Jupiter Hyde Park Hedge Fund Limited

Annual Review & Audited Financial Statements

for the year ended 31 December 2011

JUPITER

Contents

Jupiter Hyde Park Hedge Fund Limited

Investment Objective

The Fund's principal objective is to provide Shareholders with capital gain whether short, medium or long term from an international portfolio of investments.

Management, Administration and Independent Auditors

Directors	Richard Thomas, Chairman* John Collis* *(resigned on 13 March 2012)* Ian Davidson* Garth Lorimer Turner
Registered Office	Bank of Bermuda Building 6 Front Street Hamilton HM11 Bermuda
Company Secretary	HSBC Bank Bermuda 6 Front Street Hamilton HM11 Bermuda
Investment Manager	Jupiter Asset Management (Bermuda) Limited Cumberland House 1 Victoria Street, 3rd Floor Hamilton HM11 Bermuda Licensed to conduct investment business by the Bermuda Monetary Authority
Investment Adviser	Jupiter Asset Management Limited 1 Grosvenor Place London SW1X 7JJ United Kingdom Authorised and regulated by the Financial Services Authority
Independent Auditors	Ernst & Young S.A. 7, Rue Gabriel Lippmann Parc d'Activité Syrdall 2 L–5365 Munsbach Luxembourg
Administrator	HSBC Securities Services (Luxembourg) S.A. 16, Boulevard d'Avranches B.P. 413 L–1160 Luxembourg
Principal Bank	HSBC Securities Services (Luxembourg) S.A. 16, Boulevard d'Avranches B.P. 413 L–1160 Luxembourg
Prime Broker	Deutsche Bank A.G., London Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Broker	Credit Suisse Five Canada Square London E14 5AQ United Kingdom

*Independent

Management, Administration and Independent Auditors continued

Legal Advisers	As to matters of Bermuda law: Conyers Dill & Pearman Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda As to matters of English law: Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS United Kingdom As to matters of United States law: Schulte Roth & Zabel LLP 919 Third Avenue New York, NY 10022 United States of America

Directors (all of the Fund's Directors are non-executive)

Richard Thomas*	Richard Thomas (British) was admitted as a Solicitor of the Supreme Court of England and Wales in 1976. He was admitted to the Bar as an Advocate of the Royal Court of Jersey in 1988 and was a partner of the law firm Ogier from 1990 to 2011 and continues as a consultant to that firm. He is a Director of several other investment companies and funds.
John Collis*	John Collis (British) is a Director of the Bermuda law firm of Conyers Dill & Pearman Limited. He is a Director of several other investment companies and funds. *Resigned on 13 March 2012.*
Ian Davidson*	Ian Davidson (British) is a Chartered Accountant. He was a partner with PricewaterhouseCoopers until his retirement in 2007 after a career of 36 years in the Bermuda office of the Firm. In addition to serving on the boards of several Bermuda-based 'not-for-profit' organisations he serves as a Director on the boards of two other investment funds.
Garth Lorimer Turner	Garth Lorimer Turner (British) is Managing Director of Jupiter Asset Management (Bermuda) Limited. He is a Solicitor of the Supreme Court of England & Wales, a Solicitor of the Supreme Court of Hong Kong and a Bermuda Barrister & Attorney. He is a Director of several investment companies and funds.

*Independent

Chairman's Review

Performance

	31.12.11	31.12.10	% Change
Net Asset Value per Share – US Dollar Class (in US Dollars)	US$4.57	US$5.00	(8.60)
Net Asset Value per Share – Euro Class (in Euro)	€133.48	€146.32	(8.78)
Net Asset Value per Share – Sterling Class (in Sterling)	£138.98	£152.02	(8.58)
S&P 500 (in US Dollars)	1,257.60	1,257.64	–
FTSE – All-Share (in Sterling)	2,857.88	3,062.85	(6.69)

In the year to 31 December 2011, the Net Asset Value per share of the three classes of shares fell by between 8.58% and 8.78%, as indicated in the above table. Since Guy de Blonay took over as lead manager of the Fund on 1st of June 2010, the Fund has returned -4.9% in US dollar terms. The portfolio's annualised return since inception on 9th March 2000 has been 13.7% (USD).

