



Semi Annual Report 2015

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# 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

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\* Dutch resident

# Multiple year overview Himalayan Fund N.V.

	30-06-2015	31-12-2014	31-12-2013	31-12-2012	31-12-2011
<b>Net Asset Value (USD x 1,000)</b>					
Net Asset Value according to balance sheet	11,593	12,024	10,853	14,137	15,896
Less: value priority shares	14	14	14	14	14
	<u>11,579</u>	<u>12,010</u>	<u>10,839</u>	<u>14,123</u>	<u>15,882</u>
	01-01-2015	01-01-2014	01-01-2013	01-01-2012	01-01-2011
	30-06-2015	30-06-2014	30-06-2013	30-06-2012	30-06-2011
<b>Profit and loss (USD x 1,000)</b>					
Income from investments	40	137	89	164	53
Capital gains/losses	678	2,618	-1,256	690	-2,081
Expenses	-242	-277	-223	-291	-373
Tax	17	-	22	15	-
Total investment result	<u>493</u>	<u>2,478</u>	<u>-1,368</u>	<u>578</u>	<u>-2,401</u>
Number of ordinary shares outstanding	218,055	258,309	347,373	432,610	346,405
<b>Per ordinary share</b>					
Net Asset Value share (USD)	53.10	44.97	34.65	35.03	50.97
Transaction price Euronext Amsterdam end of reporting period (USD)	53.06	44.28	33.81	33.89	50.79
Income from investments (USD)	0.19	0.53	0.26	0.38	0.15
Capital gains/losses (USD)	3.11	10.13	-3.61	1.59	-6.00
Expenses (USD)	-1.11	-1.07	-0.64	-0.67	-1.08
Tax	0.08	-	0.06	0.04	-
Total investment result (USD)	<u>2.27</u>	<u>9.59</u>	<u>-3.93</u>	<u>1.34</u>	<u>-6.93</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

## The Fund

The Net Asset Value (NAV) per share of your Fund was US\$53.10 on June 30th 2015, 4.1% higher than the closing NAV of \$51.01 on December 31st, 2014. Over the same period, the Fund's performance benchmark, the CNX Nifty index in US\$ terms, advanced by 0.4%. Thus, your Fund outperformed its benchmark by 3.7%. This half-year is the third successive six-month period in which the Fund has outperformed its performance benchmark. For comparison purposes, the Transaction Price for the Fund's shares was US\$51.76 on January 2nd the first Execution Day of 2015 and on June 26th, the last Execution Day of the half-year, the Transaction Price was US\$53.25, a rise of 2.9%. Over the comparable period, the benchmark index fell 0.7%, including Rupee depreciation of 0.6% against the US dollar.

The number of Ordinary Shares held by third parties on December 31, 2014 was 235,416; by mid-year, this had fallen to 218,055. The net turnover in the Fund's Ordinary Shares in the first half of this year was just 7%. Investment in emerging markets demands long-term commitment and in the first half of 2015, India provided a modest reward which your Fund succeeded in multiplying for investors 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 2015 was tough for equity investors as the MSCI World Index returned just 1.5%, somewhat less than the return achieved in the comparable period in 2014. Developed markets were in the black, the US up by 2.6%, Europe by 1.9% and the UK by 1.7%. In emerging markets, the MSCI Emerging Markets Index returned 1.7%, with the BRIC family notable for a return of 6.6%. This was driven by a sharp advance of more than 12% in Chinese markets as the government tried to engineer a "soft landing" for the struggling economy.

In this context, the Indian markets managed to eke out a small advance in the first half against a background of weak corporate results and fading sentiment for the reforms promised by the Modi government. Its thumping majority in the Lower House of parliament gave rise to exaggerated optimism about the ease with which controversial legislation could be passed. By mid-year, the two most important statutory reforms were bogged down by opposition resistance in the Upper House: the GST Bill and the Land Acquisition Amendment Bill. India's macroeconomic position improved significantly, however, thanks to external effects in the form of commodity price reductions, especially oil, as well as some deft management of the economy, both by the RBI and the Finance Ministry. By mid-year, inflation had fallen below the RBI's long-term target level of 6% and the bank took advantage by cutting the repo rate twice. Also, the falling prices of imports brought down the trade deficit and helped to reduce the fiscal deficit to just below 4% by the time of the budget. This allowed progressive reductions in the burden of fuel price subsidies and provided a platform for a modestly expansive budget. By mid-year, India's external position was robust, with foreign reserves of more than \$330bn near all-time highs. Also, the RBI has managed the external reserves with a maturity profile intended to withstand volatility in international liquidity due to interest rate rises expected in the US.

