 | 0.70 |
| | | | | 9,537 | Leap Wireless | 801,203 | 1.07 |
| | | | | | Tobacco (0.74%, December 2006 – 0.63%) | | |
| | | | | 7,817 | Altria Group | 549,613 | 0.74 |
| | | | | | Transport (0.79%, December 2006 – 0.54%) | | |
| | | | | 11,123 | Norfolk Southern | 590,298 | 0.79 |
| | | | | | Total United States of America | 29,301,072 | 39.29 |
| | | | | | Total Value of Investments | 74,052,642 | 99.30 |
| | | | | | Net Other Assets (December 2006 – 0.67%) | 523,594 | 0.70 |
| | | | | | Net Assets | 74,576,236 | 100.00 |
| | | | | | The calculation of the % Net Asset Value may not add up due to rounding. | | |
| | UNITED STATES OF AMERICA (39.29%, December 2006 – 41.40%) | | | | | | |
| | Aerospace & Defence (1.24%, December 2006 – 1.22%) | | | | | | |
| 12,926 | United Technologies | 921,624 | 1.24 | | | | |
| | Banks (1.32%, December 2006 – 2.78%) | | | | | | |
| 10,337 | Bank of America | 507,030 | 0.68 | | | | |
| 9,229 | Citigroup | 478,339 | 0.64 | | | | |
| | Beverages (1.65%, December 2006 – 1.45%) | | | | | | |
| 10,408 | Hansen Natural | 454,101 | 0.61 | | | | |
| 11,893 | PepsiCo | 777,802 | 1.04 | | | | |
| | Construction & Building Materials (0.25%, December 2006 – 1.25%) | | | | | | |
| 11,079 | Hovnanian Enterprises | 188,454 | 0.25 | | | | |
| | Diversified Industrials (1.40%, December 2006 – 0.87%) | | | | | | |
| 6,822 | FCStone Group | 396,154 | 0.53 | | | | |
| 16,839 | General Electric | 648,638 | 0.87 | | | | |
| | Electricity (0.74%, December 2006 – 0.00%) | | | | | | |
| 7,556 | Exelon | 552,268 | 0.74 | | | | |
| | Electronic & Electrical Equipment (0.00%, December 2006 – 0.51%) | | | | | | |
| | Engineering & Machinery (0.93%, December 2006 – 0.84%) | | | | | | |
| 13,409 | Thermo Fisher Scientific | 697,268 | 0.93 | | | | |
| | Food & Drug Retailers (0.00%, December 2006 – 1.15%) | | | | | | |
| | Forestry & Paper (1.35%, December 2006 – 0.00%) | | | | | | |
| 21,292 | Bowater | 533,577 | 0.72 | | | | |
| 11,128 | Plum Creek Timber Industry | 467,487 | 0.63 | | | | |
| | General Retailers (3.46%, December 2006 – 3.14%) | | | | | | |
| 9,408 | Abercrombie & Fitch | 691,018 | 0.93 | | | | |
| 4,686 | Crocs | 200,936 | 0.27 | | | | |
| 20,159 | Ebay | 650,531 | 0.87 | | | | |
| 10,188 | Home Depot | 401,917 | 0.54 | | | | |
| 6,047 | Wal-mart Stores | 292,312 | 0.39 | | | | |
| 11,336 | Winn-Dixie Stores | 340,647 | 0.46 | | | | |
| | Health (1.85%, December 2006 – 2.25%) | | | | | | |
| 12,509 | St. Jude Medical | 522,626 | 0.70 | | | | |
| 10,672 | Wellpoint Health Networks | 856,215 | 1.15 | | | | |
| | Household Goods & Textiles (0.52%, December 2006 – 0.00%) | | | | | | |
| 8,063 | Coach | 386,863 | 0.52 | | | | |
| | Information Technology Hardware (2.02%, December 2006 – 2.43%) | | | | | | |
| 10,941 | American Tower | 459,850 | 0.62 | | | | |
| 10,358 | Analog Devices | 394,226 | 0.53 | | | | |
| 23,383 | Cisco Systems | 653,087 | 0.87 | | | | |
| | Insurance (0.49%, December 2006 – 1.30%) | | | | | | |
| 5,251 | American International Group | 368,778 | 0.49 | | | | |
| | Media & Photography (1.12%, December 2006 – 1.80%) | | | | | | |
| 16,096 | Comcast | 456,161 | 0.61 | | | | |
| 5,501 | McGraw-Hill | 378,909 | 0.51 | | | | |
| | Mining (0.88%, December 2006 – 0.37%) | | | | | | |
| 7,913 | Freeport McMoRan | 657,887 | 0.88 | | | | |
| | Oil & Gas (4.17%, December 2006 – 4.51%) | | | | | | |
| 6,463 | Devon Energy | 507,216 | 0.68 | | | | |
| 7,214 | Exxon Mobil | 611,459 | 0.82 | | | | |
| 12,666 | Marathon Oil Corporation | 768,953 | 1.03 | | | | |
| 6,230 | Schlumberger | 538,334 | 0.72 | | | | |
| 9,214 | Valero Energy | 684,047 | 0.92 | | | | |

Worldwide Equity Fund

Summary of material portfolio changes

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

The total cost of purchases during the period was US\$ 22,835,635 and proceeds received from sales were US\$ 27,870,191. The details of the Top 20 purchases and sales are detailed below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|----------------------------|----------------------|------------------------|--------------------------|
| Siemens | 680,455 | Bank of America | 1,274,931 |
| Continental | 666,013 | 3i Group | 665,923 |
| E.On | 646,849 | Phelps Dodge | 604,087 |
| Ebay | 635,974 | Amgen | 579,439 |
| Bayer | 612,819 | BAE Systems | 552,862 |
| Barclays | 611,141 | AGF | 547,392 |
| Norfolk Southern | 591,580 | Taiwan Semiconductor | 538,621 |
| Exelon | 537,444 | TERNIUM | 506,919 |
| Great Eagle Holdings | 512,025 | Cigna Corporation | 504,072 |
| Bank of America | 511,800 | ING Group | 484,851 |
| Korea Electric Power | 509,053 | Dr Horton | 481,168 |
| Bowater | 499,086 | Zinifex | 480,564 |
| Freeport McMoRan | 478,051 | Staples | 479,516 |
| Hon Hai Precision | 472,172 | SAP | 475,402 |
| Plum Creek Timber Industry | 456,913 | Coca-Cola | 473,854 |
| Republic Services | 440,065 | Walgreen | 449,546 |
| Genzyme | 426,450 | RH Donnelly | 442,349 |
| MTU Aero Engines Holding | 425,882 | Sharp | 425,214 |
| Coach | 405,327 | Mizuho Financial Group | 414,965 |
| Holmen | 395,313 | CVS | 413,396 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|----------------------------|--------------|--------------|
| Non-derivative securities | 6,757,604 | 4,789,388 |
| Forward currency contracts | (114) | - |
| Net gains on investments | 6,757,490 | 4,789,388 |

3 OTHER GAINS/(LOSSES)

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Other currency gains/(losses) | 15,014 | (23,805) |
| | 15,014 | (23,805) |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|----------------------|--------------|--------------|
| UK dividends | 128,826 | 92,161 |
| Overseas dividends | 711,567 | 808,899 |
| Bank interest | 15,677 | 10,324 |
| Miscellaneous income | 86 | 113 |
| Total income | 856,156 | 911,497 |

5 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|--------------|--------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (723,206) | (707,280) |
| Registration expenses | (3,504) | (3,693) |
| Directors' periodic charge | (927) | (926) |
| | (727,637) | (711,899) |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (8,724) | (8,169) |
| Safe custody fees | (9,153) | 13,311 |
| Transaction charges | (16,529) | 22,188 |
| | (34,406) | 27,330 |
| Other expenses: | | |
| Audit fee | (6,780) | (2,419) |
| Miscellaneous expenses | (69) | - |
| Publication charges | (7,822) | (5,201) |
| Exchange losses | (842) | - |
| | (15,513) | (7,620) |
| Total expenses | (777,556) | (692,189) |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: | | |
| Overseas tax | (154,907) | (269,313) |
| United Kingdom income tax | (13,588) | (14,381) |
| Total taxation | (168,495) | (283,694) |

7 FINANCE COSTS

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

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Add: Income deducted on cancellation of shares | 20 | - |
| Net equalisation for the period | 20 | - |
| Interest | 11,013 | 13,231 |
| Total finance costs | 11,033 | 13,231 |

8 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Amounts receivable for issue of shares | - | 21,185 |
| Sales awaiting settlement | 949,062 | 146,571 |
| Receivable from the Manager – Nominal Shares | 144,034 | 137,159 |
| Accrued income | 84,980 | 47,254 |
| Total debtors | 1,178,076 | 352,169 |

9 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Amounts payable for cancellation of shares | (143,559) | (266,885) |
| Purchases awaiting settlement | (211,264) | (277,800) |
| Accrued expenses | (15,722) | (12,363) |
| Amounts payable to the Manager | (122,679) | (110,154) |
| Total creditors | (493,224) | (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\$ 120,701 (2006 – US\$ 108,684) in respect of annual management charge, and US\$ 571 (2006 – US\$ 559) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 4,314 (2006 – US\$ 3,690) in respect of safe custody charges and US\$ 1,440 (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 RBS International 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 61.

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 | 3,027 | 2,139,869 | 2,142,896 |
| Brazilian Real | 2,130 | - | 2,130 |
| Canadian Dollar | 2,453 | 975,009 | 977,462 |
| Danish Krone | 123 | - | 123 |
| Euro | 20,262 | 11,131,094 | 11,151,356 |
| Hong Kong Dollar | 2,413 | 2,864,182 | 2,866,595 |
| Japanese Yen | 163,206 | 6,818,496 | 6,981,702 |
| Korean Won | - | 2,675,763 | 2,675,763 |
| Mexican Peso | 19,167 | - | 19,167 |
| New Zealand Dollar | 769 | - | 769 |
| Norwegian Krone | 44,708 | 492,940 | 537,648 |
| Singapore Dollar | 556 | - | 556 |
| South African Rand | 44 | 1,006,465 | 1,006,509 |
| Swedish Krona | 84,145 | 831,777 | 915,922 |
| Swiss Franc | 262,010 | 3,950,483 | 4,212,493 |
| Taiwanese Dollar | 19,665 | 937,627 | 957,292 |
| UK Sterling | 18,080 | 6,970,025 | 6,988,105 |
| 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 30th June 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 30th June 2007 was:

| Currency 2007 | Floating rate financial assets US\$ | Fixed rate financial assets US\$ | Financial assets not carrying interest US\$ | Total US\$ |
|----------------------|---|--|---|---------------|
| Australian Dollar | 3,027 | – | 2,139,869 | 2,142,896 |
| Brazilian Real | – | – | 63,878 | 63,878 |
| Canadian Dollar | 1,033 | – | 976,429 | 977,462 |
| Danish Krone | 123 | – | – | 123 |
| Euro | 6,486 | – | 11,144,870 | 11,151,356 |
| Hong Kong Dollar | – | – | 2,868,914 | 2,868,914 |
| Japanese Yen | 46,969 | – | 6,934,733 | 6,981,702 |
| Korean Won | – | – | 2,675,763 | 2,675,763 |
| Mexican Peso | 19,167 | – | – | 19,167 |
| New Zealand Dollar | 769 | – | – | 769 |
| Norwegian Krone | 44,708 | – | 492,940 | 537,648 |
| Singapore Dollar | 556 | – | – | 556 |
| South African Rand | 44 | – | 1,006,465 | 1,006,509 |
| Swedish Krona | 84,145 | – | 831,777 | 915,922 |
| Swiss Franc | 150,243 | – | 4,062,250 | 4,212,493 |
| Taiwanese Dollar | 19,665 | – | 937,627 | 957,292 |
| UK Sterling | – | – | 7,089,498 | 7,089,498 |
| US Dollar | – | – | 34,005,705 | 34,005,705 |
| 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 | – | (61,748) | (61,748) | |
| Hong Kong Dollar | (2,319) | – | (2,319) | |
| UK Sterling | (101,393) | – | (101,393) | |
| US Dollar | (434,481) | (431,476) | (865,957) | |
| 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 cost | | |
| Purchases in period before transaction costs | 22,799,418 | 34,949,714 |
| Commissions | 22,846 | 28,029 |
| Taxes | 13,184 | 24,352 |
| Fees | 187 | 121 |
| Total purchase cost | 36,217 | 52,502 |
| Gross purchase total | 22,835,635 | 35,002,216 |
| Analysis of total sales | | |
| Gross sales before transaction costs | 27,897,786 | 39,965,526 |
| Commissions | (21,232) | (30,259) |
| Taxes | (4,211) | (2,834) |
| Fees | (2,152) | (5,338) |
| Total sales cost | (27,595) | (38,431) |
| Total sales net of transaction costs | 27,870,191 | 39,927,095 |

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 period the portfolio was invested entirely in US Dollar deposits, enabling the Fund to take advantage of attractive yields. 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. During the second quarter, economic growth was probably just below trend and inflation fears (as a result of high energy prices) abated.

In addition to weaker growth momentum throughout this year, the lagged effect of recent increases in interest rates, transmitted through the mortgage market, will be another headwind for the US consumer. Ongoing corrections in the housing and mortgage markets, high gasoline prices that are squeezing disposable incomes, and a continuation of softening inflationary pressures should provide the circumstances for the Federal Reserve to deliver a cut in interest rates in 2008.

Managed Currency Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|----------------|----------------|
| Other (losses)/gains | 2 | (1) | 15 |
| Income | 3 | 53,113 | 61,751 |
| Expenses | 4 | (13,500) | (16,517) |
| Finance costs: Interest | 5 | (1,494) | (574) |
| Net income before taxation | | 38,119 | 44,660 |
| Taxation | | – | – |
| Net income after taxation | | 38,119 | 44,660 |
| Total return before distribution | | 38,118 | 44,675 |
| Finance costs: Distribution | 5 | (40,257) | (47,127) |
| Change in Net Assets attributable to Shareholders | | (2,139) | (2,452) |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|------------------|------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | – | – |
| Debtors | 6 | 50,943 | 60,303 |
| Cash and bank balances | | 2,156,625 | 2,306,254 |
| Total other assets | | 2,207,568 | 2,366,557 |
| Total assets | | 2,207,568 | 2,366,557 |
| Liabilities | | | |
| Creditors | 7 | (2,012) | (2,173) |
| Bank overdrafts | | (60,975) | (100) |
| Distribution payable on income shares | | (40,967) | (50,141) |
| Total liabilities | | (103,954) | (52,414) |
| Net Assets attributable to Shareholders | | 2,103,614 | 2,314,143 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 63,802 | 63,802 |
| Share Premium | | 1,968,186 | 2,141,261 |
| Capital Reserve | | 71,626 | 109,080 |
| | | 2,103,614 | 2,314,143 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|------------------|
| Net Assets at the start of the period | 2,314,143 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 295,114 |
| Less: Amounts paid on cancellation of shares | (503,504) |
| | (208,390) |
| Change in Net Assets attributable to Shareholders (see above) | (2,139) |
| Net Assets at the end of the period | 2,103,614 |

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 16:00pm on 31st December 2006

Managed Currency Fund Portfolio statement

as at 30th June 2007

| Investment | Value US\$ | % of Net Asset Value |
|--|------------------|----------------------------|
| Cash Deposits and Net Liquid Assets – 100% (December 2006 – 100%) | | |
| BNP Paribas US\$ Deposit | 329,055 | 15.64 |
| Royal Bank of Canada US\$ Deposit | 321,677 | 15.29 |
| Bank of Montreal US\$ Deposit | 309,569 | 14.72 |
| Lloyds Bank US\$ Deposit | 308,613 | 14.67 |
| HBOS Treasury US\$ Deposit | 308,238 | 14.65 |
| Dexia Bank US\$ Deposit | 300,350 | 14.28 |
| Rabobank US\$ Deposit | 278,771 | 13.25 |
| Cash | (60,623) | (2.88) |
| Total value of cash deposits | 2,095,650 | 99.62 |
| Net Other Assets (December 2006 – 0.35%) | 7,964 | 0.38 |
| Net Assets | 2,103,614 | 100.00 |

25

Summary of material portfolio changes

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

The total cost of purchases during the period was US\$ 300,350 and proceeds received from sales were US\$ 447,915. The details of all purchases and sales are shown below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|-------------------------|--------------|-----------------------------------|------------------|
| Dexia Bank US\$ Deposit | 300,350 | Lloyds Bank US\$ Deposit | 116,213 |
| | | Rabobank US\$ Deposit | 92,068 |
| | | Bank of Montreal US\$ Deposit | 91,360 |
| | | HBOS Treasury US\$ Deposit | 66,340 |
| | | BNP Paribas US\$ Deposit | 41,023 |
| | | Royal Bank of Canada US\$ Deposit | 40,911 |

Managed Currency Fund

Notes to the financial statements

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

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 OTHER (LOSSES)/GAINS

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Other currency (losses)/gains | (1) | 15 |
| | <u>(1)</u> | <u>15</u> |

3 INCOME

| | 2007 US\$ | 2006 US\$ |
|------------------------------------|---------------|---------------|
| Interest on short term investments | 52,196 | 60,223 |
| Bank interest | 915 | 1,041 |
| Miscellaneous income | 2 | 487 |
| Total income | <u>53,113</u> | <u>61,751</u> |

4 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|-----------------|-----------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (10,467) | (13,077) |
| Registration expenses | (327) | (374) |
| Directors' periodic charge | (26) | (33) |
| | <u>(10,820)</u> | <u>(13,484)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (244) | (292) |
| Transaction charges | (2,137) | (2,468) |
| | <u>(2,381)</u> | <u>(2,760)</u> |
| Other expenses: | | |
| Audit fee | (135) | (87) |
| Miscellaneous expenses | (2) | – |
| Publication charges | (162) | (186) |
| | <u>(299)</u> | <u>(273)</u> |
| Total expenses | <u>(13,500)</u> | <u>(16,517)</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 comprise:

| | 2007 US\$ | 2006 US\$ |
|--|---------------|---------------|
| Interim | 40,967 | 45,231 |
| | <u>40,967</u> | <u>45,231</u> |
| Add: Income deducted on cancellation of shares | 4,518 | 3,012 |
| Deduct: Income received on creation of shares | (5,228) | (1,116) |
| Net distribution for the period | <u>40,257</u> | <u>47,127</u> |
| Interest | 1,494 | 574 |
| Total finance costs | <u>41,751</u> | <u>47,701</u> |

Details of the distribution per share are set out in the table on page 24.

