



Semi Annual Report 2016

# Contents

<b>Multiple year overview Himalayan Fund N.V.</b>	3
<b>Profile</b>	4
<b>Directors' Report</b>	5
<b>Financial statements</b>	7
Balance sheet	8
Profit & Loss account	9
Statement of Cash Flows	10
Notes	11
Notes to the Balance sheet	13
Notes to the Profit & Loss account	16
Portfolio Breakdown	18
<b>Other information</b>	19

# Himalayan Fund N.V.

open-end investment Fund (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal)

**Registered office:**

c/o Inviqta  
Legmeerdijk 182  
1187 NJ Amstelveen  
The Netherlands

**Board of Directors:**

Ian McEvatt, Chairman  
Dwight Makins  
Robert Meijer \*  
Karin van der Ploeg \*

**Administrator:**

CACEIS Bank Luxembourg Amsterdam Branch  
Gustav Mahlerlaan 310-B  
1082 ME Amsterdam  
The Netherlands

**Custodian:**

Citibank  
3rd Floor, Trent House  
G Block, Plot No 60  
Bandra Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
India

**Listing Agent / Bank /  
Fund Agent:**

Kas Bank N.V.

**Auditor:**

Mazars Paardekooper Hoffman Accountants N.V.  
P.O. Box 7266  
1007 JG Amsterdam

*For information or Prospectus:*

*Website: <http://www.himalayanfund.nl>  
Email: [karin@himalayanfund.nl](mailto:karin@himalayanfund.nl)  
Phone: +31 (0) 20 641 1161*

\* Dutch resident

# Multiple year overview Himalayan Fund N.V.

	30-06-2016	31-12-2015	31-12-2014	31-12-2013	31-12-2012
<b>Net Asset Value (USD x 1,000)</b>					
Net Asset Value according to balance sheet	9,007	10,535	12,024	10,853	14,137
Less: value priority shares	14	14	14	14	14
	<u>8,993</u>	<u>10,521</u>	<u>12,010</u>	<u>10,839</u>	<u>14,123</u>

## First Half-Year comparison

	01-01-2016	01-01-2015	01-01-2014	01-01-2013	01-01-2012
	30-06-2016	30-06-2015	30-06-2014	30-06-2013	30-06-2012
<b>Profit and loss (USD x 1,000)</b>					
Income from investments	63	40	137	89	164
Capital gains/losses	441	678	2,618	-1,256	690
Expenses	-235	-242	-277	-223	-291
Tax	24	17	-	22	15
Total investment result	<u>293</u>	<u>493</u>	<u>2,478</u>	<u>-1,368</u>	<u>578</u>
Number of ordinary shares outstanding	170,321	218,055	258,309	347,373	432,610
<b>Per ordinary share</b>					
Net Asset Value share (USD)	52.80	53.10	44.97	34.65	35.03
Transaction price Euronext Amsterdam end of reporting period (USD)	52.99	53.06	44.28	33.81	33.89
Income from investments (USD)	0.37	0.19	0.53	0.26	0.38
Capital gains/losses (USD)	2.59	3.11	10.13	-3.61	1.59
Expenses (USD)	-1.38	-1.11	-1.07	-0.64	-0.67
Tax	0.14	0.08	-	0.06	0.04
Total investment result (USD)	<u>1.72</u>	<u>2.27</u>	<u>9.59</u>	<u>-3.93</u>	<u>1.34</u>

# Profile

## General

Himalayan Fund N.V. (the "Fund") is an open-end investment company (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal) incorporated under Dutch Law with its statutory seat in Amsterdam, The Netherlands. The Fund has 4,450,005 Ordinary Shares and 49,995 Priority Shares in issue.

## Objective

The Fund's principal objective is to generate long-term capital appreciation for its shareholders by investing in the stock markets of the Indian sub-continent. The Fund currently invests only in the Indian stock markets; the discretion to invest a small proportion of the portfolio in contiguous markets is not currently exercised. The Fund is registered as a Foreign Investment Institution (FII) with the Securities and Exchange Board of India which enables it to hold its own investments directly with its custodian, Citibank NA in Mumbai.

## Open-end status

The Fund is classified as an open-end investment company in The Netherlands and its Ordinary Shares are traded weekly through the Euronext Fund Service of NYSE Euronext Amsterdam. Liquidity is assured by the Fund buying and selling its own shares in the market at a Transaction Price based on Net Asset Value and holding re-purchased shares in treasury pending re-sale.

## Investment support

The Fund has entered into agreements with Mr. Ian McEvatt and IndAsia Fund Advisors Pvt Ltd in Mumbai. Both parties provide the Fund with research reports.

