



## MONTHLY REPORT AND FACTSHEET FOR MAY 2014

### NET ASSET VALUE

Net Assets: \$10.9 millions

NAV/Share: \$41.98

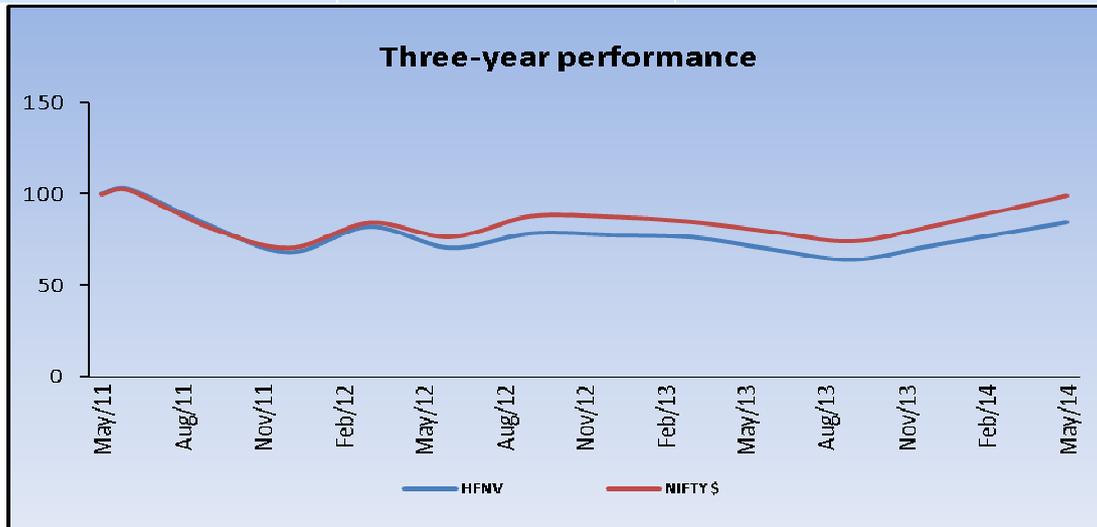
### ASSET ALLOCATION

India: 97.7%

Cash: 2.3%

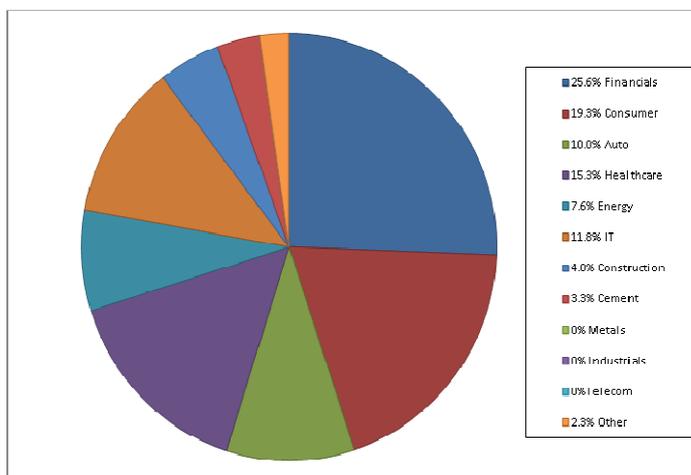
### PERFORMANCE (net of fees and charges)

Period	Fund %	Benchmark %
One Month	6.1	10.3
Three Months	17.8	20.3
One Year	10.0	15.6
Three Years	-15.5	-0.7



Sources: CACEIS: NAV to NAV in \$; NSE India: S&P CNX defty

### INDUSTRY CONCENTRATION MAY 31



### Top Ten Holdings %

Pidilite Inds	9.4
HDFC Bank	9.2
Torrent Pharma	8.1
Kotak Bank	8.1
LUPIN	7.3
Balkrishna Inds.	7.3
TCS	6.3
INFOSYS	5.5
ICICI Bank	5.5
Nestle India	5.0
<b>Total</b>	<b>71.7</b>
Number of Holdings	20
% Invested in Nifty	65.0

## FUND INFORMATION

Investment Objective:	Long-term growth through investing in listed companies in India and neighbouring countries
Benchmark:	S&P CNX "NIFTY" Index in US Dollars
Listings:	NYSE Euronext Fund Service, Amsterdam The London Stock Exchange
Managed by::	Himalayan Fund N.V.
Administrator:	Caceis Netherlands NV
London Broker:	Arden Partners plc
Base Currency:	USD
Inception Date:	June 1990
Investment Advisory Fee:	1.5%
Share Type:	Accumulation

## OPERATIONAL DETAILS

Valuation:	Weekly	Dealing:	Euronext: Weekly (NAV) LSE: Daily (bid/offer)
Subscription Fee:	0.35% (to Fund)(Euronext)	Redemption Fee:	0.35% (to Fund)(Euronext)
ISIN Code:	NL0000464154	Sedol	0454038-GB
LSE TMID	HYF	Website:	<a href="http://www.himalayanfund.nl">www.himalayanfund.nl</a>

## COMMENTARY

### Market Context:

Asian markets were strong in May, the MSCI Pacific adding 2.9% and Far East 3.8%. MSCI world gained 1.6%, reflecting slightly weaker developed markets except for the US, which ended the month at another record high. India had a strong month as quarterly results continued to surprise positively and the election results in mid-month provided an added boost. The Nifty added 10.3% in USD terms and the Rupee appreciated by 1.8% on the strength of foreign portfolio inflows.

### Performance:

**Our portfolio added 6.1% in May, underperforming the benchmark by 4.2%, and underperforming the MSCI India index by 3.2%.**

In May only nine of our stocks outperformed the benchmark and the relative weightings of some of our underperformers meant they had an exaggerated effect on performance. On the upside, the best performer was Larsen & Toubro (+21.9%) widely identified as a company likely to benefit from a determined new government. Magma Fincorp added 21.1%, Ultratech Cement 20% and ONGC 18.7%. Reliance and Powergrid both added more than 17% as the Energy sector responded positively to the election result. The Consumer sector bore the brunt of a sell-off as sentiment shifted away: Pidilite lost 3%, VST 5% and ITC advanced by only 2.4%. The IT sector hurt the most though: foreign portfolio inflows strengthened the Rupee but the appreciation brought downward revisions to earnings forecasts for IT companies. Then late in the month, Infosys dampened the sector even more when it disclosed the resignation of a key internal candidate for the vacant CEO position. INFY dropped 4.3% on the month and TCS was just in the red. There were no changes in the portfolio during the month.

### Outlook:

Q4 earnings reports continued to surprise more on the upside than down. Nonetheless, the market seems to swing fairly mindlessly between cyclical and defensive stocks and trying to guess the RBI's level of comfort with the Rupee. June has opened with a slightly doveish conclusion to the bi-monthly monetary policy review. The central bank made a token adjustment of 50 basis points to the banks' Strategic Liquidity Reserve while leaving policy rates unchanged. The currency is holding firm around 59/\$1 and equity markets steady while waiting for the new government's first budget early next month. The only widespread expectation is for fiscal balance, combined with a road map for unblocking development projects and reviving investment. Investor sentiment is likely to be supportive.

---

Please note that the value of investments and the income derived from them may fluctuate and an investor may not receive back the amount originally invested. Past performance is not necessarily indicative of future performance and the value and any income arising from this fund may go down as well as up. Where an investment is denominated in a currency other than your base currency, exchange rates may have an adverse effect on the value or income of that investment.