6 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|---------------|---------------|
| Amounts receivable for issue of shares | – | 10,564 |
| Receivable from the Manager – Nominal Shares | 49,646 | 48,203 |
| Accrued income | 1,297 | 1,536 |
| Total debtors | <u>50,943</u> | <u>60,303</u> |

7 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--------------------------------|----------------|----------------|
| Accrued expenses | (316) | (318) |
| Amounts payable to the Manager | (1,696) | (1,855) |
| Total creditors | <u>(2,012)</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\$ 1,596 (2006 – US\$ 1,770) in respect of annual management charge, and US\$ 52 (2006 – US\$ 54) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services are disclosed in Note 4. A balance of US\$ 37 (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 RBS International 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 61.

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 | 28 | – | 28 |
| UK Sterling | 324 | – | 324 |
| Currency 2006 | US\$ | US\$ | US\$ |
| 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 30th June 2007 was:

| | Floating rate financial assets US\$ | Fixed rate financial assets US\$ | Financial assets not carrying interest US\$ | Total US\$ |
|----------------------|---|--|---|---------------|
| Currency 2007 | | | | |
| Euro | 28 | – | – | 28 |
| UK Sterling | 324 | – | – | 324 |
| US Dollar | – | 2,156,273 | 50,943 | 2,207,216 |
| Currency 2006 | US\$ | US\$ | US\$ | US\$ |
| 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 | (60,975) | (42,979) | (103,954) | |
| Currency 2006 | US\$ | US\$ | US\$ | |
| 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 past six months have proved difficult for the UK gilt market, with the FT-A All Stocks Index posting a negative return of 3.1% in Sterling terms. At the market's weakest point in June, yields on 10-year gilts touched their highest level since 2002, at 5.53%.

The market's poor performance was due to global concerns over the rise in inflationary pressures and higher interest rates. Within the UK, the Bank of England increased rates by a quarter-point on two occasions, with the first rise to 5.25% in January being followed by a further hike to 5.5% in May. The Fund lagged the performance of its benchmark due to its exposure to longer-dated bonds, which underperformed the market as a whole as UK interest rates rose.

Expectations as to how far UK interest rates will need to rise have increased to a new high for the current economic cycle. Indeed, since the end of the reporting period rates have risen again to 5.75% and there are already suggestions that the Bank of England will raise the base rate above 6.0%.

Another factor overhanging the UK bond markets has been the plight of the US mortgage market, which has witnessed a sharp rise in defaults on sub-prime loans. The situation in the US housing market could deteriorate further, with prices of new homes now falling at their fastest rate in 40 years. More than US\$1trillion of fixed-rate mortgages are due to roll onto higher rates in the coming months.

In the UK corporate bond market, yield spreads tended to mark time versus gilts, resulting in a modestly better total return in view of their higher rates of interest accrual. However, in June the rise in government bond yields and the fall-out from the failure of a US hedge fund with exposure to the sub-prime mortgage market led to wider spreads in the corporate market, with prices slipping back.

Going forward, we believe that gilt yields of well over 5% offer value and we will maintain the current strategy for the Fund. Clearly, the outlook will improve once the Bank of England concludes its current policy of raising interest rates. Indeed, we believe that the latest increase to 5.75% should be sufficient to quell consumer demand, despite the fact that the market is currently pricing in the risk that interest rates move above 6%.

Gilt and Income Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|--------------------|------------------|
| Net (losses)/gains on investments during the period | 2 | (1,495,550) | 1,534,053 |
| Income | 3 | 1,010,993 | 1,001,515 |
| Expenses | 4 | (276,600) | (283,832) |
| Finance costs: Interest | 5 | (1,427) | (7,005) |
| Net income before taxation | | 732,966 | 710,678 |
| Taxation | | – | – |
| Net income after taxation | | 732,966 | 710,678 |
| Total return before distribution | | (762,584) | 2,244,731 |
| Finance costs: Distribution | 5 | (737,843) | (719,840) |
| Change in Net Assets attributable to Shareholders | | (1,500,427) | 1,524,891 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 37,971,416 | 40,911,111 |
| Debtors | 6 | 914,450 | 723,262 |
| Cash and bank balances | | – | 635,695 |
| Total other assets | | 914,450 | 1,358,957 |
| Total assets | | 38,885,866 | 42,270,068 |
| Liabilities | | | |
| Creditors | 7 | (46,872) | (48,109) |
| Bank overdrafts | | (517,896) | – |
| Distribution payable on income shares | | (705,180) | (787,214) |
| Total liabilities | | (1,269,948) | (835,323) |
| Net Assets attributable to Shareholders | | 37,615,918 | 41,434,745 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 619,054 | 619,054 |
| Share Premium | | 33,186,517 | 34,776,833 |
| Capital Reserve | | 3,810,347 | 6,038,858 |
| | | 37,615,918 | 41,434,745 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|-------------------|
| Net Assets at the start of the period | 41,434,745 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 1,654,893 |
| Less: Amounts paid on cancellation of shares | (3,973,293) |
| | (2,318,400) |
| Change in Net Assets attributable to Shareholders (see above) | (1,500,427) |
| Net Assets at the end of the period | 37,615,918 |

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 16:00pm on 31st December 2006

Gilt and Income Fund

Portfolio statement

as at 30th June 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 (100.95%, December 2006 – 97.58%) | | | |
| Government Bonds (100.95%, December 2006 – 97.58%) | | | |
| 2,110,000 | UK Treasury 4.25% 07/03/2011 | 4,018,296 | 10.68 |
| 5,350,000 | UK Treasury 4.25% 07/12/2027 | 9,603,453 | 25.53 |
| 2,160,000 | UK Treasury 4.25% 07/12/2046 | 4,010,353 | 10.66 |
| 825,000 | UK Treasury 4.75% 07/03/2020 | 1,565,009 | 4.16 |
| 350,000 | UK Treasury 5% 07/03/2018 | 678,911 | 1.81 |
| 4,435,000 | UK Treasury 5% 07/09/2014 | 8,572,418 | 22.79 |
| 3,410,000 | UK Treasury 8.75% 25/08/2017 | 8,568,142 | 22.78 |
| 505,000 | UK Treasury 4.25% 07/12/2055 | 954,834 | 2.54 |
| | Total United Kingdom | 37,971,416 | 100.95 |
| | Total Value of Investments | 37,971,416 | 100.95 |
| | Net Other Liabilities (December 2006 Assets – 1.26%) | (355,498) | (0.95) |
| | Net Assets | 37,615,918 | 100.00 |
| | Credit Ratings | | |
| | AAA | 37,971,416 | 100.95 |

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 30th June 2007

The total cost of purchases during the period was US\$ 58,567,440 and proceeds received from sales/maturities were US\$ 59,956,794. The details of all purchases and sales/maturities are detailed below:

| Purchases | Cost US\$ | Sales/Maturities | Proceeds US\$ |
|------------------------------|--------------|--|------------------|
| UK Treasury 5% 07/09/2014 | 9,395,575 | UK Treasury 4% 07/03/2009 | 8,437,391 |
| UK Treasury 8.75% 25/08/2017 | 8,827,021 | UK Treasury 8% 07/12/2015 | 8,414,988 |
| UK Treasury 4.25% 07/12/2027 | 8,564,326 | UK Treasury 4.25% 07/03/2011 | 6,531,467 |
| UK Treasury 8% 07/12/2015 | 8,547,790 | UK Treasury 7.25% 07/12/2007 | 6,475,770 |
| UK Treasury 4% 07/03/2009 | 8,421,616 | UK Treasury 6.25% 25/11/2010 | 5,681,386 |
| UK Treasury 4.25% 07/03/2011 | 4,847,398 | UK Treasury 4.75% 07/03/2020 | 4,655,626 |
| UK Treasury 7.25% 07/12/2007 | 2,814,325 | UK Treasury 4.75% 07/06/2010 | 3,837,982 |
| UK Treasury 4.75% 07/03/2020 | 2,298,988 | UK Treasury 4.75% 07/12/2038 | 3,718,668 |
| UK Treasury 5% 07/03/2008 | 2,038,186 | UK Treasury 4% 07/09/2016 | 2,624,307 |
| UK Treasury 4.25% 07/12/2055 | 1,137,684 | UK Treasury 6% 07/12/2028 | 2,404,079 |
| UK Treasury 5% 07/03/2018 | 693,021 | UK Treasury 5% 07/03/2008 | 2,038,227 |
| UK Treasury 4.75% 07/12/2038 | 548,229 | UK Treasury 4.25% 07/12/2055 | 1,989,974 |
| UK Treasury 4.75% 07/06/2010 | 376,658 | UK Treasury 4.25% 07/12/2046 | 1,968,498 |
| UK Treasury 4% 07/09/2016 | 56,623 | UK Treasury 5% 07/09/2014 | 506,988 |
| | | Irish Nationwide Building Society 4.75% 22/12/2008 | 491,027 |
| | | UK Treasury 5% 07/03/2025 | 180,416 |

Gilt and Income Fund

Notes to the financial statements

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

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET (LOSSES)/GAINS ON INVESTMENTS

The net (losses)/gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|-----------------------------------|--------------------|------------------|
| Non-derivative securities | (2,589,291) | (1,704,940) |
| Difference on currency conversion | 1,093,741 | 3,238,993 |
| Net (losses)/gains on investments | <u>(1,495,550)</u> | <u>1,534,053</u> |

3 INCOME

| | 2007 US\$ | 2006 US\$ |
|-----------------------------|------------------|------------------|
| Interest on debt securities | 1,004,156 | 966,930 |
| Bank interest | 6,831 | 34,157 |
| Miscellaneous income | 6 | 428 |
| Total income | <u>1,010,993</u> | <u>1,001,515</u> |

4 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|------------------|------------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (257,677) | (272,359) |
| Registration expenses | (2,115) | (2,231) |
| Directors' periodic charge | (469) | (559) |
| | <u>(260,261)</u> | <u>(275,149)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (4,804) | (4,874) |
| Safe custody fees | (809) | 9,983 |
| Transaction charges | (4,878) | (9,162) |
| | <u>(10,491)</u> | <u>(4,053)</u> |
| Other expenses: | | |
| Audit fee | (2,719) | (1,471) |
| Miscellaneous expenses | (36) | - |
| Publication charges | (3,093) | (3,159) |
| | <u>(5,848)</u> | <u>(4,630)</u> |
| Total expenses | <u>(276,600)</u> | <u>(283,832)</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 comprise:

| | 2007 US\$ | 2006 US\$ |
|--|----------------|----------------|
| Interim | 705,180 | 697,870 |
| | <u>705,180</u> | <u>697,870</u> |
| Add: Income deducted on cancellation of shares | 38,788 | 33,474 |
| Deduct: Income received on creation of shares | (6,125) | (11,504) |
| Net distribution for the period | <u>737,843</u> | <u>719,840</u> |
| Interest | 1,427 | 7,005 |
| Total finance costs | <u>739,270</u> | <u>726,845</u> |

Details of the distribution per share are set out in the table on page 28.

6 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|----------------|----------------|
| Receivable from the Manager – Nominal Shares | 446,960 | 436,454 |
| Accrued income | 467,490 | 286,808 |
| Total debtors | <u>914,450</u> | <u>723,262</u> |

7 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--------------------------------|-----------------|-----------------|
| Accrued expenses | (6,195) | (6,758) |
| Amounts payable to the Manager | (40,677) | (41,351) |
| Total creditors | <u>(46,872)</u> | <u>(48,109)</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\$ 39,488 (2006 – US\$ 40,419) in respect of annual management charge, and US\$ 342 (2006 – US\$ 335) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 4. A balance of US\$ 410 (2006 – US\$ 435) in respect of safe custody charges and US\$ 735 (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 RBS International 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 61.

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 30th June 2007 was:

| | Floating rate financial assets | Fixed rate financial assets | Financial assets not carrying interest | Total |
|----------------------|--|---|--|-------------|
| Currency 2007 | US\$ | US\$ | US\$ | US\$ |
| UK Sterling | - | 37,971,416 | 914,450 | 38,885,866 |
| 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 not carrying interest | Financial liabilities not carrying interest | Total |
| Currency 2007 | US\$ | US\$ | US\$ | US\$ |
| UK Sterling | (517,896) | (752,052) | (1,269,948) | |
| 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% | 15.58 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 S&P 500 Index produced a total return of 7.0% in local currency terms over the six months under review. Sentiment was boosted by further merger and acquisition activity, whilst concerns eased over whether the US economy would suffer a hard landing. A stream of bad news continued to flow from the US housing market. Although this may dampen the pace of consumer spending, it is encouraging to see that the employment picture remains healthy, as this should help to limit any contagion. Durable goods orders have increased, suggesting that businesses remain happy to invest, and construction spending has been rising.

The US Dollar continued to weaken, pulled down by slower US economic growth, global interest rate differentials and concerns that Asian central banks are diversifying their foreign exchange reserves.

Over the six month period we maintained the Fund's bias towards investing in quality growth companies. From a sector point of view, we increased the Fund's holdings in information technology and reduced the exposure to financials. Within the latter, we sold the holding in Intercontinental Exchange as the stock had reached our price target. We also sold the position in Bear Stearns to reduce the Fund's exposure to housing related companies. Within the technology sector we added a position in Analog Devices, a semiconductor company, which we believed to be fundamentally undervalued and offered better growth prospects than was generally appreciated.

Individual stocks that performed strongly in recent months include Crocs (footwear), Diamond Offshore Drilling (energy) and Leap Wireless (telecommunications). Crocs continued to report outstanding profits growth while Leap Wireless, a mobile operator, continued to exceed the market's already high expectations for profits growth.

The overall US market trades on about half the price/earnings ratio that it reached seven years ago and, looking ahead, we believe it continues to look attractively valued.