Foreign portfolio flows continue to have an important impact on the direction and momentum of Indian stock markets. Foreign portfolio investors bought a net \$4.3bn in cash equities in the first half-year but this flow masked another period of instability, in which net outflows of \$1.5bn in May and June were caused by news that the tax authorities were pursuing FII's for unpaid Minimum Alternative Tax (MAT) payable as a consequence of a new policy announced in the Budget. The outcome of the action remained uncertain at mid-year, though test case appeals are under way. Shareholders should note, however, that Himalayan Fund's benefits under the Dutch/Indian double tax treaty have protected the Fund and also provide protection against taxation on long-term capital gains which may apply under other regimes. Meanwhile, foreign portfolio investors continue to hold some 23% of listed Indian equity. As the half-year progressed, a return of retail interest in the markets was accelerating, with the volume of interest from domestic mutual funds gathering pace.

Investment strategy continued to focus on picking stocks for exceptional return potential which also meet our governance standards. In the first half-year, we maintained some highly concentrated positions which rewarded our commitment. In the Healthcare Sector: our pharmaceutical holdings made the largest contribution to performance and at the end of the period remained two of our largest positions. We moved to a neutral weight in the Financial Sector, with some stocks contributing strongly while others lagged. In the Consumer Sector, we exited larger cap stocks and focused on non-index stocks, including our largest single holding. We finally lost faith in the Energy Sector, exiting entirely before returning in the last week of the half. In IT, we maintained our sector exposure while reducing stock risk by adding to the number of holdings. Several times during the half we trimmed our largest holdings to take profits as well as for risk management purposes. At mid-year, we had 22 holdings of which the top ten in size made up 70.2% of the portfolio. Nifty stocks represented 56.3% of the portfolio.

India's growth outlook has been transformed over twelve months: GDP is forecast to grow by nearly 8% this fiscal year and it is widely expected that this may be exceeded if more rate cuts are forthcoming. There is evidence of acceleration in execution of government investment projects and at the time of writing there is also evidence of improving consumer confidence, especially in urban areas. On the other hand, the government is facing increasing political resistance in pursuing reforms; credit growth remains weak, suggesting a lack of private sector investment; and earnings reports continue to be weak. The macroeconomic environment is expected to be sustained through the second half nonetheless, so there seems to be little point in losing faith. The rest of the world provides little encouragement.

### **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 18, the AGM of the Fund was held in Amsterdam; the Annual Report for 2014 was adopted by unanimous vote and the Directors were discharged from their responsibilities for the year.

Our two board meetings so far this year were occasions to celebrate the 25th anniversary of the Fund's launch. First, in Amsterdam in March, when NYSE Euronext Amsterdam invited the Chairman, accompanied by invited guests to strike the gong to open trading on March 30th. Then, on June 17th, we had a similar occasion at The London Stock Exchange. Both of these events gave us a rare opportunity to acknowledge the contributions and support of the many associates and service providers with whom we work on a day to day basis.

### **Conclusion**

The Directors would like to thank our long-standing shareholders for their continuing support for the Fund in volatile market conditions which nonetheless provide encouragement for long-term return expectations. In compliance with regulatory requirements, the Directors review the Synthetic Risk and Reward Indicator (SRRI) on a regular basis. As at June 30th, the calculation puts the Fund in Category 6, the same category as last year. Consistent positive monthly returns continue to drive the SRRI percentage, so that we are now at the bottom of the current range and may drop into a lower category in due course. It is not unusual for a fund investing in emerging market equities to have a high 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 24, 2015

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

Financial statements

Himalayan Fund N.V.