## Registered office

The Fund has appointed Inviqta, a partnership of lawyers established in Amstelveen, The Netherlands, to provide domiciliation and company secretarial services.

## Administrator

CACEIS Bank Luxembourg Amsterdam Branch (CBL AB) established in Amsterdam, The Netherlands, has been appointed by the Fund as the Administrator of Himalayan Fund N.V. CBL AB is an integral part of an international fund administration network operating under the CACEIS name.

## Corporate Governance

The Board of Directors has adopted a Code of Governance (Principles on Fund Governance) practice which is available for downloading from the official website. The Fund does not actively use its voting rights at shareholder meetings of companies in which it has invested.

## Taxation

In order to qualify as a Fiscal Investment Institution in The Netherlands, the Fund is obliged to distribute all of its fiscal income and will then be subject to 0% rate of Dutch corporate income tax on its profits. It is the intention that the Fund is managed in such a way as to maintain this status.

The Fund is registered as a Foreign Investment Institution with the Securities and Exchange Board of India: this enables the Fund to enjoy the benefits of the tax treaty between India and The Netherlands, so that the proceeds of investment in India can be received free of tax.

For the benefit of UK investors, the Fund has registered with Her Majesty's Revenue and Customs (HMRC) as a Reporting Fund with effect from financial year 2011. Subject to regular reporting requirements, investment in the Fund by UK tax payers will enjoy equivalent treatment to domestic mutual funds for UK tax purposes. It's the Fund's intention to maintain compliance with the requirements of Reporting Fund status.

When the Fund has held investments in Bangladesh and Sri Lanka in the past, dividends received have been subject to withholding tax which has been carried as an expense in the profit and loss account. No capital gains tax is levied in Sri Lanka; the Fund has been able to claim exemption from capital gains tax in Bangladesh due to its tax exempt status in The Netherlands.

# Directors' Report, First Half-year 2016

## The Fund

The Net Asset Value (NAV) per share of your Fund was US\$52.80 on June 30<sup>th</sup> 2016, 4.3% higher than the closing NAV of \$50.64 on December 31<sup>st</sup>, 2015. Over the same period the Fund's performance benchmark, the re-named Nifty50 USD index gained 2.3%. Thus, your Fund outperformed its benchmark by 2%. For comparison purposes, the Transaction Price on Euronext Amsterdam for the Fund's shares was US\$52.99 at the end of the period compared to \$50.45 at the beginning, a rise of 5%. Over the comparable period, the benchmark index rose by 3.1%, including Rupee depreciation of 1.9% against the US dollar.

The number of Ordinary Shares held by third parties on December 31, 2015 was 207,748; by mid-year, this had fallen to 170,321. The net turnover in the Fund's Ordinary Shares in the first half of this year was 22%. Investment in emerging markets demands long-term commitment and in the first half of 2016, India provided a modest reward which your Fund exceeded for shareholders who stayed the course. We commend our long-standing shareholders for their commitment and thank them for their continuing loyalty.

## The Market

The first half of 2016 began with the worst opening month's performance in equity markets for many years. A collapse in oil prices and in Chinese GDP growth as well as mounting concern about an economic slowdown in the US undermined global equities. This background drove the MSCI All Countries World Index down more than 6% and the MSCI Pacific ex-Japan index down 7.9%. The MSCI India Index fell by 6.9% that month, closer to the World index than regional comparatives. This started a differentiation of its markets from others consistent with India's emergence as the fastest growing large economy in the world. It also prefaced a recovery in foreign portfolio investment in India which supported its markets through the later part of the half-year.

By the end of the half-year, the MSCI World and Pacific ex-Japan indices had recovered to within half a percent either side of their starting points. The Chinese economy proved to be adjusting to a sub-7% GDP growth trajectory and the oil price recovered to the \$40-50 range. The US economy disappointed doom-mongers but failed to support expectations of a rapid ratcheting up of policy rates. The pace of employment creation, in particular, was highly volatile, dampening prospects of supply-side inflation emerging as a basis for further rate increases. At the time of writing, some forecasts of the next Fed funds rate increase have disappeared into 2017 while sustained dollar strength may create a headwind for US exporters and dampen the corporate earnings outlook.

Meanwhile, the Indian economy has seen GDP growth slowly rising towards 8% as the IMF has been progressively cutting global growth forecasts below the 3% rate. The RBI cut the repo rate by 25 basis points in April, following a Union Budget which affirmed the government's commitment to fiscal consolidation. The central bank's "accommodative" stance was confirmed at the June Monetary Policy review but emerging food price pressure discouraged it from cutting rates any further. The central bank has also improved liquidity conditions for banks following its stringent application of loan-loss provisioning requirements for the fiscal year-end on March 31st. Banks had only transmitted half of the recent 150 basis-point relaxation of policy rates.