North American Growth Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|--------------------|
| Net gains/(losses) on investments during the period | 2 | 13,441,299 | (1,186,339) |
| Other gains | 3 | 8,327 | 8,406 |
| Income | 4 | 999,535 | 1,084,779 |
| Expenses | 5 | (1,494,997) | (1,404,384) |
| Finance costs: Interest | 7 | (21,172) | (14,186) |
| Net expenses before taxation | | (516,634) | (333,791) |
| Taxation | 6 | (304,803) | (378,335) |
| Net expenses after taxation | | (821,437) | (712,126) |
| Total return before distribution | | <u>12,628,189</u> | <u>(1,890,059)</u> |
| Change in Net Assets attributable to Shareholders | | <u>12,628,189</u> | <u>(1,890,059)</u> |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | <u>148,878,294</u> | <u>142,861,420</u> |
| Debtors | 8 | 87,434 | 97,984 |
| Cash and bank balances | | 11,275 | 772,439 |
| Total other assets | | 98,709 | 870,423 |
| Total assets | | <u>148,977,003</u> | <u>143,731,843</u> |
| Liabilities | | | |
| Creditors | 9 | (695,688) | (256,845) |
| Bank overdrafts | | (546,609) | - |
| Total liabilities | | <u>(1,242,297)</u> | <u>(256,845)</u> |
| Net Assets attributable to Shareholders | | <u>147,734,706</u> | <u>143,474,998</u> |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 118,696 | 118,696 |
| Share Premium | | 119,224,555 | 127,740,562 |
| Capital Reserve | | 28,391,455 | 15,615,740 |
| | | <u>147,734,706</u> | <u>143,474,998</u> |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|--------------------|
| Net Assets at the start of the period | 143,474,998 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 828,380 |
| Less: Amounts paid on cancellation of shares | (9,196,861) |
| | (8,368,481) |
| Change in Net Assets attributable to Shareholders (see above) | <u>12,628,189</u> |
| Net Assets at the end of the period | <u>147,734,706</u> |

North American Growth Fund

Portfolio statement

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|--|---|------------------|----------------------------|--|-------------------------------|---------------|----------------------------|
| BERMUDA (1.12%, December 2006 – 1.92%) | | | | Life Assurance (2.03%, December 2006 – 0.00%) | | | |
| | Insurance (0.00%, December 2006 – 1.10%) | | | 15,677 | Lincoln National | 1,121,062 | 0.76 |
| | Support Services (1.12%, December 2006 – 0.82%) | | | 28,929 | MetLife | 1,878,360 | 1.27 |
| 38,943 | Accenture | 1,660,140 | 1.12 | Media & Photography (2.12%, December 2006 – 2.28%) | | | |
| | Total Bermuda | 1,660,140 | 1.12 | 40,988 | Cablevision Systems | 1,475,568 | 1.00 |
| CANADA (1.22%, December 2006 – 2.27%) | | | | 43,942 | Clear Channel Communications | 1,660,568 | 1.12 |
| | Mining (0.00%, December 2006 – 0.68%) | | | Mining (1.16%, December 2006 – 0.00%) | | | |
| | Oil & Gas (1.22%, December 2006 – 1.07%) | | | 20,602 | Freeport McMoRan | 1,712,850 | 1.16 |
| 32,449 | Ultra Petroleum | 1,801,568 | 1.22 | Oil & Gas (7.84%, December 2006 – 8.35%) | | | |
| | Transport (0.00%, December 2006 – 0.52%) | | | 20,605 | Chevron Texaco | 1,751,219 | 1.19 |
| | Total Canada | 1,801,568 | 1.22 | 28,428 | Devon Energy | 2,231,030 | 1.51 |
| UNITED STATES OF AMERICA (98.43%, December 2006 – 95.38%) | | | | 24,562 | Diamond Offshore Drilling | 2,506,798 | 1.70 |
| | Aerospace & Defence (4.18%, December 2006 – 3.45%) | | | 59,920 | Exxon Mobil | 5,078,819 | 3.44 |
| 20,963 | Boeing | 2,013,706 | 1.36 | Other Investment (0.00%, December 2006 – 0.78%) | | | |
| 17,294 | L3 Communications | 1,685,646 | 1.14 | Personal Care & Household Products (2.16%, December 2006 – 0.91%) | | | |
| 34,730 | United Technologies | 2,476,249 | 1.68 | 52,951 | Avon Products | 1,944,361 | 1.32 |
| | Banks (5.33%, December 2006 – 5.91%) | | | 20,251 | Procter & Gamble | 1,243,816 | 0.84 |
| 72,330 | Bank of America | 3,547,786 | 2.40 | Pharmaceuticals & Biotechnology (4.57%, December 2006 – 5.73%) | | | |
| 69,240 | Citigroup | 3,588,709 | 2.43 | 13,253 | Amgen | 733,421 | 0.50 |
| 15,240 | JP Morgan Chase | 746,912 | 0.50 | 31,563 | Johnson & Johnson | 1,945,228 | 1.32 |
| | Beverages (4.61%, December 2006 – 4.19%) | | | 80,747 | Pfizer | 2,067,123 | 1.40 |
| 30,856 | Coca-Cola | 1,629,814 | 1.10 | 34,925 | Wyeth | 1,997,710 | 1.35 |
| 51,981 | Hansen Natural | 2,267,931 | 1.53 | Real Estate (1.02%, December 2006 – 1.64%) | | | |
| 44,658 | PepsiCo | 2,920,633 | 1.98 | 13,227 | Jones Lang LaSalle | 1,506,688 | 1.02 |
| | Construction & Building Material (0.00%, December 2006 – 1.76%) | | | Software & Computer Services (9.93%, December 2006 – 8.38%) | | | |
| | Diversified Industrials (3.09%, December 2006 – 2.20%) | | | 39,348 | CSG Systems | 1,058,855 | 0.72 |
| 22,659 | FCStone Group | 1,315,808 | 0.89 | 22,540 | DST Systems | 1,793,282 | 1.21 |
| 84,305 | General Electric | 3,247,429 | 2.20 | 21,997 | Electronic Arts | 1,050,577 | 0.71 |
| | Electricity (1.60%, December 2006 – 0.00%) | | | 5,406 | Google | 2,838,150 | 1.92 |
| 32,372 | Exelon | 2,366,069 | 1.60 | 25,866 | IBM | 2,744,641 | 1.86 |
| | Electronic & Electrical Equipment (0.00%, December 2006 – 0.80%) | | | 134,487 | Microsoft | 4,009,057 | 2.71 |
| | Engineering & Machinery (2.35%, December 2006 – 1.72%) | | | 60,000 | Oracle | 1,186,800 | 0.80 |
| 17,846 | CNH Global | 919,426 | 0.62 | Speciality & Other Finance (7.77%, December 2006 – 10.77%) | | | |
| 49,209 | Thermo Fisher Scientific | 2,558,868 | 1.73 | 16,282 | Alliancebernstein Holding | 1,415,557 | 0.96 |
| | General Retailers (6.36%, December 2006 – 4.29%) | | | 53,080 | American Express | 3,255,397 | 2.20 |
| 25,344 | Abercrombie & Fitch | 1,861,517 | 1.26 | 70,707 | E*TRADE Financial | 1,576,059 | 1.07 |
| 39,600 | Crocs | 1,698,048 | 1.15 | 8,956 | Goldman Sachs Group | 1,950,887 | 1.32 |
| 58,993 | Ebay | 1,903,704 | 1.29 | 26,588 | Moody's | 1,682,223 | 1.14 |
| 37,306 | GameStop | 1,489,629 | 1.01 | 27,653 | SLM | 1,591,430 | 1.08 |
| 29,149 | Wal-mart Stores | 1,409,063 | 0.95 | Steel & Other Metals (0.00%, December 2006 – 0.98%) | | | |
| 34,187 | Winn-Dixie Stores | 1,027,319 | 0.70 | Support Services (7.48%, December 2006 – 5.41%) | | | |
| | Health (3.26%, December 2006 – 3.13%) | | | 43,659 | Auto Data Process | 2,139,728 | 1.45 |
| 14,264 | Medco Health Solutions | 1,114,589 | 0.75 | 32,086 | Corrections | 2,039,386 | 1.38 |
| 30,207 | Medtronic | 1,564,118 | 1.06 | 70,288 | Expedia | 2,056,627 | 1.39 |
| 26,629 | Wellpoint Health Networks | 2,136,445 | 1.45 | 62,647 | Iron Mountain | 1,638,219 | 1.11 |
| | Household Goods & Textiles (3.85%, December 2006 – 4.66%) | | | 67,655 | Republic Services | 2,064,154 | 1.40 |
| 60,705 | Activision | 1,152,181 | 0.78 | 40,608 | UTI Worldwide | 1,102,913 | 0.75 |
| 42,201 | Coach | 2,024,804 | 1.37 | Telecommunication Services (2.38%, December 2006 – 1.88%) | | | |
| 17,001 | Mohawk Industries | 1,727,812 | 1.17 | 26,622 | Leap Wireless | 2,236,514 | 1.51 |
| 13,432 | Nike | 787,115 | 0.53 | 63,273 | Time Warner Telecommunication | 1,289,504 | 0.87 |
| | Information Technology Hardware (9.44%, December 2006 – 8.51%) | | | Tobacco (1.97%, December 2006 – 2.48%) | | | |
| 55,242 | American Tower | 2,321,821 | 1.57 | 41,380 | Altria Group | 2,909,428 | 1.97 |
| 38,722 | Analog Devices | 1,473,759 | 1.00 | Transport (0.71%, December 2006 – 0.99%) | | | |
| 24,241 | Apple | 2,968,553 | 2.01 | 27,862 | Kansas City Southern | 1,048,447 | 0.71 |
| 99,292 | Cisco Systems | 2,773,226 | 1.88 | Total United States of America | | | |
| 62,248 | Corning | 1,599,774 | 1.08 | 145,416,586 | 98.43 | | |
| 71,228 | Intel | 1,718,019 | 1.16 | Total Value of Investments | | | |
| 142,217 | PMC-Sierra | 1,097,915 | 0.74 | 148,878,294 | 100.77 | | |
| | Insurance (3.22%, December 2006 – 4.18%) | | | Net Other Liabilities (December 2006 Assets – 0.43%) | | | |
| 30,732 | American International Group | 2,158,308 | 1.46 | | (1,143,588) | (0.77) | |
| 238 | Berkshire Hathaway | 851,809 | 0.58 | Net Assets | | | |
| 15,995 | Everest Re Group | 1,739,616 | 1.18 | 147,734,706 | 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 30th June 2007

The total cost of purchases during the period was US\$ 37,320,714 and proceeds received from sales were US\$ 44,676,370. The details of the Top 20 purchases and sales are detailed below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|----------------------|----------------------|------------------------------|--------------------------|
| Exelon | 2,269,381 | Intercontinental Exchange | 1,731,756 |
| Avon Products | 2,019,544 | Crocs | 1,637,689 |
| Republic Services | 1,974,797 | Chicago Merchantile Exchange | 1,609,780 |
| Ebay | 1,916,815 | Union Pacific | 1,507,554 |
| Moodys | 1,908,069 | Renaissancere Holdings | 1,446,391 |
| Mohawk Industries | 1,802,375 | Mirant | 1,354,550 |
| MetLife | 1,801,162 | Home Depot | 1,351,759 |
| Union Pacific | 1,509,127 | Jones Lang LaSalle | 1,335,244 |
| Corning | 1,479,355 | Genworth Financial | 1,316,688 |
| Home Depot | 1,475,529 | AMR | 1,315,017 |
| Analog Devices | 1,404,683 | Activision | 1,246,457 |
| Kansas City Southern | 1,142,645 | Houston Wire & Cable | 1,240,725 |
| Houston Wire & Cable | 1,134,109 | Coach | 1,188,605 |
| Lincoln National | 1,115,517 | CIT Group | 1,170,313 |
| Corporate Executive | 1,089,431 | Bear Stearns | 1,161,936 |
| Oracle | 1,085,316 | Goodrich Petroleum | 1,115,988 |
| McAfee | 1,076,168 | Dell | 1,100,051 |
| Freeport McMoRan | 1,068,268 | McAfee | 1,062,349 |
| Electronic Arts | 1,067,884 | Amgen | 1,039,654 |
| FCStone Group | 1,064,401 | Phelps Dodge | 1,031,624 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS/(LOSSES) ON INVESTMENTS

The net gains/(losses) on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|-----------------------------------|--------------|--------------|
| Non-derivative securities | 13,441,299 | (1,186,339) |
| Net gains/(losses) on investments | 13,441,299 | (1,186,339) |

3 OTHER GAINS

| | 2007 US\$ | 2006 US\$ |
|----------------------|--------------|--------------|
| Other currency gains | 8,327 | 8,406 |
| | 8,327 | 8,406 |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|----------------------|--------------|--------------|
| Overseas dividends | 975,881 | 1,024,013 |
| Bank interest | 23,654 | 59,922 |
| Miscellaneous income | – | 844 |
| Total income | 999,535 | 1,084,779 |

5 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|--------------|--------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (1,431,688) | (1,372,313) |
| Registration expenses | (2,991) | (3,175) |
| Directors' periodic charge | (1,836) | (1,790) |
| | (1,436,515) | (1,377,278) |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (17,271) | (15,846) |
| Safe custody fees | (3,156) | 21,744 |
| Transaction charges | (8,985) | (18,225) |
| | (29,412) | (12,327) |
| Other expenses: | | |
| Audit fee | (13,370) | (4,692) |
| Miscellaneous expenses | (135) | – |
| Publication charges | (15,565) | (10,087) |
| | (29,070) | (14,779) |
| Total expenses | (1,494,997) | (1,404,384) |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: | | |
| Overseas tax | (304,803) | (378,335) |
| Total taxation | (304,803) | (378,335) |

7 FINANCE COSTS

| | 2007 US\$ | 2006 US\$ |
|---------------------|--------------|--------------|
| Interest | 21,172 | 14,186 |
| Total finance costs | 21,172 | 14,186 |

8 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Amount receivable for issues of shares | – | 10,294 |
| Receivable from the Manager – Nominal Shares | 20,921 | 15,136 |
| Accrued income | 66,513 | 72,554 |
| Total debtors | 87,434 | 97,984 |

9 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Amounts payable for cancellation of shares | (95,809) | (19,792) |
| Purchases awaiting settlement | (332,997) | – |
| Accrued expenses | (24,159) | (19,057) |
| Amounts payable to the Manager | (242,723) | (217,996) |
| Total creditors | (695,688) | (256,845) |

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\$ 239,205 (2006 – US\$ 215,460) in respect of annual management charge, and US\$ 487 (2006 – US\$ 479) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 1,553 (2006 – US\$ 1,629) in respect of safe custody charges and US\$ 2,853 (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 RBS International 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 61.

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 | | | |
| Canadian Dollar | 4,533 | 1,801,568 | 1,806,101 |
| UK Sterling | 6,742 | – | 6,742 |
| 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 30th June 2007 was:

| | Floating rate financial assets US\$ | Fixed rate financial assets US\$ | Financial assets not carrying interest US\$ | Total US\$ |
|----------------------|--|---|---|---------------|
| Currency 2007 | | | | |
| Canadian Dollar | 4,533 | – | 1,801,568 | 1,806,101 |
| UK Sterling | 6,742 | – | – | 6,742 |
| US Dollar | – | – | 147,164,160 | 147,164,160 |
| 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 |
| | Financial Floating rate liabilities not carrying interest US\$ | | | Total US\$ |
| Currency 2007 | | | | |
| US Dollar | | (546,609) | (695,688) | (1,242,297) |
| 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.

North American Growth Fund
Notes to the financial statements (continued)
for the accounting period 1st January 2007 to 30th June 2007

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 10 basis points.

14 PORTFOLIO TRANSACTION COSTS

| | 2007 US\$ | 2006 US\$ |
|--|-------------------|-------------------|
| Analysis of total purchase costs | | |
| Purchases in period before transaction costs | 37,283,200 | 76,103,102 |
| Commissions | <u>37,514</u> | <u>92,388</u> |
| Total purchase cost | <u>37,514</u> | <u>92,388</u> |
| Gross purchase total | <u>37,320,714</u> | <u>76,195,490</u> |
| Analysis of total sales cost | | |
| Gross sales before transaction costs | 44,712,808 | 82,257,356 |
| Commissions | <u>(35,455)</u> | <u>(106,148)</u> |
| Taxes | <u>(983)</u> | <u>(2,595)</u> |
| Total sales cost | <u>(36,438)</u> | <u>(108,743)</u> |
| Total sales net of transaction costs | <u>44,676,370</u> | <u>82,148,613</u> |

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 six months, the MSCI Asia Pacific Index gained 4.4% in US Dollar terms. The Fund rose by 7.6% in US Dollar terms, and outperformed the index over the period. Regarding individual markets in the region, in US Dollar terms, the Japanese TOPIX Index rose 3.3%, Australia gained 12.6%, China was up 22.2%, Korea rose 21.1%, and Hong Kong gained 6.9% (MSCI indices in US Dollar terms).

The Japanese market has continued to recover gradually from the lows seen in June 2005. However, the pace of the rise in Japanese equities has lagged other Asian markets, and at the end of June 2007 the Japanese market remained 2.7% below its most recent high in late February.