Semi Annual Report 2015



# Balance sheet

(before profit appropriation)

	30-06-2015		31-12-2014
	USD	Notes	USD
<b>Investments</b>			
Securities	11,279,734	4.1	11,907,241
<b>Short term receivables</b>			
Receivable on security transactions	-	5.1	-
Due to subscriptions	-	5.2	4,944
Dividend receivable	12,600	5.3	-
Other receivables	-	5.4	-
	<u>12,600</u>		<u>4,944</u>
<b>Other assets</b>			
Cash at banks	634,498	6	200,116
<b>Current liabilities (due within one year)</b>			
Payable on security transactions	263,411	7.1	-
Due to redemptions	11,514	7.2	13,349
Other liabilities, accruals and deferred income	58,463	7.3	75,295
	<u>333,388</u>		<u>88,644</u>
<b>Total current liabilities</b>			
	333,388		88,644
<b>Total of receivables and other assets less current liabilities</b>			
	<u>313,710</u>		<u>116,416</u>
<b>Total assets less current liabilities</b>			
	<u>11,593,444</u>		<u>12,023,657</u>
<b>Shareholders' equity</b>			
Issued capital	17,958	8.1	18,488
Share premium	19,025,227	8.2	19,947,953
General reserve	-7,942,784	8.3	-11,914,402
Undistributed result current year	493,043	8.4	3,971,618
	<u>11,593,444</u>		<u>12,023,657</u>
<b>Total shareholders' equity</b>			
	11,593,444		12,023,657
<b>Net Asset Value per share</b>	53.10		51.01

# Profit & Loss account

	01-01-2015 30-06-2015 USD	Notes	01-01-2014 30-06-2014 USD
<b>Income from investments</b>			
Dividends	40,428	9.1	65,601
Other income	<u>40</u>	9.3	<u>71,082</u>
	<b>40,468</b>		136,683
<b>Capital gains/losses</b>			
Unrealised gains on investments	404,940	4	2,616,143
Unrealised losses on investments	-1,112,815	4	-521,769
Realised price gains on investments	1,605,299	4	997,184
Realised price losses on investments	-	4	-103,730
Realised currency gains on investments	-	4	9,647
Realised currency losses on investments	-211,562	4	-371,682
Other exchange differences	<u>-7,857</u>		<u>-8,230</u>
	<b>678,005</b>		2,617,563
<b>Expenses</b>			
Investment research fees	90,847	10.1	102,499
Other expenses	<u>151,091</u>	10.2	<u>174,773</u>
	<b>241,938</b>		<b>277,272</b>
<b>Tax</b>	<b>16,508</b>		-
<b>Total investment result</b>	<b><u>493,043</u></b>		<b><u>2,476,974</u></b>
<b>Total investment result per ordinary share</b>	<b>2.26</b>		<b>9.59</b>

# Statement of Cash Flows

	01-01-2015 30-06-2015 USD	Notes	01-01-2014 30-06-2014 USD
<b>Cash flow from investing activities</b>			
Income from investments	40,468	9	136,683
Expenses	-241,938	10	-277,272
Tax	<u>16,508</u>		<u>-</u>
Result of operations	-184,962		-140,589
Purchases of investments	-1,654,272	4	-468,121
Sales of investments	<u>2,967,641</u>	4	<u>2,496,577</u>
	1,313,369		2,028,456
Change in short term receivables	-7,656	5	-26,935
Change in current liabilities	<u>244,744</u>	7	<u>-48,541</u>
	<u>237,088</u>		<u>-75,476</u>
<i>Cash flow from investing activities</i>	1,365,495		1,812,391
<b>Cash flow from financing activities</b>			
Received on shares issued	186,699	8	26,933
Paid on shares purchased	<u>-1,109,955</u>	8	<u>-1,727,304</u>
<i>Cash flow from financing activities</i>	-923,256		-1,700,371
Other exchange differences	<u>-7,857</u>		<u>-8,230</u>
<b>Change in cash and cash equivalents</b>	434,382		103,790
Cash and cash equivalents as at January 1	<u>200,116</u>		<u>331,368</u>
<b>Cash and cash equivalents as at June 30</b>	<u>634,498</u>	6	<u>435,158</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.