The year proved treacherous for investors across all asset classes. Oscillations between so-called 'risk on' and 'risk off' events made it very difficult to make money. Early in the period, the horrific earthquake in Japan and growing unrest in the Middle East raised investor concerns. However, it was the failure of policy makers in the eurozone to find a solution to its debt crisis amid a sharp slowdown of the regional economy that most troubled markets. Greece, which sought further bailout assistance during the year, appeared close to default on several occasions, and yields for the sovereign debt of 'too-big-to-fail' Italy surged as the year progressed, placing the region's banks under significant strain. In addition, investors had to contend with currency intervention by central banks in Switzerland and Japan after their perceived safe haven status became an impediment to their respective economies. Towards the end of the period, US data generally surprised to the upside, while China's lengthy monetary tightening cycle came to an end. Perhaps most supportive, though, were measures introduced by the ECB late in the period to boost liquidity in the region's banking sector, which in turn alleviated some pressure in sovereign debt markets. The STOXX 600 Europe Banks Index ($) returned -34.7%, while the BKX US Bank Index ($) ended down 23.2%.

Against this backdrop, the manager remained carefully positioned. The average gross exposure for the year was around 40%. A combination of generally low stock valuations, particularly in some of the most at risk areas of Europe, and capricious investor sentiment proved very challenging for the fund. In such conditions it was difficult to establish short positions with confidence, while potential candidates for the long portfolio were often as susceptible to market volatility as poorer alternatives, especially in the financial sector. The portfolio's long exposure to US banks early in the period and stock indices at other times were the largest negatives, although positions in specialist financials, as well as a tactical position in the S&P volatility index, added value. Positives came from a holding in Far East Horizon, a Hong Kong listed financial business with exposure to regional growth, and holdings from the energy sector which were supported by firm oil prices. Elsewhere, robust performance by the portfolio's defensive Swiss holdings was eroded by the aggressive central bank intervention in the currency. The short book produced a modest gain with financial sector shorts making the most notable contribution.

Efforts by the ECB to improve liquidity in the region's banking sector have brought short-term relief, as have the successful debt auctions for Italy and Spain in early January. However, the outlook for the year depends on the ability of Europe's policy makers to find a coherent solution to the region's crisis and the willingness of the ECB to offer more significant support to debt markets. At a time of rapid economic contraction, the region's governments and banks face a tough schedule of capital raising, which will challenge market appetite, especially given the likelihood of further downgrades and some form of debt restructuring. The Fund Manager continues to proceed with caution.

Proposals for Winding-up and Reconstruction of Fund into Jupiter Global Europa

The Board of Directors of the Fund published a circular to the Shareholders on 15 February 2012, which contains details of recommended Proposals for the reconstruction and winding-up of the Fund. Under the Proposals, Shareholders are offered a choice between a redemption for cash on Friday, 16 March 2012 (without penalty), or if they are eligible to do so under the terms of the scheme, rollover into the corresponding currency Classes of Jupiter Europa, a Sub Fund of The Jupiter Global Fund (a Luxembourg incorporated Société d'Investissement à Capital Variable), in a UK tax efficient manner.

Shareholders are advised to read carefully the information in the circular, as well as the simplified prospectus for Jupiter Europa, which accompanies the circular.

The Fund has been closed to new subscriptions since 1 December 2011 and will remain closed to subscriptions pending the outcome of the Special General Meeting to be held on 16 March 2012, required under the Proposals. Redemptions will now be permitted with a reduced notice period of 5 days effective 15 February 2012. If the Proposals are not approved by Shareholders at the Special General Meeting, the Fund will continue as before but the Board will undertake a further review of the options available to the Fund with the purpose of recommending alternative proposal that the Board considers to be in the best interests of the Shareholders as a whole.

Richard Thomas
Chairman

13 March 2012

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Independent auditor's report

To the Shareholders of
Jupiter Hyde Park Hedge Fund Limited
6 Front Street
Hamilton HM11
Bermuda

We have audited the accompanying financial statements of Jupiter Hyde Park Hedge Fund Limited (the Fund), which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other notes to the financial statements.

Responsibility of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as published by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 15 in the financial statements which indicates that further to a Circular to Shareholders dated 15 February 2012 published by the Board of Directors, it is the intention of the Board of Directors to wind-up the Fund. Consequently, the Fund is no longer considered to be a going concern.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jupiter Hyde Park Hedge Fund Limited as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Ernst & Young S.A.