Over the reporting period, the best performing sectors in Japan were shipping, oil and wholesale traders. The worst performing sectors were non-bank financials, services and pharmaceuticals. Within Japan, commodity areas have been the best performing sectors overall, mirroring the trend seen in the rest of the world.

Within the portfolio, the best performing Japanese stocks included the real estate company TOC Co. Ltd., nickel refiner Pacific Metals, and Nippon Mining Holdings. Among the worst performing stocks were the housing companies Arnest One and Misawa Homes, along with the retailer Ryohin Keikaku.

In the rest of Asia, the best performing sectors were materials, on the back of strong commodity prices, and industrials, which benefited from strong demand growth, boosted by increased infrastructure spending. The worst performing sectors were technology, where there were concerns over the outlook for product demand, and utilities.

During the period, the Fund's weighting in Japan shrank due to the outperformance of Asia excluding Japan. We remain optimistic on the prospects for Japanese equities as both the Japanese economy and corporate profits continue to grow well. Over the next few years, the outlook remains positive. Future growth should be driven by improving consumer expenditure and corporate sector capital investment, after years of under-spending by both groups. Additionally, the prospect of rising interest rates should boost the earnings of the banking sector.

We also remain optimistic on the outlook for other Asian markets. We expect steady economic growth in Asia in 2007. In terms of valuations, Asian equities are still cheap relative to other markets and to historic levels.

Far East Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|------------------|------------------|
| Net gains on investments during the period | 2 | 2,641,249 | 1,292,277 |
| Other losses | 3 | (5,163) | (23,048) |
| Income | 4 | 196,178 | 229,861 |
| Expenses | 5 | (267,941) | (274,546) |
| Finance costs: Interest | 7 | (10,845) | (5,817) |
| Net expenses before taxation | | (82,608) | (50,502) |
| Taxation | 6 | (19,139) | (22,579) |
| Net expenses after taxation | | (101,747) | (73,081) |
| Total return before distribution | | 2,534,339 | 1,196,148 |
| Finance costs: Equalisation | 7 | – | (55) |
| Change in Net Assets attributable to Shareholders | | 2,534,339 | 1,196,093 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 23,113,514 | 23,493,396 |
| Debtors | 8 | 641,966 | 156,493 |
| Cash and bank balances | | 132,237 | 137,977 |
| Total other assets | | 774,203 | 294,470 |
| Total assets | | 23,887,717 | 23,787,866 |
| Liabilities | | | |
| Creditors | 9 | (730,514) | (64,978) |
| Bank overdrafts | | (230,289) | (464,017) |
| Total liabilities | | (960,803) | (528,995) |
| Net Assets attributable to Shareholders | | 22,926,914 | 23,258,871 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 77,658 | 77,658 |
| Share Premium | | 15,348,549 | 16,778,742 |
| Capital Reserve | | 7,500,707 | 6,402,471 |
| | | 22,926,914 | 23,258,871 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|-------------------|
| Net Assets at the start of the period | 23,258,871 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 1,152,341 |
| Less: Amounts paid on cancellation of shares | (4,018,637) |
| | (2,866,296) |
| Change in Net Assets attributable to Shareholders (see above) | 2,534,339 |
| Net Assets at the end of the period | 22,926,914 |

Far East Fund
Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|---|----------------|----------------------------|---|------------------------------|-------------------|----------------------------|
| INDIA (4.10%, December 2006 – 3.55%) | | | | Household Goods & Textiles (1.00%, December 2006 – 1.15%) | | | |
| | Collective Investment Schemes (4.10%, December 2006 – 3.55%) | | | 16,000 | Mitsubishi Rayon | 113,639 | 0.50 |
| 15,427 | Threadneedle India Fund | 939,929 | 4.10 | 9,000 | Onward Kashiyama | 114,360 | 0.50 |
| | Total India | 939,929 | 4.10 | Insurance (0.00%, December 2006 – 0.68%) | | | |
| INDONESIA (1.49%, December 2006 – 1.61%) | | | | Leisure Entertainment & Hotels (0.33%, December 2006 – 0.00%) | | | |
| | Banks (0.76%, December 2006 – 0.72%) | | | 71 | Accordia Golf | 68,425 | 0.30 |
| 144,828 | Bank Danamon | 110,987 | 0.48 | 7 | Pacific Golf | 6,406 | 0.03 |
| 101,500 | Bank Rakyat Indonesia | 64,256 | 0.28 | Life Assurance (1.39%, December 2006 – 0.54%) | | | |
| | General Retailers (0.00%, December 2006 – 0.22%) | | | 4,750 | T & D Holdings | 319,286 | 1.39 |
| | Telecommunication Services (0.32%, December 2006 – 0.32%) | | | Mining (0.00%, December 2006 – 0.63%) | | | |
| 67,000 | Telekomunikasi Industries | 73,296 | 0.32 | Oil & Gas (0.88%, December 2006 – 1.27%) | | | |
| | Utilities – Other (0.41%, December 2006 – 0.35%) | | | 21,000 | Nippon Mining Holdings | 200,512 | 0.88 |
| 90,000 | Perusahaan Gas Negara | 93,959 | 0.41 | Pharmaceuticals & Biotechnology (0.87%, December 2006 – 2.88%) | | | |
| | Total Indonesia | 342,498 | 1.49 | 3,100 | Takeda Chemical Industries | 199,338 | 0.87 |
| JAPAN (46.80%, December 2006 – 51.78%) | | | | Real Estate (0.91%, December 2006 – 2.86%) | | | |
| | Automobiles & Parts (4.92%, December 2006 – 5.71%) | | | 15,200 | Arnest One | 131,469 | 0.57 |
| 8,400 | Honda Motor | 305,446 | 1.33 | 1,000 | Sumitomo Real Estate | 78,151 | 0.34 |
| 6,100 | Keihin | 117,080 | 0.51 | Software & Computer Services (1.11%, December 2006 – 1.67%) | | | |
| 11,200 | Toyota Motor | 706,584 | 3.08 | 700 | Nintendo | 254,538 | 1.11 |
| | Banks (6.06%, December 2006 – 7.86%) | | | Speciality & Other Finance (1.53%, December 2006 – 2.59%) | | | |
| 53 | Mitsubishi UFJ Financial Group | 579,452 | 2.53 | 11,300 | Marusan Securities | 126,655 | 0.55 |
| 17,000 | Mitsui Trust Holdings | 147,588 | 0.64 | 6,900 | Nomura Holdings | 133,274 | 0.58 |
| 36 | Mizuho Financial Group | 248,108 | 1.08 | 16,000 | Tokai Tokyo Securities | 91,222 | 0.40 |
| 45 | Sumitomo Mitsui Financial Group | 415,456 | 1.81 | Steel & Other Metals (1.50%, December 2006 – 1.58%) | | | |
| | Beverages (0.00%, December 2006 – 0.57%) | | | 51,000 | Kobe Steel | 192,884 | 0.84 |
| | Chemicals (2.62%, December 2006 – 3.63%) | | | 9,700 | Tokyo Steel | 151,770 | 0.66 |
| 6,000 | Kansai Paint | 52,284 | 0.23 | Telecommunication Services (1.79%, December 2006 – 0.55%) | | | |
| 75,000 | Showa Denko | 269,682 | 1.18 | 220 | Eaccess | 130,776 | 0.57 |
| 24,000 | Sumitomo Chemical | 160,740 | 0.70 | 24 | KDDI | 177,067 | 0.77 |
| 38,000 | UBE Industries | 116,328 | 0.51 | 8 | Nippon Telegraph & Telephone | 35,309 | 0.15 |
| | Construction & Building Materials (5.27%, December 2006 – 5.29%) | | | 43 | NTT DoCoMo | 67,558 | 0.30 |
| 21,000 | Asahi Glass | 282,486 | 1.23 | Transport (0.72%, December 2006 – 0.00%) | | | |
| 3,100 | Daito Trust Construction | 147,119 | 0.64 | 24,000 | Sumitomo Warehouse | 165,016 | 0.72 |
| 4,390 | Goldcrest | 223,982 | 0.98 | Total Japan | | | |
| 51,500 | Haseko | 151,816 | 0.66 | | | 10,730,310 | 46.80 |
| 28,000 | Okumura | 142,859 | 0.62 | MALAYSIA (1.12%, December 2006 – 0.23%) | | | |
| 34,000 | Sekisui Chemical | 262,134 | 1.14 | Banks (0.36%, December 2006 – 0.23%) | | | |
| | Diversified Industrials (1.63%, December 2006 – 0.00%) | | | 24,100 | Bumiputra-Commerce Holdings | 81,064 | 0.36 |
| 7,800 | Mitsubishi | 203,404 | 0.89 | Food Producers & Processors (0.26%, December 2006 – 0.00%) | | | |
| 9,300 | Sumitomo | 168,709 | 0.74 | 39,500 | IOI | 59,560 | 0.26 |
| | Electronic & Electrical Equipment (7.81%, December 2006 – 6.20%) | | | Investment Companies (0.50%, December 2006 – 0.00%) | | | |
| 7,500 | Canon | 438,537 | 1.91 | 35,200 | Ta Ann Holdings Bhd | 115,338 | 0.50 |
| 1,600 | Ibiden | 103,014 | 0.45 | Total Malaysia | | | |
| 2,200 | Kyocera Corp. | 233,757 | 1.02 | | | 255,962 | 1.12 |
| 2,200 | Murata Manufacturing | 165,162 | 0.72 | PAKISTAN (0.25%, December 2006 – 0.16%) | | | |
| 3,600 | Nidec | 210,498 | 0.92 | Banks (0.25%, December 2006 – 0.16%) | | | |
| 8,000 | Ricoh | 183,999 | 0.80 | 2,382* | MCB Bank | 57,001 | 0.25 |
| 16,000 | Sharp | 302,562 | 1.32 | Total Pakistan | | | |
| 11,500 | Yokogawa Electric | 153,857 | 0.67 | | | 57,001 | 0.25 |
| | Engineering & Machinery (3.79%, December 2006 – 4.32%) | | | PHILIPPINES (0.81%, December 2006 – 0.71%) | | | |
| 17,000 | Amada | 211,745 | 0.92 | General Retailers (0.26%, December 2006 – 0.21%) | | | |
| 15,000 | Meidensha | 54,544 | 0.24 | 5,028 | Ayala Corp | 58,818 | 0.26 |
| 21,000 | Mitsubishi Steel | 97,110 | 0.42 | Telecommunication Services (0.55%, December 2006 – 0.50%) | | | |
| 1,600 | SMC | 211,988 | 0.93 | 2,240 | Philippine Long Distance | 127,136 | 0.55 |
| 8,100 | THK | 202,699 | 0.88 | Total Philippines | | | |
| 19,000 | Tsugami | 90,631 | 0.40 | | | 185,954 | 0.81 |
| | Food & Drug Retailers (0.30%, December 2006 – 0.00%) | | | | | | |
| 3,200 | Sundrug | 69,583 | 0.30 | | | | |
| | General Retailers (2.37%, December 2006 – 1.80%) | | | | | | |
| 13,000 | Daimaru | 154,974 | 0.68 | | | | |
| 38,000 | Mitsukoshi | 189,263 | 0.83 | | | | |
| 3,200 | Ryohin Keikaku | 197,475 | 0.86 | | | | |

Far East Fund Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value |
|---|--------------------------------|-------------------|----------------------------|
| SINGAPORE (4.22%, December 2006 – 3.53%) | | | |
| Banks (1.27%, December 2006 – 1.15%) | | | |
| 8,000 | DBS Group Holdings | 118,834 | 0.52 |
| 12,000 | United Overseas Bank | 171,969 | 0.75 |
| Engineering & Machinery (2.55%, December 2006 – 2.09%) | | | |
| 38,000 | Keppel Corp Npv | 305,853 | 1.33 |
| 114,789 | Wilmar International Ltd | 238,865 | 1.04 |
| 32,000 | Yangzijiang Shipbuilding | 40,204 | 0.18 |
| Real Estate (0.40%, December 2006 – 0.29%) | | | |
| 8,300 | City Developments | 92,875 | 0.40 |
| Total Singapore | | 968,600 | 4.22 |
| SOUTH KOREA (7.21%, December 2006 – 4.22%) | | | |
| Banks (2.15%, December 2006 – 1.85%) | | | |
| 2,280 | Kookmin Bank | 200,312 | 0.87 |
| 4,840 | Shinhan Financial Group | 294,143 | 1.28 |
| Construction & Building Materials (0.54%, December 2006 – 0.26%) | | | |
| 1,771* | Taewoong | 122,978 | 0.54 |
| Engineering & Machinery (3.59%, December 2006 – 1.25%) | | | |
| 3,680 | Daewoo Shipbuilding | 208,098 | 0.91 |
| 3,410 | Doosan Infracore | 114,516 | 0.50 |
| 1,339 | Hyundai Heavy Industries | 500,438 | 2.18 |
| General Retailers (0.43%, December 2006 – 0.33%) | | | |
| 843 | Hyundai Department Store | 99,542 | 0.43 |
| Information Technology Hardware (0.50%, December 2006 – 0.53%) | | | |
| 3,144 | Hynix Semiconductor | 113,587 | 0.50 |
| Total South Korea | | 1,653,614 | 7.21 |
| TAIWAN (5.79%, December 2006 – 4.69%) | | | |
| Electronic & Electrical Equipment (3.46%, December 2006 – 2.52%) | | | |
| 109,682 | Chroma | 232,625 | 1.01 |
| 23,000 | Delta Electronics | 91,024 | 0.40 |
| 36,316 | Hon Hai Precision | 314,084 | 1.37 |
| 14,000 | Powertech Technology | 58,615 | 0.26 |
| 19,000 | Tripod Technology | 97,259 | 0.42 |
| Household Goods & Textiles (0.33%, December 2006 – 0.42%) | | | |
| 35,655 | Chong Hong Construction | 76,710 | 0.33 |
| Information Technology Hardware (1.01%, December 2006 – 0.78%) | | | |
| 37,840 | Asustek Computer | 104,424 | 0.46 |
| 8,000 | MediaTek | 125,176 | 0.55 |
| Speciality & Other Finance (0.99%, December 2006 – 0.97%) | | | |
| 72,430 | Cathay Financial Holdings | 172,874 | 0.75 |
| 71,464 | China Trust Financial Holdings | 55,691 | 0.24 |
| Total Taiwan | | 1,328,482 | 5.79 |
| THAILAND (0.00%, December 2006 – 0.18%) | | | |
| Banks (0.00%, December 2006 – 0.18%) | | | |
| UNITED KINGDOM (0.39%, December 2006 – 0.34%) | | | |
| Banks (0.39%, December 2006 – 0.34%) | | | |
| 2,723 | Standard Chartered | 88,293 | 0.39 |
| Total United Kingdom | | 88,293 | 0.39 |
| Total Value of Investments | | 23,113,514 | 100.81 |
| Net Other Liabilities (December 2006 – (1.01%)) | | (186,600) | (0.81) |
| Net Assets | | 22,926,914 | 100.00 |

*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 30th June 2007

The total cost of purchases during the period was US\$ 7,178,766 and proceeds received from sales were US\$ 10,199,813. The details of the Top 20 purchases and sales are detailed below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|---------------------------------|----------------------|-----------------------------|--------------------------|
| Mitsubishi | 368,951 | Zhuzhou | 363,737 |
| Nissan Motor Company | 269,271 | Mitsui Mining | 319,115 |
| Goldcrest | 241,820 | Pacific Metals Company | 305,396 |
| Sumitomo Mitsui Financial Group | 240,669 | Takeda Chemical Industries | 267,624 |
| Nidec | 231,919 | TOC Co. Ltd. | 258,622 |
| NTT DoCoMo | 222,780 | Nissan Motor Company | 250,881 |
| NEC | 214,753 | Mitsubishi | 250,611 |
| KDDI | 208,568 | IND & COMM Bank of China | 230,437 |
| Kyocera Corp. | 206,320 | Capitaretail China Trust | 225,346 |
| Kobe Steel | 200,637 | NEC | 220,335 |
| T & D Holdings | 199,936 | Nintendo | 213,394 |
| Daewoo Shipbuilding | 198,470 | Nikko Securities | 202,972 |
| Tokyo Steel | 180,024 | Nomura Holdings | 198,471 |
| Sumitomo | 170,996 | Mitsui Fudosan | 196,517 |
| Daimaru | 163,530 | Shionogi | 191,353 |
| Sumitomo Warehouse | 161,974 | Homeinns & Hotel Management | 186,652 |
| Citizen Holdings | 145,566 | Ricoh | 176,810 |
| Marusan Securities | 144,415 | Sumitomo Chemical | 173,121 |
| Mizuho Investment Securities | 139,640 | Citizen Holdings | 168,195 |
| Keihin | 132,061 | Mitsui Trust Holdings | 168,163 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|---------------------------|------------------|------------------|
| Non-derivative securities | 2,641,249 | 1,292,277 |
| Net gains on investments | <u>2,641,249</u> | <u>1,292,277</u> |