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Rates of exchange as at June 30, 2015, equivalent of 1 US dollar:

Euro	0.89750	Srilanka Rupee	133.80003
Indian Rupee	63.67999	Bangladesh Taka	77.77500

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### 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

	30-06-2015	31-12-2014
	USD	USD
<b>4. Investments</b>		
<i>4.1 Statement of changes in securities</i>		
Position as at January 1	11,907,241	10,741,908
Purchases	1,654,272	1,127,892
Sales	-2,967,641	-4,268,428
Unrealised gains on investments	404,940	3,485,272
Unrealised losses on investments	-1,112,815	-787,449
Realised price gains on investments	1,605,299	2,223,946
Realised price losses on investments	-	-103,730
Realised currency gains on investments	-	9,647
Realised currency losses on investments	-211,562	-521,817
	<u>11,279,734</u>	<u>11,907,241</u>
Position as at June 30	<u>11,279,734</u>	<u>11,907,241</u>

Historical cost

6,450,337

6,369,968

The portfolio comprises of shares, mainly listed.

The total unlisted shares held directly by the Fund amounted to USD 127,953 (December 31, 2014: USD 114,616). The portfolio breakdown as at June 30, 2015 is specified 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 2015 are USD 15,471 (for the first half year of 2014: USD 10,331).

## 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.

	30-06-2015	31-12-2014
	USD	USD
<i>7.3 Other liabilities, accruals and deferred income</i>		
Payable investment research fee	26,626	21,985
Payable administration fee	4,642	5,042
Payable auditors fee	10,357	22,409
Other expenses payable	16,838	25,859
	<u>58,463</u>	<u>75,295</u>

## 8. Shareholders' equity

The authorised share capital of the Fund is EUR 60,000 (December 31, 2014: 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	235,416	4,258	4,189
Sold	3,452	35	18
Purchased	-20,813	-208	-705
Revaluation	-	-357	756
	<u>218,055</u>	<u>3,728</u>	<u>4,258</u>
Position as at June 30			
Priority shares:			
Position as at January 1	49,995	14,230	14,230
Sold	-	-	-
Revaluation	-	-	-
	<u>49,995</u>	<u>14,230</u>	<u>14,230</u>
Position as at June 30			
Total issued capital		<u>17,958</u>	<u>18,488</u>

As at June 30, 2015 the issued and subscribed share capital amounts to:

		EUR	EUR
Ordinary shares, par value EUR 0.01 (December 31, 2014: EUR 0.01)	4,450,005	44,500	44,500
Priority shares, par value EUR 0.20 (December 31, 2014: EUR 0.20)	49,995	9,999	9,999
		<u>54,499</u>	<u>54,499</u>

The Fund became open-ended on April 7, 2000. As at June 30, 2015 a total of 4,231,950 Ordinary Shares have been purchased, meaning that 218,055 Ordinary Shares are still outstanding as at June 30, 2015. 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	19,947,953	22,748,568
Received on shares sold	186,664	86,250
Paid on shares purchased	-1,109,747	-2,886,109
Revaluation of outstanding capital	357	-756
	<u>19,025,227</u>	<u>19,947,953</u>
Position as at June 30		

	<b>30-06-2015</b>	31-12-2014
	<b>USD</b>	USD
<i>8.3 General reserve</i>		
Position as at January 1	-11,914,402	-10,865,740
Transferred from undistributed result	<u>3,971,618</u>	<u>-1,048,662</u>
Position as at June 30	<u><b>-7,942,784</b></u>	<u>-11,914,402</u>

*8.4 Undistributed result*

Position as at January 1	<b>3,971,618</b>	-1,048,662
Transferred to/from general reserve	<b>-3,971,618</b>	1,048,662
Total investment result	<u><b>493,043</b></u>	<u>3,971,618</u>
Position as at June 30	<u><b>493,043</b></u>	<u>3,971,618</u>