The return of 2.3% for the Nifty50 USD index distinguished Indian markets in the first half-year. A recovery in foreign investor sentiment was a key influence, supported by fiscal consolidation, consumer demand, especially in urban areas and public sector investment. Particularly notable has been the Modi government's attention to clearing long-delayed infrastructure projects which had been embroiled in obstructive administrative clearance procedures.

Your Fund's 200 basis points of outperformance was generated by pursuing our long-term approach of selecting stocks with high quality earnings prospects at reasonable valuations which demonstrate high standards of governance. During the course of the period under review, we held a total of twenty five stocks, with an average of twenty holdings. Fifteen of our holdings outperformed the benchmark and ten underperformed. From a top-down perspective, we have consistently held overweight positions in Consumer orientated and Healthcare stocks. We have been around level weight in IT stocks and close to an index weight in Financials. In this case, however, we have concentrated on private sector banks and progressively eliminated stocks with riskier loan books, concentrating eventually in just two of the highest quality banks.

The biggest contributions to performance came from Pidilite Industries (+25.5%), VIP Industries (+12%) and Nestle India (+11.2%) in the Consumer sector. Heidelberg Cement added 77.9%, Supreme Industries 31.8% and Indraprastha Gas 18%. Our two remaining banks also contributed: HDFC Bank 13.3% and Kotak Mahindra Bank 5.1%. On the downside, our Healthcare holdings suffered from negative reports about USFDA inspections and approvals of generic patent applications. Lupin lost 16.6% and Torrent Pharma lost 5.2%. In Financials, ICICI Bank lost 8.8% and Magma Fincorp 18.9%.

By the end of the half-year, our portfolio was overweight in IT, Industrials, Construction, Consumer, Healthcare and Media stocks. Our significant underweight sectors were Energy and Financials while we held no stocks at all in the Telecom, Metals and Transport sectors. Prospects for future returns are now framed by the excellent sowing season nearing completion in, so far, above average monsoon rains. There has also been a further boost to sentiment generated by the recent passage of the government's GST Bill, paving the way for progress towards a single market in India as a multitude of inter-state duties and taxes are replaced by a single national indirect tax.

The Directors are convinced that the return prospects for foreign investors investing in India are excellent in the medium term. We also believe the Fund is in an excellent position to capture these returns while benefitting from the favourable tax position it enjoys as well as the liquidity provided by the stock exchange listings the Fund maintains.

## **Administration**

The Fund's website provides access to all regulatory and statutory information on the Fund, the address is:

**[www.himalayanfund.nl](http://www.himalayanfund.nl)**

On June 16, the AGM of the Fund was held in Amsterdam; the Annual Report for 2015 was adopted by unanimous vote and the Directors were discharged from their responsibilities for the year.

After completing the routine Agenda for the AGM, the Chairman gave a description of the outlook for the Indian economy and the investment strategy of the Fund for the benefit of the audience and answered a number of their questions.

## **Conclusion**

The Directors would like to thank shareholders for their continuing support for the Fund. In compliance with regulatory requirements, the Directors review the Synthetic Risk and Reward Indicator (SRRI) on a regular basis. As at June 30<sup>th</sup>, the calculation puts the Fund in Category 5, one category lower than last year. Consistent positive monthly returns continue to drive the SRRI percentage down; we are now at the top of Category 5. The Directors consider it unlikely that the SRRI classification will drop to a lower category in due course. It would not be unusual for a fund investing in emerging market equities to have a higher risk rating and the Directors remind shareholders of the risk statements in the Fund's Prospectus which is available for download from the Fund's website.

Amsterdam, August 30, 2016

Board of Directors  
Ian McEvatt, Chairman  
Dwight Makins  
Robert Meijer  
Karin van der Ploeg

Financial statements

Himalayan Fund N.V.