3 OTHER LOSSES

| | 2007 US\$ | 2006 US\$ |
|-----------------------|----------------|-----------------|
| Other currency losses | (5,163) | (23,048) |
| | <u>(5,163)</u> | <u>(23,048)</u> |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|----------------------|----------------|----------------|
| UK dividends | 1,508 | – |
| Overseas dividends | 194,554 | 229,139 |
| Bank interest | 116 | 362 |
| Miscellaneous income | – | 360 |
| Total income | <u>196,178</u> | <u>229,861</u> |

5 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|------------------|------------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (227,177) | (227,288) |
| Registration expenses | (4,076) | (4,533) |
| Directors' periodic charge | (285) | (296) |
| | <u>(231,538)</u> | <u>(232,117)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (2,753) | (2,613) |
| Safe custody fees | (8,407) | 3,679 |
| Transaction charges | (20,765) | (41,056) |
| | <u>(31,925)</u> | <u>(39,990)</u> |
| Other expenses: | | |
| Audit fee | (2,090) | (774) |
| Miscellaneous expenses | (21) | (1) |
| Publication charges | (2,367) | (1,664) |
| | <u>(4,478)</u> | <u>(2,439)</u> |
| Total expenses | <u>(267,941)</u> | <u>(274,546)</u> |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|-----------------|-----------------|
| Analysis of charge in period: | | |
| Overseas tax | (18,988) | (22,579) |
| United Kingdom income tax | (151) | – |
| Total taxation | <u>(19,139)</u> | <u>(22,579)</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 comprise:

| | 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 | 10,845 | 5,817 |
| Total finance costs | <u>10,845</u> | <u>5,872</u> |

8 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|----------------|----------------|
| Sales awaiting settlement | 513,940 | 77,358 |
| Receivable from the Manager – Nominal Shares | 60,281 | 57,966 |
| Accrued income | 67,745 | 21,169 |
| Total debtors | <u>641,966</u> | <u>156,493</u> |

9 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|-----------------|
| Amounts payable for cancellation of shares | (9,458) | (23,318) |
| Purchases awaiting settlement | (675,532) | – |
| Accrued expenses | (7,589) | (6,580) |
| Amounts payable to the Manager | (37,935) | (35,080) |
| Total creditors | <u>(730,514)</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\$ 36,834 (2006 – US\$ 34,137) in respect of annual management charge, and US\$ 661 (2006 – US\$ 655) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 4,080 (2006 – US\$ 3,835) in respect of safe custody charges and US\$ 439 (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 RBS International 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 30th June 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 61.

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 | 4,445 | 2,583,929 | 2,588,374 |
| Hong Kong Dollar | (2,091) | 3,586,752 | 3,584,661 |
| Indonesian Rupiah | 3,216 | 342,498 | 345,714 |
| Japanese Yen | 123,723 | 10,730,311 | 10,854,034 |
| Korean Won | (199,308) | 1,653,614 | 1,454,306 |
| Malaysian Ringitt | 3,678 | 255,963 | 259,641 |
| New Zealand Dollar | 134 | – | 134 |
| Philippine Peso | – | 185,954 | 185,954 |
| Singapore Dollar | 3,047 | 968,599 | 971,646 |
| Taiwanese Dollar | 120,203 | 1,328,481 | 1,448,684 |
| Thai Bhat | 108 | – | 108 |
| UK Sterling | 4,806 | 88,292 | 93,098 |
| 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 30th June 2007 was:

| | Floating rate financial assets US\$ | Fixed rate financial assets US\$ | Financial assets not carrying interest US\$ | Total US\$ |
|----------------------|--|---|---|---------------|
| Currency 2007 | | | | |
| Australian Dollar | 415 | – | 2,587,959 | 2,588,374 |
| Hong Kong Dollar | 590 | – | 3,592,090 | 3,592,680 |
| Indonesian Rupiah | – | – | 345,714 | 345,714 |
| Japanese Yen | – | – | 11,358,598 | 11,358,598 |
| Korean Won | – | – | 1,653,614 | 1,653,614 |
| Malaysian Ringitt | 2,937 | – | 256,704 | 259,641 |
| New Zealand Dollar | 134 | – | – | 134 |
| Philippine Peso | – | – | 185,954 | 185,954 |
| Singapore Dollar | 3,046 | – | 968,600 | 971,646 |
| Taiwanese Dollar | 120,202 | – | 1,328,482 | 1,448,684 |
| Thai Bhat | 108 | – | – | 108 |
| UK Sterling | 4,805 | – | 88,293 | 93,098 |
| US Dollar | – | – | 1,389,472 | 1,389,472 |
| 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 US\$ | Financial liabilities not carrying interest US\$ | Total US\$ |
|----------------------|---|--|---------------|
| Currency 2007 | | | |
| Hong Kong Dollar | – | (8,019) | (8,019) |
| Japanese Yen | (44,198) | (460,366) | (504,564) |
| Korean Won | – | (199,308) | (199,308) |
| US Dollar | (186,091) | (62,821) | (248,912) |
| 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 19 basis points.

14 PORTFOLIO TRANSACTION COSTS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Analysis of total purchase cost | | |
| Purchases in period before transaction costs | 7,169,537 | 9,180,660 |
| Commissions | 8,805 | 18,085 |
| Taxes | 308 | 1,663 |
| Fees | 116 | 326 |
| Total purchase cost | 9,229 | 20,074 |
| Gross purchase total | 7,178,766 | 9,200,734 |
| Analysis of total sales | | |
| Gross sales before transaction costs | 10,215,118 | 10,773,551 |
| Commissions | (12,718) | (18,988) |
| Taxes | (2,049) | (3,332) |
| Fees | (538) | (3,754) |
| Total sales cost | (15,305) | (26,074) |
| Total sales net of transaction costs | 10,199,813 | 10,747,477 |

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 rose by 6% during the first half of the year. Apart from a small correction at the end of February, the market's progress was relatively smooth.

The economic backdrop remained broadly positive. Global economic growth, led by the relentless industrialisation of China, continued to be buoyant. Only the UK and US consumer appeared not to share in this growth, with US house prices falling for the first time since the Second World War.

Prices for oil, metals and, increasingly, soft (agricultural) commodities continued to be strong. For the first time, some of this impact started to be seen in inflation numbers. Government bond yields around the world increased markedly towards the end of the period although this reflected an increase in 'real' yields rather than inflationary expectations (as the price of index-linked gilts remained relatively stable). UK interest rates rose twice during the period, from 5.0% to 5.5%, as UK consumer price inflation briefly exceeded 3.0%.

Global liquidity continued to be strong as the 'carry trade' continued. This is where speculators borrow a weak currency with a low interest rate – in this case the Yen – and reinvest the proceeds in higher returning assets. This liquidity itself contributed to price inflation in many asset classes across the world.

With corporate profitability strong and cheap money available to continue financing mergers and acquisitions (the Fund benefited from bids for Hanson and CI Traders), the market made steady progress.

However, possible seeds for future problems were sown in the US housing market. With the consumer under pressure and house prices starting to weaken, concerns began to emerge about loans to the weaker end of the market, the so-called 'sub-prime' mortgage market. With many of these individual loans having been packaged into large portfolios (known as CDOs – collateralised debt obligations) and then sold by banks to highly leveraged hedge funds, any slight deterioration in delinquency at the underlying asset level has a magnified impact. Thus, prices of these packages have started to deteriorate, compounded by possible liquidity fears.

The overall shape of the portfolio was moved slightly more defensive as a result of these developments. Thus, we increased the Fund's position in areas such as oils and telecoms and moved further underweight in sectors such as financials. Portfolio turnover has increased slightly as a result of this repositioning from its usually modest level. Despite this, we continue to primarily pick stocks on the basis of 'bottom up' stock selection.

Performance during the half-year was good, despite a slightly weak end to the period. Notable stock contributions came from Autonomy, RPS Group and UK Coal, which were up 50%, 30% and 24% respectively.

Within the Fund we added to BP and purchased a new holding in Diageo. One of the key areas where we made disposals was property. Having been significantly, and successfully, overweight for several years the Fund was moved underweight by selling Slough and Brixton. We also exited New Star and Easyjet, stocks which had roughly doubled during their relatively short time in the portfolio.

The largest overweight sectors are utilities, food retailers and tobacco, all defensive areas of the market. The largest underweight sectors are banks, food producers and general financials. The Fund remains overweight in small and medium-sized companies and underweight in large cap stocks. This positioning has been determined by where individual stock opportunities have arisen.

At a stock level, Tesco and Pennon Group remain the largest positions in the Fund (relative to the FTSE All-Share Index), as they have been for some time. They are now joined by Xstrata and Fuller Smith & Turner.

UK Capital Growth Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Net gains on investments during the period | 2 | 12,259,256 | 15,713,071 |
| Income | 3 | 2,499,300 | 2,383,726 |
| Expenses | 4 | (1,331,740) | (1,246,878) |
| Finance costs: Interest | 6 | (19,995) | (1,783) |
| Net income before taxation | | 1,147,565 | 1,135,065 |
| Taxation | 5 | (253,591) | (240,526) |
| Net income after taxation | | 893,974 | 894,539 |
| Total return before distribution | | 13,153,230 | 16,607,610 |
| Finance costs: Equalisation | 6 | (50,887) | (52,475) |
| Change in Net Assets attributable to Shareholders | | 13,102,343 | 16,555,135 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 125,262,904 | 125,738,727 |
| Debtors | 7 | 2,355,420 | 553,345 |
| Cash and bank balances | | 122,133 | 1,720,080 |
| Total other assets | | 2,477,553 | 2,273,425 |
| Total assets | | 127,740,457 | 128,012,152 |
| Liabilities | | | |
| Creditors | 8 | (938,021) | (876,246) |
| Distribution payable on income shares | | - | (1,165,453) |
| Total liabilities | | (938,021) | (2,041,699) |
| Net Assets attributable to Shareholders | | 126,802,436 | 125,970,453 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 471,281 | 471,281 |
| Share Premium | | 72,273,856 | 79,630,047 |
| Capital Reserve | | 54,057,299 | 45,869,125 |
| | | 126,802,436 | 125,970,453 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|--------------------|
| Net Assets at the start of the period | 125,970,453 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 1,435,694 |
| Less: Amounts paid on cancellation of shares | (13,706,054) |
| | (12,270,360) |
| Change in Net Assets attributable to Shareholders (see above) | 13,102,343 |
| Net Assets at the end of the period | 126,802,436 |

UK Capital Growth Fund

Portfolio statement

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|---|---------------|----------------------------|--|-----------------------------|------------------|----------------------------|
| UNITED KINGDOM (98.79%, December 2006 – 99.82%) | | | | Oil & Gas (16.68%, December 2006 – 15.29%) | | | |
| | Aerospace & Defence (2.53%, December 2006 – 2.33%) | | | 220,000 | BG Group | 3,609,140 | 2.85 |
| 165,000 | BAE Systems | 1,331,905 | 1.05 | 717,500 | BP | 8,639,059 | 6.81 |
| 22,000 | Chemring Group | 868,401 | 0.68 | 45,000 | Hunting | 660,120 | 0.52 |
| 5,920,000 | Rolls-Royce B Shares | 11,880 | 0.01 | 197,500 | Royal Dutch Shell B Shares | 8,247,692 | 6.50 |
| 92,500 | Rolls-Royce | 995,875 | 0.79 | Personal Care & Household Products (2.84%, December 2006 – 2.25%) | | | |
| Banks (13.28%, December 2006 – 15.97%) | | | | 45,000 | Reckitt Benckiser | 2,464,389 | 1.95 |
| 110,000 | Barclays | 1,538,575 | 1.21 | 130,000 | SSL International | 1,130,252 | 0.89 |
| 62,500 | HBOS | 1,232,897 | 0.97 | Pharmaceuticals & Biotechnology (6.35%, December 2006 – 6.09%) | | | |
| 272,500 | HSBC | 4,989,909 | 3.94 | 50,000 | AstraZeneca | 2,687,038 | 2.12 |
| 220,000 | Lloyds TSB Group | 2,459,071 | 1.94 | 172,500 | GlaxoSmithKline | 4,500,137 | 3.55 |
| 322,500 | Royal Bank of Scotland Group | 4,106,337 | 3.24 | 35,000 | Shire | 865,311 | 0.68 |
| 77,500 | Standard Chartered | 2,513,254 | 1.98 | Real Estate (1.57%, December 2006 – 3.93%) | | | |
| Beverages (2.75%, December 2006 – 1.82%) | | | | 125,000 | St. Modwen Properties | 1,487,503 | 1.17 |
| 137,500 | Diageo | 2,861,375 | 2.25 | 52,500 | Town Centre Securities | 509,125 | 0.40 |
| 25,000 | SABMiller | 631,123 | 0.50 | Software & Computer Services (1.27%, December 2006 – 1.54%) | | | |
| Chemicals (2.29%, December 2006 – 1.95%) | | | | 67,500 | Autonomy | 976,635 | 0.77 |
| 77,500 | Croda International | 993,793 | 0.78 | 103,000 | Blinkx | 88,362 | 0.07 |
| 100,000 | ICI | 1,237,161 | 0.98 | 115,000 | Sage Group | 541,747 | 0.43 |
| 20,000 | Johnson Matthey | 675,472 | 0.53 | Speciality & Other Finance (0.25%, December 2006 – 1.68%) | | | |
| Construction & Building Materials (2.15%, December 2006 – 2.02%) | | | | 10,165 | Intermediate Capital Group | 317,402 | 0.25 |
| 105,000 | Balfour Beatty | 933,967 | 0.74 | Support Services (1.92%, December 2006 – 1.22%) | | | |
| 35,000 | Bovis Homes Group | 625,103 | 0.49 | 75,000 | Babcock International Group | 809,724 | 0.64 |
| 38,143 | Hanson | 824,373 | 0.65 | 230,000 | RPS Group | 1,618,895 | 1.28 |
| 12,948 | SIG | 344,280 | 0.27 | Telecommunication Services (6.00%, December 2006 – 4.86%) | | | |
| Diversified Industrials (0.66%, December 2006 – 0.61%) | | | | 72,500 | BT Group | 483,025 | 0.38 |
| 100,000 | Gooch & Housego | 842,835 | 0.66 | 2,135,000 | Vodafone Group | 7,124,976 | 5.62 |
| Electricity (2.99%, December 2006 – 3.68%) | | | | Tobacco (3.83%, December 2006 – 3.37%) | | | |
| 71,641 | Drax Group | 1,044,457 | 0.83 | 92,000 | British American Tobacco | 3,125,634 | 2.46 |
| 107,500 | International Power | 927,081 | 0.73 | 37,500 | Imperial Tobacco | 1,730,069 | 1.37 |
| 62,500 | Scottish & Southern Energy | 1,816,109 | 1.43 | Transport (2.56%, December 2006 – 4.13%) | | | |
| Electronic & Electrical Equipment (0.82%, December 2006 – 0.82%) | | | | 70,000 | FirstGroup | 935,547 | 0.74 |
| 57,500 | Spectris | 1,040,224 | 0.82 | 20,000 | Forth Ports | 738,484 | 0.58 |
| Engineering & Machinery (0.80%, December 2006 – 0.89%) | | | | 130,000 | J Fisher & Sons | 1,571,787 | 1.24 |
| 70,000 | Weir Group | 1,020,533 | 0.80 | Utilities – Other (4.45%, December 2006 – 3.39%) | | | |
| Food & Drug Retailers (4.78%, December 2006 – 4.59%) | | | | 167,500 | Centrica | 1,306,708 | 1.03 |
| 250,000 | Morrison Supermarkets | 1,511,334 | 1.19 | 135,000 | National Grid | 1,997,970 | 1.58 |
| 545,000 | Tesco | 4,544,235 | 3.59 | 190,000 | Pennon Group | 2,337,263 | 1.84 |
| General Retailers (1.18%, December 2006 – 1.16%) | | | | Total United Kingdom | | | |
| 57,500 | Marks & Spencer Group | 724,637 | 0.58 | 125,262,904 | | 98.79 | |
| 166,000 | Topps Tiles | 766,177 | 0.60 | Total Value of Investments | | | |
| Insurance (0.71%, December 2006 – 1.04%) | | | | 125,262,904 | | 98.79 | |
| 310,000 | Royal & Sun Alliance | 900,790 | 0.71 | Net Other Assets (December 2006 – 0.18%) | | | |
| Investment Companies (0.00%, December 2006 – 0.84%) | | | | | | 1,539,532 | 1.21 |
| Leisure Entertainment & Hotels (2.99%, December 2006 – 2.84%) | | | | Net Assets | | | |
| 119,403 | C.I. Traders | 234,820 | 0.19 | 126,802,436 | | 100.00 | |
| 42,500 | Enterprise Inns | 589,332 | 0.46 | The calculation of the % Net Asset Value may not add up due to rounding. | | | |
| 70,000 | First Choice Holidays | 447,756 | 0.35 | | | | |
| 50,000 | Fuller Smith & Turner | 1,879,321 | 1.49 | | | | |
| 80,000 | Marston's | 636,541 | 0.50 | | | | |
| Life Assurance (2.39%, December 2006 – 2.01%) | | | | | | | |
| 270,000 | Chesnara | 923,808 | 0.73 | | | | |
| 310,000 | Legal & General | 929,406 | 0.73 | | | | |
| 82,500 | Prudential | 1,177,109 | 0.93 | | | | |
| Media & Photography (1.71%, December 2006 – 1.36%) | | | | | | | |
| 275,000 | ITV | 629,116 | 0.50 | | | | |
| 47,500 | Pearson | 803,553 | 0.63 | | | | |
| 155,000 | Taylor Nelson Sofres | 736,402 | 0.58 | | | | |
| Mining (9.04%, December 2006 – 8.14%) | | | | | | | |
| 80,000 | Anglo American | 4,676,530 | 3.69 | | | | |
| 20,000 | Lonmin | 1,611,019 | 1.28 | | | | |
| 6,000 | Rio Tinto | 460,790 | 0.36 | | | | |
| 125,000 | UK Coal | 1,270,524 | 1.00 | | | | |
| 57,500 | Xstrata | 3,439,720 | 2.71 | | | | |

