



## MONTHLY REPORT AND FACTSHEET FOR JUNE 2013

### NET ASSET VALUE

Net Assets: \$12.0 millions

NAV/Share: \$34.65

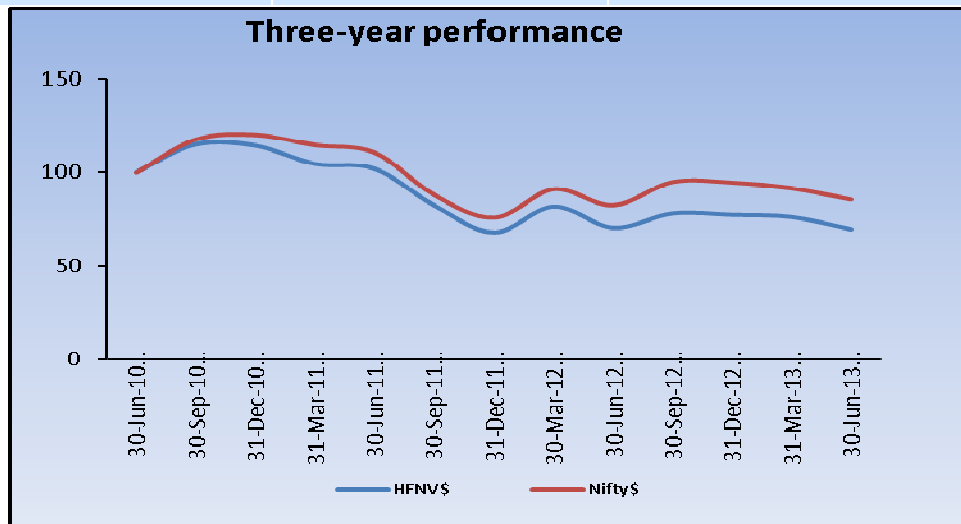
### ASSET ALLOCATION

India: 96.2%

Cash: 3.8%

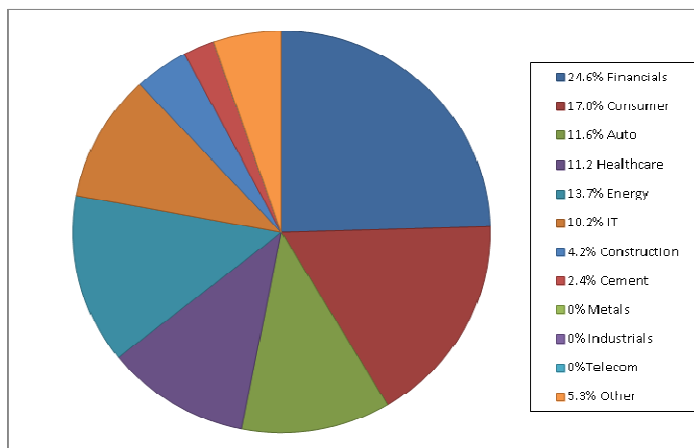
### PERFORMANCE (net of fees and charges)

Period	Fund %	Benchmark %
One Month	-9.2	-7.6
Year-to-date	-10.1	-9.4
One Year	1.9	3.7
Three Years	-30.1	-14.2



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

### INDUSTRY CONCENTRATION JUNE 30



### Top Ten Holdings %

HDFC Bank	8.0
Nestle India	7.6
Pidilite Inds	7.5
Kotak Bank	6.1
ICICI Bank	6.0
Torrent Pharma	5.7
LUPIN	5.5
TCS	5.3
ONGC	5.1
INFOSYS	4.9
<b>Total</b>	<b>61.6</b>
Number of Holdings	22
% Invested in Nifty	56.4

## 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:

World markets were in disarray in June as US markets got caught in the headlights of the QE "tapering scare". The most vivid manifestation of the disarray was the frantic unwinding of the "carry trade" arbitrages which had attracted so much of the Fed's liquidity-pumping. In India, this could be seen from the jump in portfolio outflows from the debt markets, which reached \$5.4bn, compared to just \$1bn from the equity markets. The Nifty lost 7.6% in dollar terms in June, of which 5.3% was currency depreciation.

### Performance:

The fund's portfolio returned -9.2% in June, thus **it under-performed its benchmark by 1.6%**. We had only four stocks in the black in June: Bajaj Auto (+0.5%), Lupin (+0.7%), Torrent Pharma (+1.3%) and Reliance Industries (+1.7%). Then it was a question of what was the least worst. Overall, seven other stocks performed better than benchmark: eleven out of twenty-two stocks out-performed. Among the worst were Titan (-27.6%) on RBI action to stem gold imports, which in the end turned out to be favourable to the company. Balkrishna fell 26.8% in spite of depreciation favouring its export volumes; foreign demand is also under pressure. Wockhardt dropped 22.5% on regulatory issues before we sold: it had much further to fall. IDFC fell 15.8% on credit concerns and Nestle lost 13% as urban consumer demand slowed

We sold Wockhardt Ltd. to avoid further losses and Bank of Baroda, to concentrate our firepower amongst private sector banks.

### Outlook:

The markets are going to be dominated by the "tapering" question for the foreseeable future as US bond traders play chicken with the Fed over the direction and eventual "normal" level of long-term interest rates. Unfortunately, this debate has been muddled by the ill-informed media presenting the withdrawal of monetary stimulus as equivalent to monetary tightening. This ignores the fact that it would be irresponsible for any central bank to remove monetary stimulus before the economy has achieved self-sustaining growth. Further, inflation in the US still seems remote obviating the need to raise policy rates and the Fed's unemployment target seems remote and hourly earnings subdued. So we seem to be destined for a summer of distraction from fundamentals while the volatility traders boost volumes to generate returns..

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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.