Semi Annual Report 2016

# Balance sheet

(before profit appropriation)

	30-06-2016		31-12-2015
	USD	Notes	USD
<b>Investments</b>			
Securities	8,928,185	4.1	10,108,751
<b>Short term receivables</b>			
Receivable on security transactions	-	5.1	94,841
Due to subscriptions	-	5.2	-
Dividend receivable	3,800	5.3	-
Other receivables	-	5.4	-
	<u>3,800</u>		<u>94,841</u>
<b>Other assets</b>			
Cash at banks	147,208	6	465,306
<b>Current liabilities (due within one year)</b>			
Payable on security transactions	-	7.1	77,498
Due to redemptions	-	7.2	-
Other liabilities, accruals and deferred income	71,812	7.3	56,570
	<u>71,812</u>		<u>134,068</u>
<b>Total current liabilities</b>	71,812		134,068
<b>Total of receivables and other assets</b>			
<b>less current liabilities</b>	<u>79,196</u>		<u>426,079</u>
<b>Total assets less current liabilities</b>	<u>9,007,381</u>		<u>10,534,830</u>
<b>Shareholders' equity</b>			
Issued capital	17,412	8.1	17,752
Share premium	16,684,949	8.2	18,504,968
General reserve	-7,987,890	8.3	-7,942,782
Undistributed result current year	292,910	8.4	-45,108
	<u>9,007,381</u>		<u>10,534,830</u>
<b>Total shareholders' equity</b>	<u>9,007,381</u>		<u>10,534,830</u>
<b>Net Asset Value per share</b>	52.80		50.64

# Profit & Loss account

	01-01-2016 30-06-2016 USD	Notes	01-01-2015 30-06-2015 USD
<b>Income from investments</b>			
Dividends	63,451	9.1	40,428
Other income	<u>-</u>	9.3	<u>40</u>
	<b>63,451</b>		<b>40,468</b>
<b>Capital gains/losses</b>			
Unrealised gains on investments	710,635	4	404,940
Unrealised losses on investments	-611,951	4	-1,112,815
Realised price gains on investments	673,631	4	1,605,299
Realised price losses on investments	-126,585	4	-
Realised currency gains on investments	-	4	-
Realised currency losses on investments	-193,761	4	-211,562
Other exchange differences	<u>-11,219</u>		<u>-7,857</u>
	<b>440,750</b>		<b>678,005</b>
<b>Expenses</b>			
Investment research fees	85,512	10.1	90,847
Other expenses	<u>149,554</u>	10.2	<u>151,091</u>
	<b>235,066</b>		<b>241,938</b>
<b>Tax</b>	<b>23,775</b>		<b>16,508</b>
<b>Total investment result</b>	<b><u>292,910</u></b>		<b><u>493,043</u></b>
<b>Total investment result per ordinary share</b>	<b>1.72</b>		<b>2.26</b>

# Statement of Cash Flows

	01-01-2016 30-06-2016 USD	Notes	01-01-2015 30-06-2015 USD
<b>Cash flow from investing activities</b>			
Income from investments	63,451	9	40,468
Expenses	-235,066	10	-241,938
Tax	<u>23,775</u>		<u>16,508</u>
Result of operations	-147,840		-184,962
Purchases of investments	-114,757	4	-1,654,272
Sales of investments	<u>1,747,292</u>	4	<u>2,967,641</u>
	1,632,535		1,313,369
Change in short term receivables	91,041	5	-7,656
Change in current liabilities	<u>-62,256</u>	7	<u>244,744</u>
	<u>28,785</u>		<u>237,088</u>
<i>Cash flow from investing activities</i>	1,513,480		1,365,495
<b>Cash flow from financing activities</b>			
Received on shares issued	-	8	186,699
Paid on shares purchased	<u>-1,820,359</u>	8	<u>-1,109,955</u>
<i>Cash flow from financing activities</i>	-1,820,359		-923,256
Other exchange differences	<u>-11,219</u>		<u>-7,857</u>
<b>Change in cash and cash equivalents</b>	-318,098		434,382
Cash and cash equivalents as at January 1	<u>465,306</u>		<u>200,116</u>
<b>Cash and cash equivalents as at June 30</b>	<u>147,208</u>	6	<u>634,498</u>

# Notes

## 1 General

Himalayan Fund N.V. ('the Fund') is an open-end investment company (in Dutch: beleggingsmaatschappij met veranderlijk kapitaal) incorporated under Dutch law and has its statutory seat in Amsterdam. The Fund is listed both on NYSE Euronext Amsterdam and on The London Stock Exchange.

This semi annual report is prepared in accordance with Part 9 Book 2 of the Dutch Civil Code and the Act on the Financial Supervision (AFS) ("Wet op het financieel toezicht"). Since December 1991 the Fund is licensed to undertake investment activities according to the Act on the Financial Supervision.

## 2. Principles of valuation

### 2.1 Investments

The investments are valued based on the following principles:

- listed securities are valued at the most recent stock market price as at the end of the accounting period which can be considered fair value;
- non or low marketable securities are, according to the judgement of the Investment Committee, valued at the best effort estimated price, taking into account the standards which the Investment Committee thinks fit for the valuation of such investments.