UK Capital Growth Fund
Summary of material portfolio changes

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

The total cost of purchases during the period was US\$ 18,938,154 and proceeds received from sales were US\$ 31,667,346. The details of the Top 20 purchases and sales are detailed below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|-------------------------------|----------------------|-------------------------------|--------------------------|
| Diageo | 915,760 | HSBC | 3,486,676 |
| BP | 743,374 | BP | 2,150,484 |
| Centrica | 633,457 | WPP Group | 1,316,548 |
| Lloyds TSB Group | 626,179 | 3i Group | 1,293,542 |
| Prudential | 600,299 | Brixton | 1,241,813 |
| AstraZeneca | 585,060 | Standard Chartered | 1,217,169 |
| Hunting | 487,348 | Premier Oil | 1,072,967 |
| Pearson | 430,378 | New Star Equity Management | 998,226 |
| Marks & Spencer Group | 414,165 | Autonomy Corporation | 907,119 |
| Bovis Homes Group | 366,539 | Easyjet | 905,384 |
| Babcock International Group | 360,059 | Intermediate Capital Group | 879,624 |
| Carnival | 350,637 | Stagecoach Group | 878,013 |
| ITV | 314,438 | Segro | 847,957 |
| Safestore Holdings | 312,000 | Enterprise Inns | 820,026 |
| National Grid | 308,789 | Hanson | 812,647 |
| Royal Dutch Shell B Shares | 255,648 | FirstGroup | 805,639 |
| First Choice Holidays | 231,994 | AstraZeneca | 805,613 |
| BT Group | 229,747 | SABMiller | 719,660 |
| Royal Bank of Scotland Group | 211,810 | Rio Tinto | 711,790 |
| Imperial Chemicals Industries | 174,864 | Imperial Chemicals Industries | 696,449 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|-----------------------------------|-------------------|-------------------|
| Non-derivative securities | 9,060,189 | 6,969,184 |
| Difference on currency conversion | 3,199,067 | 8,743,887 |
| Net gains on investments | <u>12,259,256</u> | <u>15,713,071</u> |

3 INCOME

| | 2007 US\$ | 2006 US\$ |
|----------------------|------------------|------------------|
| UK dividends | 2,481,047 | 2,370,119 |
| Bank interest | 18,169 | 12,203 |
| Miscellaneous income | 84 | 1,404 |
| Total income | <u>2,499,300</u> | <u>2,383,726</u> |

4 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|--------------------|--------------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (1,285,129) | (1,220,546) |
| Registration expenses | (3,399) | (3,696) |
| Directors' periodic charge | (1,581) | (1,617) |
| | <u>(1,290,109)</u> | <u>(1,225,859)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (15,356) | (13,990) |
| Safe custody fees | (2,553) | 16,820 |
| Transaction charges | (8,095) | (10,566) |
| | <u>(26,004)</u> | <u>(7,736)</u> |
| Other expenses: | | |
| Audit fee | (10,780) | (4,218) |
| Miscellaneous expenses | (118) | - |
| Publication charges | (4,729) | (9,065) |
| | <u>(15,627)</u> | <u>(13,283)</u> |
| Total expenses | <u>(1,331,740)</u> | <u>(1,246,878)</u> |

5 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|------------------|------------------|
| Analysis of charge in period: | | |
| United Kingdom income tax | (253,591) | (240,526) |
| Total taxation | <u>(253,591)</u> | <u>(240,526)</u> |

6 FINANCE COSTS

Equalisation and Interest

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

| | 2007 US\$ | 2006 US\$ |
|--|---------------|---------------|
| Add: Income deducted on cancellation of shares | 54,728 | 56,918 |
| Deduct: Income received on creation of shares | (3,841) | (4,443) |
| Net equalisation for the period | <u>50,887</u> | <u>52,475</u> |
| Interest | <u>19,995</u> | <u>1,783</u> |
| Total finance costs | <u>70,882</u> | <u>54,258</u> |

7 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|----------------|
| Amounts receivable for issue of shares | - | 11,715 |
| Sales awaiting settlement | 1,595,260 | - |
| Receivable from the Manager – Nominal Shares | 272,345 | 252,490 |
| Accrued income | 487,815 | 289,140 |
| Total debtors | <u>2,355,420</u> | <u>553,345</u> |

8 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|------------------|
| Amounts payable for cancellation of shares | (244,745) | (657,412) |
| Purchases awaiting settlement | (461,045) | - |
| Accrued expenses | (20,778) | (25,628) |
| Amounts payable to the Manager | (211,453) | (193,206) |
| Total creditors | <u>(938,021)</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\$ 208,297 (2006 – US\$ 190,933) in respect of annual management charge, and US\$ 551 (2006 – US\$ 538) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 4. A balance of US\$ 1,291 (2006 – US\$ 1,365) in respect of safe custody charges and US\$ 2,484 (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 RBS International 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.

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 61.

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 30th June 2007 was:

| | Floating rate financial assets US\$ | Fixed rate financial assets US\$ | Financial assets not carrying interest US\$ | Total US\$ |
|----------------------|---|--|---|---------------|
| Currency 2007 | | | | |
| UK Sterling | 122,133 | 125,262,904 | 2,355,420 | 127,740,457 |
| 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\$ | Total US\$ | |
| Currency 2007 | | | | |
| UK Sterling | - | (938,021) | (938,021) | |
| Currency 2006 | US\$ | US\$ | US\$ | US\$ |
| UK Sterling | - | (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.

UK Capital Growth Fund
Notes to the financial statements (continued)
for the accounting period 1st January 2007 to 30th June 2007

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 | 2006 |
|--|-------------|-------------|
| | US\$ | US\$ |
| Analysis of total purchase cost | | |
| Purchases in period before transaction costs | 18,834,539 | 14,678,616 |
| Commissions | 16,723 | 18,884 |
| Taxes | 86,892 | 78,341 |
| Total purchase cost | 103,615 | 97,225 |
| Gross purchase total | 18,938,154 | 14,775,841 |
| Analysis of total sales cost | | |
| Gross sales before transaction costs | 31,696,545 | 20,432,958 |
| Commissions | (28,964) | (17,609) |
| Taxes | (235) | (126) |
| Total sales cost | (29,199) | (17,735) |
| Total sales net of transaction costs | 31,667,346 | 20,415,223 |

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

Over the six months under review European stock markets continued the positive momentum seen in 2006. The FTSE Europe ex-UK Index produced a total return of 12.1% in local currency terms and the Fund's performance was marginally ahead of the index.

The market's strongest gains were achieved post the mini-correction in February, which was caused by an increase in risk aversion and concerns about rising long-term interest rates in the US. Interestingly, during the market correction larger companies fared slightly worse than smaller companies, whereas it is usually the other way round in a sell-off. It has also become apparent that the problems in the US housing market are starting to manifest themselves in other areas, predominantly hitting risky loans to lower income consumers. This also seems to be spreading to other economies that have benefited from extremely cheap money such as Spain and Ireland. However, the underlying European economy is on a more solid footing than the US. Continental European economies are benefiting from strong orders from emerging markets, corporate restructuring and reforms aimed at improving companies' competitiveness, which continues to provide attractive opportunities for shareholders.

Over the first few months of the year the Fund benefited from the strong performance of European steel stocks, which was prompted by better demand conditions and China ceasing its low priced exports. The consolidation of the steel industry has represented a turning point in the pricing discipline of what traditionally has been a very poor investment. The Fund also benefited 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 strong. Wincor Nixdorf (cash machines) also performed very well, boosted by a good performance in its home market of Europe. More importantly, the company should be able to break into the US market, as its new product is superior to its competitors'. This should sustain the company's high growth rates in the future.

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.

The holding in German property company Patrizia was sold on the back of a disappointing meeting with the management, which suggested that future growth could be delayed. Other stocks that did not perform well included Lanxess (chemical company) and Fresenius Medical Care (dialysis company) on concerns over reimbursement. We used the weakness in these stocks to add to the Fund's positions as we remain convinced of their longer-term opportunities.

Overall, European markets are still reasonably valued on a price/earnings ratio of just over 14x. The economy in Europe continues to strengthen, with a continued improvement in the consumer outlook in Germany and France. Across Europe, the theme of restructuring and of companies being run for shareholders (rather than for other reasons or minority shareholders) is continuing and this makes Europe interesting from a global perspective. We expect the coming year to provide another decent performance but as the market moves further into its current cycle, volatility will increasingly test investors' nerves.

Europe Fund

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|------------------|------------------|
| Net gains on investments during the period | 2 | 9,608,874 | 8,410,998 |
| Other gains/(losses) | 3 | 9,550 | (18,890) |
| Income | 4 | 1,417,333 | 1,443,319 |
| Expenses | 5 | (925,756) | (838,585) |
| Finance costs: Interest | 7 | (21,096) | (16,139) |
| Net income before taxation | | 470,481 | 588,595 |
| Taxation | 6 | (334,894) | (338,664) |
| Net income after taxation | | 135,587 | 249,931 |
| Total return before distribution | | 9,754,011 | 8,642,039 |
| Finance costs: Equalisation | 7 | (5,273) | (10,734) |
| Change in Net Assets attributable to Shareholders | | 9,748,738 | 8,631,305 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 82,239,624 | 81,685,572 |
| Debtors | 8 | 2,734,212 | 962,988 |
| Cash and bank balances | | 618,429 | 167,096 |
| Total other assets | | 3,352,641 | 1,130,084 |
| Total assets | | 85,592,265 | 82,815,656 |
| Liabilities | | | |
| Creditors | 9 | (1,117,549) | (443,536) |
| Bank overdrafts | | (631,888) | (629,190) |
| Total liabilities | | (1,749,437) | (1,072,726) |
| Net Assets attributable to Shareholders | | 83,842,828 | 81,742,930 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 104,722 | 104,722 |
| Share Premium | | 43,380,120 | 46,752,986 |
| Capital Reserve | | 40,357,986 | 34,885,222 |
| | | 83,842,828 | 81,742,930 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|-------------------|
| Net Assets at the start of the period | 81,742,930 |
| Movement due to sales and repurchases of shares: | |
| Amounts received on creation of shares | 1,296,233 |
| Less: Amounts paid on cancellation of shares | (8,945,073) |
| | (7,648,840) |
| Change in Net Assets attributable to Shareholders (see above) | 9,748,738 |
| Net Assets at the end of the period | 83,842,828 |

Europe Fund Portfolio statement

as at 30th June 2007

54

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|--|---|------------------|----------------------------|--|-------------------------------|---------------|----------------------------|
| AUSTRIA (2.43%, December 2006 – 0.60%) | | | | Insurance (5.29%, December 2006 – 3.14%) | | | |
| | Bank (0.00%, December 2006 – 0.60%) | | | 60,590 | AXA | 2,609,859 | 3.11 |
| | Electronic & Electrical Equipment (1.33%, December 2006 – 0.00%) | | | 4,551 | CNP Assurances | 582,245 | 0.69 |
| 30,220 | Zumtobel | 1,120,703 | 1.33 | 8,775 | Euler Hermes | 1,249,833 | 1.49 |
| | Transport (1.10%, December 2006 – 0.00%) | | | Oil & Gas (1.98%, December 2006 – 2.27%) | | | |
| 67,556 | Austrian Airlines | 919,737 | 1.10 | 20,376 | Total | 1,656,182 | 1.98 |
| | Total Austria | 2,040,440 | 2.43 | Utilities – Other (1.48%, December 2006 – 1.43%) | | | |
| BELGIUM (2.45%, December 2006 – 3.36%) | | | | 15,639 | Veolia Environment Rights | 17,761 | 0.02 |
| | Beverages (1.04%, December 2006 – 1.01%) | | | 15,639 | Veolia Environment | 1,220,832 | 1.46 |
| 10,956 | InBev | 871,703 | 1.04 | Total France | | | |
| | Chemicals (1.41%, December 2006 – 1.51%) | | | 18,338,245 | | | 21.87 |
| 5,421 | Umicore | 1,182,914 | 1.41 | GERMANY (20.55%, December 2006 – 18.32%) | | | |
| | Food & Drug Retailers (0.00%, December 2006 – 0.84%) | | | Aerospace & Defence (1.56%, December 2006 – 1.62%) | | | |
| | Total Belgium | 2,054,617 | 2.45 | 20,164 | MTU Aero Engines Holding | 1,308,816 | 1.56 |
| DENMARK (1.49%, December 2006 – 2.58%) | | | | Automobiles & Parts (1.44%, December 2006 – 0.00%) | | | |
| | Insurance (1.49%, December 2006 – 1.86%) | | | 8,572 | Continental | 1,208,403 | 1.44 |
| 15,900 | TrygVesta | 1,250,523 | 1.49 | Banks (1.62%, December 2006 – 1.55%) | | | |
| | Pharmaceuticals & Biotechnology (0.00%, December 2006 – 0.72%) | | | 15,477 | Deutsche Postbank | 1,360,936 | 1.62 |
| | Total Denmark | 1,250,523 | 1.49 | Chemicals (3.50%, December 2006 – 2.26%) | | | |
| FINLAND (1.54%, December 2006 – 1.27%) | | | | 19,019 | Bayer | 1,439,431 | 1.72 |
| | Automobiles & Parts (1.54%, December 2006 – 0.87%) | | | 26,815 | Lanxess | 1,492,550 | 1.78 |
| 36,900 | Nokian Renkaat | 1,292,101 | 1.54 | Construction & Building Materials (0.09%, December 2006 – 0.00%) | | | |
| | Oil & Gas (0.00%, December 2006 – 0.40%) | | | 1,938 | Wacker Construction Equipment | 72,211 | 0.09 |
| | Total Finland | 1,292,101 | 1.54 | Electronic & Electrical Equipment (1.52%, December 2006 – 1.42%) | | | |
| FRANCE (21.87%, December 2006 – 18.49%) | | | | 13,709 | Wincor Nixdorf | 1,269,043 | 1.52 |
| | Banks (1.94%, December 2006 – 2.65%) | | | Engineering & Machinery (1.75%, December 2006 – 1.48%) | | | |
| 8,244 | BNP Paribas | 978,372 | 1.17 | 9,753 | ElringKlinger | 890,309 | 1.06 |
| 3,487 | Societe Generale | 645,914 | 0.77 | 27,311 | Washtec | 579,706 | 0.69 |
| | Beverages (1.86%, December 2006 – 0.00%) | | | Forestry & Paper (1.55%, December 2006 – 0.00%) | | | |
| 7,044 | Pernod Ricard | 1,557,258 | 1.86 | 17,917 | Klöckner & Co AG | 1,298,133 | 1.55 |
| | Chemicals (0.34%, December 2006 – 0.94%) | | | General Retailers (1.28%, December 2006 – 1.29%) | | | |
| 4,395 | Arkema | 285,808 | 0.34 | 26,766 | Praktiker Bau Holdings | 1,075,481 | 1.28 |
| | Construction & Building Materials (0.65%, December 2006 – 0.67%) | | | Health (4.04%, December 2006 – 2.16%) | | | |
| 5,393 | Imerys | 546,113 | 0.65 | 36,025 | Carl Zeiss Meditec | 768,079 | 0.92 |
| | Electricity (0.73%, December 2006 – 0.00%) | | | 17,325 | Fresenius | 1,319,186 | 1.57 |
| 18,248 | Theolia | 609,865 | 0.73 | 28,158 | Fresenius Medical Care | 1,295,490 | 1.55 |
| | Electronic & Electrical Equipment (3.98%, December 2006 – 3.58%) | | | Insurance (1.53%, December 2006 – 2.08%) | | | |
| 4,800 | Alstom | 799,831 | 0.95 | 5,485 | Allianz AG Holding | 1,285,125 | 1.53 |
| 10,100 | Nexans | 1,682,842 | 2.01 | Personal Care & Household Products (0.67%, December 2006 – 0.00%) | | | |
| 6,100 | Schneider Electric | 855,552 | 1.02 | 25,975 | Francofyp-Postalia | 563,639 | 0.67 |
| | Engineering & Machinery (0.77%, December 2006 – 0.55%) | | | Real Estate (0.00%, December 2006 – 1.66%) | | | |
| 4,395 | Neopost | 646,068 | 0.77 | Software & Computer Services (0.00%, December 2006 – 0.77%) | | | |
| | Food & Drug Retailers (1.24%, December 2006 – 1.59%) | | | Speciality & Other Finance (0.00%, December 2006 – 1.45%) | | | |
| 14,794 | Carrefour | 1,042,062 | 1.24 | Steel & Other Metals (0.00%, December 2006 – 0.58%) | | | |
| | General Retailers (0.59%, December 2006 – 0.70%) | | | Total Germany | | | |
| 6,606 | Etam Development | 496,127 | 0.59 | 17,226,538 | | | 20.55 |
| | Health (1.02%, December 2006 – 0.57%) | | | GREECE (3.49%, December 2006 – 3.56%) | | | |
| 7,164 | Essilor International | 855,721 | 1.02 | Banks (3.03%, December 2006 – 3.06%) | | | |
| | Household Goods & Textiles (0.00%, December 2006 – 0.40%) | | | 59,385 | EFG Eurobank Ergasias | 1,942,953 | 2.32 |
| | | | | 16,388 | Piraeus Bank | 598,219 | 0.71 |
| | | | | Construction & Building Materials (0.46%, December 2006 – 0.50%) | | | |
| | | | | 6,618 | Titan Cement | 382,949 | 0.46 |
| | | | | Total Greece | | | |
| | | | | 2,924,121 | | | 3.49 |

