



MONTHLY REPORT AND FACTSHEET FOR JULY 2013

NET ASSET VALUE

Net Assets: \$10.8 millions

NAV/Share: \$33.52

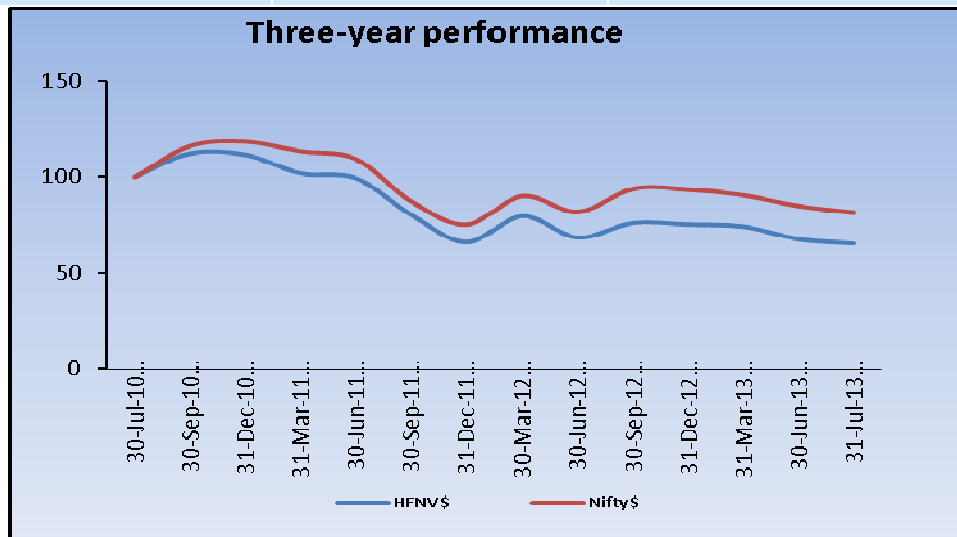
ASSET ALLOCATION

India: 96.8%

Cash: 3.2%

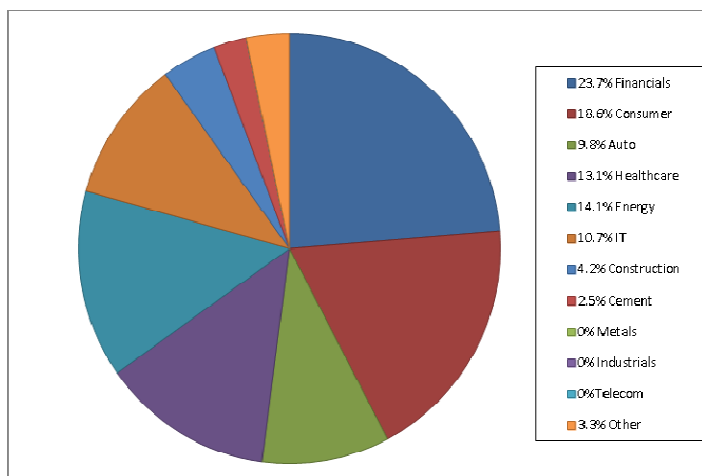
PERFORMANCE (net of fees and charges)

| Period | Fund % | Benchmark % |
|--------------|--------|-------------|
| One Month | -3.3 | -4.0 |
| Year-to-date | -13.0 | -13.0 |
| One Year | -4.2 | -0.1 |
| Three Years | -34.7 | -18.5 |



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

INDUSTRY CONCENTRATION JULY 31



Top Ten Holdings %

| | |
|---------------------|-------------|
| Pidilite Inds | 8.2 |
| Nestle India | 8.1 |
| HDFC Bank | 7.9 |
| LUPIN | 6.6 |
| Torrent Pharma | 6.5 |
| Kotak Bank | 6.0 |
| ICICI Bank | 5.5 |
| INFOSYS | 5.4 |
| TCS | 5.3 |
| Reliance Inds | 4.9 |
| Total | 64.4 |
| Number of Holdings | 21 |
| % Invested in Nifty | 64.1 |

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: | www.himalayanfund.nl |

COMMENTARY

Market Context:

Developed markets snapped back in July as liquidity flowed back strongly and growth data looked better in the US, EU and UK in particular. The tapering scare became a carry-trade unwinding story as emerging markets stayed under pressure, with currencies depreciating and liquidity flowing back to developed markets. The MSCI World index gained 5.2% while the MSCI Asia index was slightly ahead on signs of strength in China. The Rupee fell below 60/\$, losing another 1% against the dollar as FIIs continued to exit Indian debt markets. The Nifty was largely flat during the month but after a turbulent final week, dropped 3% by month-end; Rupee depreciation cost another 1%, so the index lost 4% in USD terms.

Performance:

The portfolio lost 3.3% in July, **out-performing its benchmark by 0.7%**. We had some powerful performers as investors reconsidered the implications of various actions by the government and RBI to support the Rupee. Titan recovered as investors decided restrictions on gold imports were not going to hurt: the stock gained 16.1%. Stocks of big exporters gained: INFY rose 13.5% and TCS 12.4%. Lupin gained 9.5% and Torrent 2%. Nestle gained 6.6% on expectations for sales of higher margin products. On the downside, there was bloodshed in the financial sector as RBI efforts to protect the currency squeezed the money markets. ICICI Bank lost 17%, IDFC 14.5%, Magma 12.7%, Kotak Bank 11.6% and HDFC Bank 11%. ONGC was knocked down by 14.2% as the price of oil rose on global security fears and the pressure on the subsidy burden increased due to the exchange rate. Larsen & Toubro lost 11.8% as growth fears outweighed good order accumulation.

We received bonus issues of stock in Larsen & Toubro and Torrent Pharmaceuticals in July and trimmed our holding in Nestle, Infosys, and TCS for liquidity purposes. We took profits on Bosch India.

Outlook:

Action by the RBI to support the Rupee in the "tapering" downdraft has not inspired confidence and this may also have something to do with the impending retirement of the governor. On the other hand, the announcement of his replacement, Raghuram Rajan, latterly Chief Economic Advisor has raised expectations. August will probably see a bumpy ride for markets as trading desks are manned by amateurs while the heavy hitters are on vacation. We can expect to see more market volatility until after the public holidays when the new broom takes over at the RBI.

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.