Expenses related to the purchase of investments are included in the cost of investments.

Sales charges, if any, are deducted from gross proceeds and will be expressed in the capital gains/losses.

### 2.2 Foreign currency translation

Assets and liabilities in foreign currencies are translated into US dollars at the rate of exchange as at the balance sheet date. All exchange differences are taken to the profit and loss account. Income and expenses in foreign currencies are translated at the exchange rate as per transaction date.

---

Rates of exchange as at June 30, 2016, equivalent of 1 US dollar:

Euro	0.90013	Srilanka Rupee	145.65003
Indian Rupee	67.49503	Bangladesh Taka	78.37499

---

### 2.3 Other assets and liabilities

Other assets and liabilities are stated at nominal value. If required, provisions have been taken for irrecoverable receivables.

### 2.4 Income recognition principles

The result is determined by deducting expenses from the proceeds of dividend, interest and other income in the period under review. The realized revaluations of investments are determined by deducting the purchase price from the sale proceeds.

The unrealized revaluations of investments are determined by deducting the purchase price or the balance sheet value at the start of the period under review from the balance sheet value at the end of the period under review.

Brokerage fees payable on the acquisition of investments, if any, are considered to be part of the investments costs, and as a result, are not taken to the profit and loss account.

### 2.5 Cash flow statement

The Cash Flow statement has been prepared according to the indirect method.

## 3. Risk Management

Investing in emerging and developing markets carries risks that are greater than those associated with investment in securities in developed markets. In particular, prospective investors should consider the following:

### 3.1 Currency Fluctuations

The Fund invests primarily in securities denominated in local currencies whereas the Ordinary Shares are quoted in US dollars. The US dollar price at which the Ordinary Shares are valued is therefore subject to fluctuations in the US dollar/ local currency exchange rate.

### *3.2 Counterparty Risk*

The Fund deals principally in listed stocks traded on the BSE and the NSE in India. All transactions are book-entry and settlement is fully automated. In the event of non-delivery by either side, the transaction fails. In this case recovery can be achieved by delivery against payment or the transaction abandoned.

### *3.3 Concentration Risk*

The investment restrictions for the Fund in section IX INVESTMENT POLICIES of the Prospectus, limit the possibility for concentration of risk by stock and sector. Investors should note that the portfolio will be concentrated in the Indian sub-continent.

### *3.4 Market Volatility*

Securities exchanges in emerging markets are smaller and subject to greater volatility than those in developed markets. The Indian market has in the past experienced significant volatility and there is no assurance that such volatility will not occur in the future.

### *3.5 Market Liquidity*

A substantial proportion of market capitalization and trading value in emerging markets can be represented by a relatively small number of issuers. Also, there is a lower level of regulation and monitoring of the activities of investors, brokers and other market participants than in most developed markets. Disclosure requirements may be less stringent and there may be less public information available about corporate activity. As a result, liquidity may be impaired at times of high volatility. The Indian markets have withstood high volatility in the recent past and recovered momentum because of excellent corporate results. This has shown that the liquidity in the shares of the top companies is strong, as further emphasized by demand for those shares through Depository Receipts in overseas markets. Furthermore, standards of governance and transparency are improving dramatically under the impetus of the regulatory bodies. Other contiguous markets are not necessarily the same and the Fund only invests in them with the utmost care.

### *3.6 Fund Liquidity*

The Fund's rules allow weekly purchases and sales of Ordinary Shares but in order to allow orderly management of the portfolio in the interest of continuing shareholders, the value of purchases may be limited to 5% of the net asset value of the Fund on any one Execution Day.

### *3.7 Political Economy*

The Fund's portfolio may be adversely affected by changes in exchange rates and controls, interest rates, government policies, inflation, taxation, social and religious instability and regional geo-political developments.

### *3.8 Legal and Regulatory Compliance*

The Fund is responsible for ensuring that no action taken by it or by any contracted service provider might cause a breach of any legal or regulatory requirement. The Fund and all of its service providers maintain adequate control procedures to guard against any such occurrence and these procedures are subject to regular review. Should such a breach occur inadvertently, control procedures should detect it and institute corrective action without delay.

### *3.9 Financial Crisis*

Almost uniquely amongst financial markets, the Indian financial sector was insulated against any consequences of the recent financial crisis by the tight control exercised by the RBI. Bank balance sheets were free of toxic assets and capital ratios were maintained. Ratios of non-performing assets remained within historic norms.