Europe Fund

Portfolio statement (continued)

as at 30th June 2007

| Holding | Investment | Value US\$ | % of Net Asset Value | Holding | Investment | Value US\$ | % of Net Asset Value |
|---|---|------------------|----------------------------|--|---|-------------------|----------------------------|
| ITALY (5.85%, December 2006 – 5.00%) | | | | Software & Computer Services (0.00%, December 2006 – 0.58%) | | | |
| | Banks (1.14%, December 2006 – 1.30%) | | | | Support Services (1.02%, December 2006 – 1.32%) | | |
| 106,994 | Unicredito Italian | 955,438 | 1.14 | 22,593 | Prosegur Seguridad | 854,046 | 1.02 |
| | General Retailers (0.77%, December 2006 – 0.00%) | | | | Utilities – Other (0.00%, December 2006 – 0.56%) | | |
| 35,045 | Geox S.p.A | 646,739 | 0.77 | | | | |
| | Household Goods & Textiles (0.51%, December 2006 – 0.00%) | | | | Total Spain | 5,134,147 | 6.12 |
| 4,847 | Tod's S.p.A | 431,584 | 0.51 | | | | |
| | Information Technology Hardware (1.03%, December 2006 – 0.88%) | | | SWEDEN (1.21%, December 2006 – 4.19%) | | | |
| 10,089 | Digital Multimedia Technologies | 863,284 | 1.03 | | Engineering & Machinery (0.86%, December 2006 – 1.85%) | | |
| | Oil & Gas (0.76%, December 2006 – 1.31%) | | | 20,200 | Assa Abloy B | 445,309 | 0.53 |
| 18,556 | Saipem | 635,211 | 0.76 | 16,400 | Atlas Copco | 275,344 | 0.33 |
| | Speciality & Other Finance (1.64%, December 2006 – 1.51%) | | | | General Retailers (0.00%, December 2006 – 0.50%) | | |
| 79,458 | Azimut Holding | 1,370,751 | 1.64 | | Information Technology Hardware (0.00%, December 2006 – 1.23%) | | |
| | Total Italy | 4,903,007 | 5.85 | | Pharmaceuticals & Biotechnology (0.35%, December 2006 – 0.61%) | | |
| | | | | 16,910 | Elektta | 291,313 | 0.35 |
| | | | | | Total Sweden | 1,011,966 | 1.21 |
| NETHERLANDS (7.46%, December 2006 – 9.08%) | | | | SWITZERLAND (17.96%, December 2006 – 19.77%) | | | |
| | Food Producers & Processors (0.00%, December 2006 – 0.53%) | | | | Banks (2.25%, December 2006 – 3.55%) | | |
| | Information Technology Hardware (2.04%, December 2006 – 1.57%) | | | 11,152 | Credit Suisse Group | 794,747 | 0.95 |
| 61,794 | ASML Holding | 1,709,316 | 2.04 | 15,311 | Julius Baer Holding | 1,094,889 | 1.30 |
| | Insurance (0.00%, December 2006 – 0.71%) | | | | Chemicals (3.42%, December 2006 – 2.25%) | | |
| | Steel & Other Metals (0.98%, December 2006 – 1.05%) | | | 1,464 | Givaudan | 1,442,112 | 1.72 |
| 13,192 | Arcelor Mittal | 825,419 | 0.98 | 569 | Sika | 1,140,970 | 1.36 |
| | Support Services (4.44%, December 2006 – 5.22%) | | | 1,455 | Syngenta | 284,391 | 0.34 |
| 43,938 | USG People | 2,067,829 | 2.47 | | Electronic & Electrical Equipment (1.84%, December 2006 – 0.79%) | | |
| 55,056 | Vedior | 1,651,704 | 1.97 | 68,246 | ABB | 1,541,285 | 1.84 |
| | Total Netherlands | 6,254,268 | 7.46 | | Engineering & Machinery (1.28%, December 2006 – 1.34%) | | |
| | | | | 16,081 | Schindler Holding | 1,071,800 | 1.28 |
| NORWAY (3.32%, December 2006 – 5.15%) | | | | | Food Producers & Processors (0.00%, December 2006 – 0.84%) | | |
| | Oil & Gas (3.32%, December 2006 – 4.29%) | | | | General Retailers (0.05%, December 2006 – 0.00%) | | |
| 64,800 | Ability Group | 686,643 | 0.82 | 403 | Dufry | 44,635 | 0.05 |
| 42,600 | Awilco Offshore | 553,241 | 0.66 | | Health (1.10%, December 2006 – 1.26%) | | |
| 25,350 | Statoil | 788,661 | 0.94 | 2,818 | Nobel Biocare Holding | 920,111 | 1.10 |
| 36,800 | TGS-NOPEC | 750,255 | 0.90 | | Investment Companies (1.79%, December 2006 – 2.39%) | | |
| | Speciality & Other Finance (0.00%, December 2006 – 0.86%) | | | 25,087 | UBS | 1,503,002 | 1.79 |
| | Total Norway | 2,778,800 | 3.32 | | Pharmaceuticals & Biotechnology (4.02%, December 2006 – 5.13%) | | |
| | | | | 19,111 | Roche Holdings | 3,370,130 | 4.02 |
| REPUBLIC OF IRELAND (2.35%, December 2006 – 4.02%) | | | | | Speciality & Other Finance (1.22%, December 2006 – 0.50%) | | |
| | Banks (0.00%, December 2006 – 0.35%) | | | 22,270 | EFG International | 1,025,911 | 1.22 |
| | Construction & Building Materials (1.76%, December 2006 – 2.04%) | | | | Support Services (0.99%, December 2006 – 1.18%) | | |
| 29,760 | CRH | 1,477,426 | 1.76 | 10,701 | Adecco | 827,286 | 0.99 |
| | Food Producers & Processors (0.00%, December 2006 – 0.49%) | | | | Transport (0.00%, December 2006 – 0.54%) | | |
| | Transport (0.59%, December 2006 – 1.14%) | | | | Total Switzerland | 15,061,269 | 17.96 |
| 12,961* | Ryanair Holdings | 492,156 | 0.59 | | | | |
| | Total Republic of Ireland | 1,969,582 | 2.35 | | Total Value of Investments | 82,239,624 | 98.09 |
| | | | | | | | |
| SPAIN (6.12%, December 2006 – 4.54%) | | | | | Net Other Assets (December 2006 – 0.07%) | 1,603,204 | 1.91 |
| | Banks (2.84%, December 2006 – 1.62%) | | | | Net Assets | 83,842,828 | 100.00 |
| 96,840 | Banco Bilbao Vizcaya Argentaria | 2,380,230 | 2.84 | | | | |
| | Construction & Building Materials (1.05%, December 2006 – 0.00%) | | | | | | |
| 13,055 | Tecnicas Reunidas | 880,034 | 1.05 | | | | |
| | General Retailers (1.21%, December 2006 – 0.00%) | | | | | | |
| 17,317 | Inditex | 1,019,837 | 1.21 | | | | |
| | Media & Photography (0.00%, December 2006 – 0.46%) | | | | | | |

*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 30th June 2007

The total cost of purchases during the period was US\$ 41,332,378 and proceeds received from sales were US\$ 50,385,741. The details of the Top 20 purchases and sales are detailed below:

| Purchases | Cost US\$ | Sales | Proceeds US\$ |
|---------------------------|--------------|---------------------------------|------------------|
| Societe Generale | 1,883,028 | Societe Generale | 1,602,062 |
| Credit Suisse Group | 1,845,539 | Pernod Ricard | 1,529,686 |
| Arcelor Mittal | 1,688,857 | Fresenius | 1,395,132 |
| Allianz AG Holding | 1,592,417 | Euler Hermes | 1,367,136 |
| Schneider Electric | 1,366,567 | Banco Bilbao Vizcaya Argentaria | 1,321,822 |
| Novartis | 1,360,588 | Roche Holdings | 1,293,693 |
| Brunel International | 1,345,834 | Capitalia Spa | 1,281,583 |
| Capitalia Spa | 1,327,843 | Bayer | 1,276,395 |
| Hypo Real Estate Holdings | 1,292,369 | Klöckner & Co AG | 1,244,278 |
| Enagas | 1,280,311 | ABB | 1,230,918 |
| BW Offshore | 1,252,267 | BW Offshore | 1,198,147 |
| Bayer | 1,134,035 | Continental | 1,096,248 |
| Wavin | 1,034,803 | Inditex | 1,082,328 |
| Ericsson | 984,695 | Zumtobel | 1,075,930 |
| Patrizia | 974,338 | Arcelor Mittal | 1,063,525 |
| Assa Abloy B | 917,831 | Sika | 1,052,276 |
| UBS | 853,643 | AXA | 1,005,233 |
| Nestle | 766,050 | Allianz AG Holding | 946,104 |
| Adecco | 757,880 | Nexans | 889,061 |
| Altadis | 741,898 | Austrian Airlines | 887,595 |

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 30th June 2007

1 ACCOUNTING POLICIES

The accounting policies for the Fund are the same as those disclosed in the aggregated accounts on page 60.

2 NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

| | 2007 US\$ | 2006 US\$ |
|-----------------------------------|------------------|------------------|
| Non-derivative securities | 7,530,675 | 2,493,555 |
| Difference on currency conversion | 2,078,199 | 5,917,443 |
| Net gains on investments | <u>9,608,874</u> | <u>8,410,998</u> |

3 OTHER GAINS/(LOSSES)

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|-----------------|
| Other currency gains/(losses) | 9,550 | (18,890) |
| | <u>9,550</u> | <u>(18,890)</u> |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|----------------------|------------------|------------------|
| Overseas dividends | 1,408,086 | 1,439,046 |
| Bank interest | 9,047 | 4,072 |
| Miscellaneous income | 200 | 201 |
| Total income | <u>1,417,333</u> | <u>1,443,319</u> |

5 EXPENSES

| | 2007 US\$ | 2006 US\$ |
|---|------------------|------------------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (836,329) | (773,889) |
| Registration expenses | (3,471) | (3,694) |
| Directors' periodic charge | (1,042) | (1,028) |
| | <u>(840,842)</u> | <u>(778,611)</u> |
| Payable to the Trustee or associate of the Trustee, and the agents of either of them: | | |
| Trustee's fees | (10,043) | (8,909) |
| Safe custody fees | (12,890) | 7,154 |
| Transaction charges | (45,591) | (49,820) |
| | <u>(68,524)</u> | <u>(51,575)</u> |
| Other expenses: | | |
| Audit fee | (7,474) | (2,667) |
| Miscellaneous expenses | (77) | - |
| Publication charges | (8,839) | (5,732) |
| | <u>(16,390)</u> | <u>(8,399)</u> |
| Total expenses | <u>(925,756)</u> | <u>(838,585)</u> |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|------------------|------------------|
| Analysis of charge in period: | | |
| Overseas tax | (334,894) | (338,664) |
| Total taxation | <u>(334,894)</u> | <u>(338,664)</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 comprise:

| | 2007 US\$ | 2006 US\$ |
|--|---------------|---------------|
| Add: Income deducted on cancellation of shares | 6,104 | 10,734 |
| Deduct: Income received on creation of shares | (831) | - |
| Net equalisation for the period | <u>5,273</u> | <u>10,734</u> |
| Interest | 21,096 | 16,139 |
| Total finance costs | <u>26,369</u> | <u>26,873</u> |

8 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|------------------|----------------|
| Sales awaiting settlement | 2,667,901 | 897,447 |
| Receivable from the Manager – Nominal Shares | 66,311 | 62,630 |
| Accrued income | - | 2,911 |
| Total debtors | <u>2,734,212</u> | <u>962,988</u> |

9 CREDITORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------------|------------------|
| Amounts payable for cancellation of shares | (177,274) | (300,151) |
| Purchases awaiting settlement | (776,987) | - |
| Accrued expenses | (24,968) | (21,003) |
| Amounts payable to the Manager | (138,320) | (122,382) |
| Total creditors | <u>(1,117,549)</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\$ 136,182 (2006 – US\$ 120,820) in respect of annual management charge, and US\$ 553 (2006 – US\$ 549) in respect of registration fees is due at the end of the accounting period.

Amounts paid to The Royal Bank of Scotland Trust Company (I.O.M.) Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 5. A balance of US\$ 12,133 (2006 – US\$ 11,065) in respect of safe custody charges and US\$ 1,624 (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 RBS International 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 30th June 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 61.

Currency exposures

A 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.

| Currency 2007 | Net foreign currency assets | | |
|----------------------|-----------------------------|-----------------------|-------------|
| | Monetary exposure | Non-monetary exposure | Total |
| | US\$ | US\$ | US\$ |
| Danish Krone | 1,026 | 1,250,522 | 1,251,548 |
| Hungarian Forint | 16,393 | – | 16,393 |
| Norwegian Krone | 538,799 | 2,778,801 | 3,317,600 |
| Swedish Krona | 14,403 | 1,011,966 | 1,026,369 |
| Swiss Franc | 3,476 | 15,061,267 | 15,064,743 |
| UK Sterling | 16,191 | – | 16,191 |
| US Dollar | 43,904 | 492,156 | 536,060 |
| 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 30th June 2007 was:

| Currency 2007 | Floating rate financial assets | Fixed rate financial assets | Financial assets not carrying interest | Total |
|----------------------|-------------------------------------|---|--|-------------|
| | US\$ | US\$ | US\$ | US\$ |
| Danish Krone | 1,026 | – | 1,250,522 | 1,251,548 |
| Euro | – | – | 63,840,675 | 63,840,675 |
| Hungarian Forint | 16,393 | – | – | 16,393 |
| Norwegian Krone | 352 | – | 3,317,248 | 3,317,600 |
| Swedish Krona | 14,403 | – | 1,011,966 | 1,026,369 |
| Swiss Franc | 526,161 | – | 15,061,268 | 15,587,429 |
| UK Sterling | 16,191 | – | – | 16,191 |
| US Dollar | 43,903 | – | 492,157 | 536,060 |
| 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 | Financial liabilities not carrying interest | Total | |
| | US\$ | US\$ | US\$ | |
| Euro | (631,888) | (594,863) | (1,226,751) | |
| Swiss Franc | – | (522,686) | (522,686) | |
| 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 22 basis points.