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

	<b>30-06-2015</b>	31-12-2014	31-12-2013
<b>Net Asset Value (USD x 1,000)</b>			
Net Asset Value according to balance sheet	<b>11,593</b>	12,024	10,853
Less: value priority shares	<u><b>14</b></u>	<u>14</u>	<u>14</u>
	<u><b>11,579</b></u>	<u>12,010</u>	<u>10,839</u>
Number of Ordinary Shares outstanding	<b>218,055</b>	235,416	304,103
<b>Per Ordinary Share</b>			
Net Asset Value share (USD)	<b>53.10</b>	51.01	35.64



# 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>01-01-2015</b>	01-01-2014
	<b>30-06-2015</b>	30-06-2014
	<b>USD</b>	USD
<b>10. Expenses</b>		
<i>10.1 Investment research fees</i>		
Research fee	<b>85,771</b>	93,500
Custody Fee and Charges	<b>5,076</b>	8,999
	<b>90,847</b>	102,499

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>29,953</b>	35,717
Company Secretarial and Domiciliation Fees	<b>16,844</b>	20,734
Bank Expenses	<b>1,314</b>	1,793
Regulatory Fees and Charges	<b>17,205</b>	12,203
Legal Expenses	-	-1,360
Distribution fees	<b>18,306</b>	25,492
Listing Expenses	<b>7,190</b>	8,427
Audit Fees	<b>9,940</b>	10,699
Fiscal Advisory Fees	<b>2,975</b>	3,370
Advertising and Promotion	<b>3,798</b>	11,557
Directors Fees	<b>31,700</b>	33,341
Board Expenses	<b>10,235</b>	10,235
Miscellaneous	<b>1,631</b>	2,565
	<b>151,091</b>	174,773

### 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 2.02%; annualised 4.04% (annualised 2014: 4.72%).

### 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 27.8 %; annualised 55.61 % (annualised 2014: 21.41%).

\* - 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)	85,771	85,771
Administration fee (2)	29,953	29,953
Secretarial and Domiciliation fees (3)	16,844	16,844
Costs for the Board (4)	100,000	41,935

\*- 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 2015.

\* 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 US\$ 10,000.

### Employees

The Fund has no employees.

Amsterdam, August 24, 2015

Board of Directors

Ian McEvatt, Chairman

Dwight Makins

Robert Meijer

Karin van der Ploeg

# Portfolio breakdown

As per June 30, 2015

<u>India</u>	Market value USD	percentage of total Net Asset Value
<b>Auto Ancillary</b>	<b>1,123,714</b>	<b>9.7</b>
13,000 Bajaj Auto	518,928	
54,000 Balkrishna	604,786	
<b>Construction</b>	<b>423,069</b>	<b>3.6</b>
9,000 Ultra Tech Cement	423,069	
<b>Consumer goods</b>	<b>1,640,046</b>	<b>14.1</b>
28,000 Agro Tech Foods	253,728	
3,500 Nestle India	349,132	
120,000 Pidilite Industries	1,037,186	
<b>Energy</b>	<b>693,891</b>	<b>6.0</b>
40,000 Indraprastha Gas	262,437	
105,369 Kalpataru Power Transmission	431,454	
<b>Financials</b>	<b>3,563,004</b>	<b>30.7</b>
60,000 Axis Bank	526,649	
50,000 HDFC Bank	837,901	
135,000 ICICI Bank	652,952	
51,500 Kotak Mahindra Bank	1,120,740	
194,675 Magma Fincorp	276,207	
400,000 South Indian Bank	148,555	
<b>Healthcare</b>	<b>2,076,845</b>	<b>17.9</b>
37,000 Lupin	1,095,852	
48,000 Torrent Pharmaceuticals	980,993	
<b>Industrials</b>	<b>270,044</b>	<b>2.3</b>
6,000 Nirvikara Paper Mills	5,342	
25,000 Supreme Industries	264,702	
<b>Technology</b>	<b>1,361,170</b>	<b>11.7</b>
18,000 HCL Technologies	259,980	
22,000 Infosys Technologies	340,071	
19,000 Tata Consultancy	761,119	
<b>Total Equity</b>	<b>11,151,783</b>	<b>96.2</b>
<b>Cash</b>	<b>441,661</b>	<b>3.8</b>
Canbank mutual fund	127,953	
<b>Net</b>	<b>313,708</b>	
<b>NAV</b>	<b>11,593,444</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.