### *3.10 Credit risk*

The principal credit risk is counterparty default (i.e., failure by the counterparty to perform as specified in the contract) due to financial impairment or for other reasons. Credit risk is generally higher when a nonexchange-traded or foreign exchange-traded financial instrument is involved. Credit risk is reduced by dealing with reputable counterparties. The Fund manages credit risk by monitoring its aggregate exposure to counterparties.

# Notes to the Balance sheet

	30-06-2016	31-12-2015
	USD	USD
<b>4. Investments</b>		
<i>4.1 Statement of changes in securities</i>		
Position as at January 1	10,108,751	11,907,241
Purchases	114,757	2,827,529
Sales	-1,747,292	-5,008,125
Unrealised gains on investments	710,635	275,208
Unrealised losses on investments	-611,951	-2,224,393
Realised price gains on investments	673,631	2,843,600
Realised price losses on investments	-126,585	-74,221
Realised currency gains on investments	-	-
Realised currency losses on investments	-193,761	-438,088
	<u>8,928,185</u>	<u>10,108,751</u>
Position as at June 30		

Historical cost 5,241,413 6,520,663

The Fund's portfolio comprises shares of companies listed on The National Stock Exchange of India or the Bombay Stock Exchange. The Fund may also acquire depository receipts or participatory notes of Indian companies listed on overseas stock exchanges as well as other instruments as described in the Prospectus. The Fund held no unlisted shares on June 30th 2016 (December 31, 2015: USD 123,163). The portfolio breakdown as at June 30th 2016 is provided on page 18 of this report.

## *4.2 Transaction costs*

The transaction costs for the purchase of investments are capitalized within the historical cost price and for sales the transaction costs are discounted from the sales price. Transaction costs for the first half year of 2016 are USD 5,313 (for the first half year of 2015: USD 15,471).

## **5. Receivables**

### *5.1 Receivable on security transactions*

These include transactions still unsettled as at the balance sheet date.

### *5.2 Due to subscriptions*

These include payments already done by new subscribers for entering the Fund against the next available NAV.

### *5.3 Dividend receivable*

These include other transactions still unsettled as at the balance sheet date.

This includes the receivables from unsettled share subscriptions as per balance sheet date.

### *5.4 Other receivables*

These include other receivables.

## **6. Cash at banks**

This includes immediately due demand deposits at banks.

## **7. Current liabilities (due within one year)**

### *7.1 Payable on security transactions*

These include transactions still unsettled as at the balance sheet date.

### *7.2 Due to redemptions*

These include the debts in respect of the repurchase of shares Himalayan still unsettled as at the balance sheet date.

	30-06-2016	31-12-2015
	USD	USD
<i>7.3 Other liabilities, accruals and deferred income</i>		
Payable investment research fee	21,871	12,511
Payable administration fee	4,141	4,363
Payable auditors fee	13,548	19,954
Other expenses payable	<u>32,252</u>	<u>19,742</u>
	<u>71,812</u>	<u>56,570</u>

## 8. Shareholders' equity

The authorised share capital of the Fund is EUR 60,000 (December 31, 2015: EUR 60,000) and consists of:

- Ordinary shares of EUR 0.01 each	5,000,100
- Priority shares of EUR 0.20 each	49,995

<i>8.1 Issued capital</i>	number	USD	USD
Ordinary shares:			
Position as at January 1	207,748	3,522	4,258
Sold	-	-	44
Purchased	-37,427	-374	-321
Revaluation	-	34	-459
Position as at June 30	<u>170,321</u>	<u>3,182</u>	<u>3,522</u>
Priority shares:			
Position as at January 1	49,995	14,230	14,230
Sold	-	-	-
Revaluation	-	-	-
Position as at June 30	<u>49,995</u>	<u>14,230</u>	<u>14,230</u>
Total issued capital		<u>17,412</u>	<u>17,752</u>

As at June 30, 2016 the issued and subscribed share capital amounts to:

		EUR	EUR
Ordinary shares, par value EUR 0.01 (December 31, 2015: EUR 0.01)	4,450,005	44,500	44,500
Priority shares, par value EUR 0.20 (December 31, 2015: EUR 0.20)	49,995	<u>9,999</u>	<u>9,999</u>
		<u>54,499</u>	<u>54,499</u>

The Fund became open-ended on April 7, 2000. As at June 30, 2016 a total of 4,279,684 Ordinary Shares have been purchased, meaning that 170,321 Ordinary Shares are still outstanding as at June 30, 2016. Ordinary Shares purchased by the Fund are directly charged against capital and share premium.