14 PORTFOLIO TRANSACTION COSTS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Analysis of total purchase cost | | |
| Purchases in period before transaction costs | 41,279,793 | 67,363,386 |
| Commissions | 52,176 | 93,684 |
| Taxes | – | 17,957 |
| Fees | 409 | – |
| Total purchase cost | 52,585 | 111,641 |
| Gross purchase total | 41,332,378 | 67,475,027 |
| Analysis of total sales | | |
| Gross sales before transaction costs | 50,440,319 | 73,158,117 |
| Commissions | (53,420) | (84,384) |
| Taxes | (765) | (5,650) |
| Fees | (393) | – |
| Total sales cost | (54,578) | (90,034) |
| Total sales net of transaction costs | 50,385,741 | 73,068,083 |

Aggregated Accounts

Statement of Total Return

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

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|-------------------|-------------------|
| Net gains on investments during the period | 2 | 49,401,219 | 35,595,920 |
| Other gains/(losses) | 3 | 42,908 | (100,725) |
| Income | 4 | 8,476,640 | 8,239,826 |
| Expenses | 5 | (6,208,903) | (5,729,576) |
| Finance Cost: Interest | | (94,123) | (71,321) |
| Net income before taxation | | 2,173,614 | 2,438,929 |
| Taxation | 6 | (1,254,963) | (1,425,992) |
| Net income after taxation | | 918,651 | 1,012,937 |
| Total return before distributions | | 50,362,778 | 36,508,132 |
| Finance costs: Distributions | | (994,517) | (830,852) |
| Change in Net Assets attributable to Shareholders | | 49,368,261 | 35,677,280 |

Statement of Change in Shareholders' Net Assets

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

| | 2007 US\$ |
|---|--------------------|
| Net Assets at the start of the period | 595,009,626 |
| Movement due to sales and repurchases of shares: | |
| Amounts receivable on issue of shares | 10,550,208 |
| Less: Amounts payable on cancellation of shares | (51,781,471) |
| | (41,231,263) |
| Change in Net Assets attributable to Shareholders (see above) | 49,368,261 |
| Net Assets at the end of the period | 603,146,624 |

Balance Sheet

as at 30th June 2007

| | Notes | 2007 US\$ | 2006 US\$ |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Portfolio of investments | | | |
| | | 597,631,758 | 587,332,874 |
| Debtors | 7 | 9,875,156 | 3,741,675 |
| Cash and bank balances | | 4,072,219 | 10,107,097 |
| Total other assets | | 13,947,375 | 13,848,772 |
| Total assets | | 611,579,133 | 601,181,646 |
| Liabilities | | | |
| Creditors | 8 | (4,476,355) | (2,947,016) |
| Bank overdrafts | | (3,052,814) | (1,222,196) |
| Distribution payable on income shares | | (903,340) | (2,002,808) |
| Total liabilities | | (8,432,509) | (6,172,020) |
| Net Assets attributable to Shareholders | | 603,146,624 | 595,009,626 |
| Shareholders' Funds | | | |
| Nominal Value – Issued Share Capital | | 2,275,194 | 2,275,194 |
| Share Premium | | 403,143,628 | 429,393,038 |
| Capital Reserve | | 197,727,802 | 163,341,394 |
| | | 603,146,624 | 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.

We hereby certify the Interim Report and Accounts on behalf of the Directors of Allied Dunbar International Fund Managers Limited.

Date 21st August 2007

Director

Director

Notes to the Aggregated Accounts for Allied Dunbar International Funds Limited

Notes to the financial statements

for the accounting period 1st January 2007 to 30th June 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 the Statement of Recommended Practice for Authorised Funds issued by 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 at 16:00 (UK time), being the valuation point on the last working day of the accounting period.

(6) Exchange Rates
Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into US Dollars at the exchange rates ruling at 16:00 (UK time), on that date. Revenue items denominated in foreign currency are translated into US Dollars at the exchange rates ruling at the date of transaction.

(7) Taxation
The taxation charge represents overseas withholding taxes and UK franked income which will not be recovered.

(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 | 43,030,326 | 17,695,597 |
| Forward currency contracts | (114) | – |
| Difference on currency conversion | 6,371,007 | 17,900,323 |
| Net gains on investments | 49,401,219 | 35,595,920 |

3 OTHER GAINS/(LOSSES)

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Other currency gains/(losses) | 42,908 | (100,725) |
| | 42,908 | (100,725) |

4 INCOME

| | 2007 US\$ | 2006 US\$ |
|------------------------------------|--------------|--------------|
| UK dividends | 2,747,455 | 2,549,903 |
| Overseas dividends | 4,029,678 | 4,163,733 |
| Interest on debt securities | 1,528,989 | 1,309,126 |
| Interest on short term investments | 52,196 | 60,223 |
| Bank interest | 117,047 | 152,390 |
| Miscellaneous income | 452 | 4,451 |
| Exchange gains | 823 | – |
| Total income | 8,476,640 | 8,239,826 |

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 | (5,818,183) | (5,521,653) |
| Registration & general expenses | (29,422) | (32,120) |
| Directors' periodic charge | (7,500) | (7,490) |
| | (5,855,105) | (5,561,263) |

| | | |
|--|-----------|-----------|
| Payable to the Trustee or associates of the Trustee, and the agents of either of them: | | |
| Trustees' fees | (71,820) | (65,682) |
| Safe custody fees | (47,511) | 85,131 |
| Transaction charges | (125,119) | (126,087) |
| | (244,450) | (106,638) |

| | | |
|------------------------|-------------|-------------|
| Other expenses: | | |
| Audit fee | (53,671) | (19,583) |
| Miscellaneous expenses | (557) | (1) |
| Publication charges | (54,278) | (42,091) |
| Exchange losses | (842) | – |
| | (109,348) | (61,675) |
| Total expenses | (6,208,903) | (5,729,576) |

6 TAXATION

| | 2007 US\$ | 2006 US\$ |
|-------------------------------|--------------|--------------|
| Analysis of charge in period: | | |
| Overseas tax | (973,364) | (1,157,140) |
| United Kingdom income tax | (281,599) | (268,852) |
| Total taxation | (1,254,963) | (1,425,992) |

7 DEBTORS

| | 2007 US\$ | 2006 US\$ |
|--|--------------|--------------|
| Amounts receivable for issue of shares | – | 53,758 |
| Sales awaiting settlement | 6,711,060 | 1,275,363 |
| Accrued income | 1,685,538 | 988,442 |
| Receivable from Manager – Nominal Shares | 1,478,558 | 1,424,112 |
| Total debtors | 9,875,156 | 3,741,675 |

Notes to the Aggregated Accounts (continued)

8 CREDITORS

| | 2007 | 2006 |
|--|--------------------|--------------------|
| | US\$ | US\$ |
| Amounts payable for cancellation of shares | (703,367) | (1,391,031) |
| Purchases awaiting settlement | (2,680,124) | (568,644) |
| Accrued expenses | (121,122) | (107,773) |
| Amounts payable to Fund Manager | (971,742) | (879,568) |
| Total creditors | <u>(4,476,355)</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 by the company:

- a) Management Agreement dated 29th December 1989 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%. Prior to 1st December 2004 the management charge payable monthly was at an annual rate of 1.5% of the underlying value of the property of the Investment Fund (calculated on an offer price basis) for all Investment Funds except the Gilt and Income Fund which had an annual rate of 1.25% of the underlying value of the property of the Investment Fund (calculated on an offer price basis). The management charge payable prior to 1st December 1990 in respect of the Gilt and Income Fund was 1.125%. The Manager is liable for all the fees and expenses of the Investment Adviser.
- 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) 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.

Post Balance Sheet Event

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 SHAREHOLDER'S FUNDS

| Authorised Share Capital | 2007 | 2006 |
|--|------------------|------------------|
| | US\$ | US\$ |
| Management Shares: 10 of US\$ 1 each | 10 | 10 |
| Unclassified Shares: 1,000,000,000 of US\$ 0.0025 each | 2,500,000 | 2,500,000 |
| | <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 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 is 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.

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 or 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 the 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 2004 | 89,981,879 | 1.2860 | 69,970,357 | 1997 | 0.0068 | 1.1210 | 0.9006 |
| for the year ending 31st December 2005 | 93,657,725 | 1.3869 | 67,530,231 | 1998 | 0.0159 | 1.2155 | 0.9232 |
| for the year ending 31st December 2006 | 103,984,164 | 1.5861 | 65,560,476 | 1999 | 0.0058 | 1.4307 | 1.0998 |
| for the period ending 30th June 2007 | 107,543,972 | 1.6813 | 63,965,977 | 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 | 1.7870 | 1.5470 |
| Worldwide Equity Fund (US\$) | | | | | | | |
| for the year ending 31st December 2004 | 78,197,444 | 1.2940 | 60,430,791 | 1997 | - | 1.3420 | 1.0580 |
| for the year ending 31st December 2005 | 69,756,017 | 1.4685 | 47,500,088 | 1998 | 0.0010 | 1.4470 | 1.0650 |
| for the year ending 31st December 2006 | 72,829,322 | 1.7368 | 41,933,885 | 1999 | - | 1.7440 | 1.3070 |
| for the period ending 30th June 2007 | 74,576,236 | 1.9032 | 39,183,975 | 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 | - | 2.0380 | 1.6780 |
| Managed Currency Fund (US\$) | | | | | | | |
| for the year ending 31st December 2004 | 3,336,104 | 0.3692 | 9,036,036 | 1997 | 0.0182 | 0.3609 | 0.3363 |
| for the year ending 31st December 2005 | 2,650,178 | 0.3702 | 7,159,171 | 1998 | 0.0228 | 0.3647 | 0.3352 |
| for the year ending 31st December 2006 | 2,314,143 | 0.3709 | 6,240,086 | 1999 | 0.0160 | 0.3601 | 0.3366 |
| for the period ending 30th June 2007 | 2,103,614 | 0.3715 | 5,662,914 | 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 | 0.0072 | 0.3905 | 0.3633 |
| Gilt and Income Fund (£) | | | | | | | |
| for the year ending 31st December 2004 | 27,818,197 | 0.2942 | 94,555,394 | 1997 | 0.0238 | 0.2993 | 0.2525 |
| for the year ending 31st December 2005 | 24,730,162 | 0.3009 | 82,178,169 | 1998 | 0.0233 | 0.3396 | 0.2746 |
| for the year ending 31st December 2006 | 21,192,718 | 0.2902 | 73,040,145 | 1999 | 0.0269 | 0.3371 | 0.2898 |
| for the period ending 30th June 2007 | 18,744,695 | 0.2723 | 68,838,224 | 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 | 0.0051 | 0.3076 | 0.2733 |
| North American Growth Fund (US\$) | | | | | | | |
| for the year ending 31st December 2004 | 45,321,548 | 3.0140 | 15,037,010 | 1997 | - | 1.9100 | 1.3490 |
| for the year ending 31st December 2005 | 139,636,434 | 3.1297 | 44,616,450 | 1998 | - | 2.4350 | 1.6870 |
| for the year ending 31st December 2006 | 143,474,998 | 3.4636 | 41,424,250 | 1999 | - | 4.3130 | 2.2960 |
| for the period ending 30th June 2007 | 147,734,706 | 3.7774 | 39,110,104 | 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 | - | 4.0420 | 3.3410 |
| Far East Fund (US\$) | | | | | | | |
| for the year ending 31st December 2004 | 22,175,761 | 1.9760 | 11,222,551 | 1997 | - | 2.9620 | 1.7510 |
| for the year ending 31st December 2005 | 22,001,441 | 2.4602 | 8,943,058 | 1998 | 0.0056 | 2.0800 | 1.3730 |
| for the year ending 31st December 2006 | 23,258,871 | 2.9529 | 7,876,730 | 1999 | - | 3.1167 | 1.5990 |
| for the period ending 30th June 2007 | 22,926,914 | 3.2984 | 6,950,853 | 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 | - | 3.7130 | 2.8640 |
| UK Capital Growth Fund (£) | | | | | | | |
| for the year ending 31st December 2004 | 66,699,841 | 0.5334 | 125,046,571 | 1997 | 0.0063 | 0.5150 | 0.3822 |
| for the year ending 31st December 2005 | 66,041,442 | 0.6277 | 105,207,332 | 1998 | 0.0068 | 0.6111 | 0.4526 |
| for the year ending 31st December 2006 | 64,367,519 | 0.7355 | 87,516,605 | 1999 | 0.0056 | 0.6873 | 0.5306 |
| for the period ending 30th June 2007 | 63,187,959 | 0.7941 | 79,574,389 | 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 | - | 0.8600 | 0.7234 |
| Europe Fund (EUR) | | | | | | | |
| for the year ending 31st December 2004 | 60,566,019 | 2.3620 | 25,641,837 | 1997 | - | 1.8631 | 1.1739 |
| for the year ending 31st December 2005 | 60,293,828 | 3.0426 | 19,816,855 | 1998 | - | 2.6122 | 1.5359 |
| for the year ending 31st December 2006 | 61,998,793 | 3.6823 | 16,837,093 | 1999 | - | 3.1015 | 1.9777 |
| for the period ending 30th June 2007 | 62,014,843 | 4.0362 | 15,364,674 | 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 | 3.5990 |

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

Performance Table to 30th June 2007

Growth % per annum compound to
30th June 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: 107.54m Offer Price 30th June 2007: 1.7690 Yield %: 0.38 | +15.2 | +6.0 | +13.5 | +10.3 | +12.2 | +13.3 | +14.7 | +4.7 | +0.0 | -7.8 |
| Fund: Worldwide Equity (US\$) Fund Size: 74.58m Offer Price 30th June 2007: 2.0060 Yield %: 0.00 | +21.3 | +11.6 | +19.5 | +16.1 | +14.1 | +15.3 | +20.0 | +9.5 | -8.1 | -15.3 |
| Fund: Managed Currency (US\$) Fund Size: 2.10m Offer Price 30th June 2007: 0.3894 Yield %: 0.18 | +3.9 | -4.5 | +2.5 | -0.4 | +0.7 | +1.7 | +5.3 | -3.9 | +3.4 | -4.7 |
| Fund: Gilt and Income (£) Fund Size: 18.74m Offer Price 30th June 2007: 0.2886 Yield %: 3.46 | - | -2.5 | - | +0.3 | - | +8.9 | - | -1.7 | - | +9.7 |
| Fund: North American Growth (US\$) Fund Size: 147.73m Offer Price 30th June 2007: 3.9850 Yield %: 0.00 | +22.5 | +12.7 | +3.0 | +0.1 | +8.1 | +9.2 | +14.4 | +4.5 | -6.1 | -13.4 |
| Fund: Far East (US\$) Fund Size: 22.93m Offer Price 30th June 2007: 3.4840 Yield %: 0.00 | +27.1 | +16.9 | +35.7 | +31.8 | +4.6 | +5.7 | +36.9 | +24.9 | -10.2 | -17.3 |
| Fund: UK Capital Growth (£) Fund Size: 63.19m Offer Price 30th June 2007: 0.8400 Yield %: 0.87 | - | +19.6 | - | +19.3 | - | +16.8 | - | +14.7 | - | -11.6 |
| Fund: Europe (EUR) Fund Size: 62.01m Offer Price 30th June 2007: 4.2550 Yield %: 0.29 | +28.3 | +25.0 | +17.1 | +20.1 | +21.2 | +21.7 | +20.0 | +15.8 | -19.0 | -13.0 |

Total Funds under Management: US\$ 603.15m

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.

The 2006 comparisons have been restated.

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.

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The Company has been granted Approved Investment Company status in the Isle of Man under an Extraordinary 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.