<i>8.2 Share premium</i>	USD	USD
Position as at January 1	18,504,968	19,947,953
Received on shares sold	-	236,334
Paid on shares purchased	-1,819,985	-1,679,778
Revaluation of outstanding capital	<u>-34</u>	<u>459</u>
Position as at June 30	<u>16,684,949</u>	<u>18,504,968</u>

	<b>30-06-2016</b>	31-12-2015
	<b>USD</b>	USD
<i>8.3 General reserve</i>		
Position as at January 1	<b>-7,942,782</b>	-11,914,402
Transferred from undistributed result	<b>-45,108</b>	<u>3,971,620</u>
Position as at June 30	<b><u>-7,987,890</u></b>	<u>-7,942,782</u>

*8.4 Undistributed result*

Position as at January 1	<b>-45,108</b>	3,971,620
Transferred to/from general reserve	<b>45,108</b>	-3,971,620
Total investment result	<b><u>292,910</u></b>	<u>-45,108</u>
Position as at June 30	<b><u>292,910</u></b>	<u>-45,108</u>

**Three years Himalayan Fund N.V.**

	<b>30-06-2016</b>	31-12-2015	31-12-2014
<b>Net Asset Value (USD x 1,000)</b>			
Net Asset Value according to balance sheet	<b>9,007</b>	10,535	12,024
Less: value priority shares	<b><u>14</u></b>	<u>14</u>	<u>14</u>
	<b><u>8,993</u></b>	<u>10,521</u>	<u>12,010</u>
Number of Ordinary Shares outstanding	<b>170,321</b>	207,748	235,416
<b>Per Ordinary Share</b>			
Net Asset Value share (USD)	<b>52.80</b>	50.64	51.01

# Notes to the Profit & Loss account

## 9. Income from investments

### 9.1 Dividends

This refers to net cash dividends including withholding tax. Stock dividends are considered to be cost free shares. Therefore stock dividends are not presented as income.

### 9.2 Interest income

Most of this amount was received on outstanding cash balances.

### 9.3 Other income

From March 6, 2009 this refers to the charges of 0.35% received on shares issued and repurchased.

These costs are to cover transaction costs in relation with the purchase and sale of Ordinary Shares and are booked as an income for the Fund.

	<b>01-01-2016</b>	01-01-2015
	<b>30-06-2016</b>	30-06-2015
	<b>USD</b>	USD
<b>10. Expenses</b>		
<i>10.1 Investment research fees</i>		
Research fee	<b>81,000</b>	85,771
Custody Fee and Charges	<b>4,512</b>	5,076
	<b>85,512</b>	90,847

Expenses directly related to the management of investments, like custody fees and transfer charges as well as other paying agent fees, are deducted from the result. These expenses are included in other investment management fees with the exception of the transfer charges. Transfer charges are accounted for in the investment revaluation reserve.

### 10.2 Other expenses

Administration Fees and Charges	<b>29,655</b>	29,953
Company Secretarial and Domiciliation Fees	<b>16,892</b>	16,844
Bank Expenses	<b>150</b>	1,314
Regulatory Fees and Charges	<b>6,308</b>	17,205
Legal Expenses	-	-
Distribution fees	<b>18,411</b>	18,306
Listing Expenses	<b>7,210</b>	7,190
Audit Fees	<b>9,997</b>	9,940
Fiscal Advisory Fees	<b>9,219</b>	2,975
Advertising and Promotion	<b>7,553</b>	3,798
Directors Fees	<b>31,700</b>	31,700
Board Expenses	<b>10,156</b>	10,235
Miscellaneous	<b>2,303</b>	1,631
	<b>149,554</b>	151,091

### On-going charges ratio

The on-going charges ratio is calculated as follows: the total expenses of the Fund, excluding transaction fees and cost of interest, divided by the average NAV\*.

The expense ratio of the Fund for the reporting period is equal to 2.55%; annualised 5.11% (annualised 2015: 4.04%).

### Turnover ratio

The turnover ratio is calculated as follows: the total sum of purchases plus sales minus subscriptions minus redemptions divided by the average NAV\*.

The turnover ratio of the Fund for the reporting period is equal to 0.45 %; annualised 0.91 % (annualised 2015: 55.61%).

\* - The Fund has a weekly NAV. The average Net Asset Value of the Company for the reporting period is calculated as the sum of the weekly Net Asset Values divided by the number of observations.

### Comparison of real cost with cost according to Prospectus\*

	According to Prospectus	Actual costs
	USD	USD
Research fee (1)	81,000	81,000
Administration fee (2)	29,655	29,655
Secretarial and Domiciliation fees (3)	16,892	16,892
Costs for the Board (4)	100,000	41,856

\*- As per the Prospectus of June 7, 2010.

1) Ian McEvatt receives an annual fee of USD 114,000 for investment research and IndAsia Fund Advisors Pvt Ltd receives an annual fee of USD 42,000.

2) CACEIS Bank Luxembourg Amsterdam Branch is paid a fixed fee of EUR 50,000 per year for administration services.

3) Inviqta has been appointed to provide domicile and company secretarial services to the Fund for a fixed fee of EUR 25,000 (exclusive VAT) per year.

4) The Prospectus states that the remuneration of the Directors is subject to a limit of USD 100,000 in aggregate per year. In 2015 the remuneration of the Directors will be USD 62,895 (inclusive VAT). Directors fees per person in the first half year of 2015 are as follows: Ian McEvatt\*: USD 5,000; Dwight Makins: USD 9,250; Robert Meijer: USD 11,400; Karin van der Ploeg\*: USD 6,050. Board expenses (exclusive remuneration of the Directors) amount to USD 10,235 for the first half year of 2016.

\* Karin van der Ploeg is a partner of Inviqta. It has been agreed that members of the Board who are also directors/partners of the service providers of the Fund receive a fixed annual management fee of USD 10,000 (exclusive VAT).

### Employees

The Fund has no employees.

Amsterdam, August 30, 2016

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

# Portfolio breakdown

As per June 30, 2016

<u>India</u>	Market value USD	percentage of total Net Asset Value
<b>Auto Ancillary</b>	<b>518,102</b>	<b>5.8</b>
13,000 Bajaj Auto	518,102	
<b>Construction</b>	<b>950,645</b>	<b>10.6</b>
250,000 HeidelbergCement	437,810	
135,369 Kalpataru Power Transmission	512,835	
<b>Consumer discretionary</b>	<b>709,386</b>	<b>7.9</b>
240,000 Indian Hotels	454,256	
150,000 VIP Industries	255,130	
<b>Consumer goods</b>	<b>1,620,558</b>	<b>18.0</b>
28,000 Agro Tech Foods	217,296	
3,500 Nestle India	336,665	
100,000 Pidilite Industries	1,066,597	
<b>Energy</b>	<b>371,909</b>	<b>4.1</b>
40,000 Indraprastha Gas	371,909	
<b>Financials</b>	<b>1,533,729</b>	<b>17.0</b>
27,000 HDFC Bank	470,615	
94,000 Kotak Mahindra Bank	1,063,114	
<b>Healthcare</b>	<b>1,239,049</b>	<b>13.8</b>
24,000 Lupin	547,489	
34,000 Torrent Pharmaceuticals	691,560	
<b>Industrials</b>	<b>338,303</b>	<b>3.8</b>
25,000 Supreme Industries	338,303	
<b>Media</b>	<b>179,514</b>	<b>2.0</b>
38,000 Shemaroo Entertainment	179,514	
<b>Technology</b>	<b>1,466,990</b>	<b>16.3</b>
250,000 Firstsource Solutions	171,864	
18,000 HCL Technologies	194,801	
22,000 Infosys Technologies	381,622	
19,000 Tata Consultancy	718,703	
<b>Total Equity</b>	<b>8,928,185</b>	<b>99.1</b>
<b>Cash</b>	<b>79,196</b>	<b>0.9</b>
<b>NAV</b>	<b>9,007,381</b>	<b>100.0</b>

# Other information

## **Personal interest**

At the end of, or during the reporting period, none of the members of the Board of Directors had any interests in securities also being a part of the investments of the Fund.

## **Special controlling rights**

Special rights are assigned to holders of Priority Shares. The most important rights are:

- to submit a binding nomination for the appointment of the Directors
- to give their approval in advance of amendments in the Articles of Association, legal merger, legal split and dissolving the Fund.

The Priority Shares are all held in the name of Iceman Capital Ltd.

## **Priority Shares**

During 2011 & 2012 49.995 Priority Shares were held by Iceman Capital Ltd. At the beginning of 2009 the nominal value of the Priority Shares was Eur 0.01 each. On August 26, 2009 the Articles of Association were amended and the nominal value of the Priority Shares was increased to Eur 0.20 Each.

The directors of Iceman Capital Ltd. are Messrs. I. McEvatt, P.J. Nicolle, M.T. Cordwell, J.W. Owen and E.H. Jostrom.

The directors of the Fund and the directors of Iceman Capital Ltd. declare that to the best of their knowledge and belief Appendix X, paragraph C, article 10 of the listing Rules of Euronext Amsterdam NV is complied with.

## **Independent Auditor's report**

No audit was performed on these semi annual statements.