Luxembourg, 13 March 2012

Statement of Financial Position as at 31 December 2011 (expressed in United States Dollars)

	Notes	31.12.11	31.12.10
Assets			
Cash and cash equivalents	13	32,150,471	44,049,410
Due from brokers		–	410,944
Accounts receivable and accrued income	11	28,070	48,891
Financial assets at fair value through profit or loss (Cost 2011: US$3,109,142; 2010: US$20,000,485)	7	2,999,942	21,507,114
Total Assets		**35,178,483**	**66,016,359**
Liabilities			
Bank overdraft	13	1,438,086	13,410,053
Due to brokers		45,493	11,549
Accounts payable and accrued expenses	8, 9, 12	139,215	690,936
Advance subscriptions		–	466,679
Equalisation credit	8	–	32,600
Financial liabilities at fair value through profit or loss (Proceeds 2011: US$1,926,736; 2010: US$7,312,368)	7	1,938,038	7,349,098
Total Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)		**3,560,832**	**21,960,915**
Equity			
Management Share capital	14	12,000	12,000
Total Liabilities and Equity		**3,572,832**	**21,972,915**
Net Assets Attributable to Holders of Redeemable Shares		**31,605,651**	**44,043,444**

USD Class			
Net Assets Attributable to Holders of US$ Redeemable Shares		US$7,685,084	US$14,415,850
Number of US$ Redeemable Shares in issue		1,681,638	2,880,865
Net Asset Value per US$ Redeemable Share	**14**	**US$4.57**	**US$5.00**

Euro Class			
Net Assets Attributable to Holders of € Redeemable Shares		€3,036,069	€4,065,227
Number of € Redeemable Shares in issue		22,746	27,783
Net Asset Value per € Redeemable Share	**14**	**€133.48**	**€146.32**

Sterling Class			
Net Assets Attributable to Holders of £ Redeemable Shares		£12,834,815	£15,484,742
Number of £ Redeemable Shares in issue		92,350	101,860
Net Asset Value per £ Redeemable Share	**14**	**£138.98**	**£152.02**

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2011 (expressed in United States dollars)

	Notes	31.12.11	31.12.10
Income			
Interest income		39,604	282,998
Dividend income		232,760	56,604
Other income		–	381,142
Net gain on financial assets and liabilities at fair value through profit or loss	6	–	108,523
Net gain on foreign exchange		–	1,311,364
Total operating income		**272,364**	**2,140,631**
Expenses			
Management and performance fees	8	(614,157)	(1,671,076)
Administration and company secretarial fees	9	(127,500)	(128,931)
Directors' fees	8	(105,000)	(105,000)
Professional fees		(75,074)	(65,239)
Dividend expense on short positions		(61,117)	(20,361)
Insurance		(15,831)	(17,167)
Transaction costs		(5,679)	(84,932)
Other operating expenses		(119,965)	(76,948)
Net loss on financial assets and liabilities at fair value through profit or loss	6	(2,443,397)	–
Net loss on foreign exchange		(220,562)	–
Total operating expenses		**(3,788,282)**	**(2,169,654)**
Operating loss for the year before tax		**(3,515,918)**	**(29,023)**
Withholding taxes		(50,429)	(4,555)
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations		**(3,566,347)**	**(33,578)**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

for the year ended 31 December 2011 (expressed in United States Dollars)

USD Class	Number of Shares issued, allotted and fully paid	US$	Total US$
Balance at 1 January 2010	**10,182,165**	**48,650,386**	**48,650,386**
Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	996,056	996,056
Issue of US$ Redeemable Shares	2,509,074	12,049,708	12,049,708
Redemption of US$ Redeemable Shares	(9,810,374)	(47,260,208)	(47,260,208)
Equalisation credit	–	(20,092)	(20,092)
Balance at 31 December 2010	**2,880,865**	**14,415,850**	**14,415,850**
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	(1,002,079)	(1,002,079)
Issue of US$ Redeemable Shares	160,683	804,021	804,021
Redemption of US$ Redeemable Shares	(1,359,910)	(6,532,708)	(6,532,708)
Balance at 31 December 2011	**1,681,638**	**7,685,084**	**7,685,084**

Euro Class		€	US$
Balance at 1 January 2010	**104,627**	**14,618,624**	**20,951,414**
Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	249,928	(1,013,430)
Issue of € Redeemable Shares	17,975	2,532,384	3,395,802
Redemption of € Redeemable Shares	(94,819)	(13,331,872)	(17,877,374)
Equalisation credit	–	(3,837)	(5,145)
Balance at 31 December 2010	**27,783**	**4,065,227**	**5,451,267**
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	(314,576)	(578,422)
Issue of € Redeemable Shares	1,423	209,064	271,616
Redemption of € Redeemable Shares	(6,460)	(923,646)	(1,200,001)
Balance at 31 December 2011	**22,746**	**3,036,069**	**3,944,460**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

for the year ended 31 December 2011 (continued) (expressed in United States Dollars)

Sterling Class	Number of Shares issued, allotted and fully paid	£	Total US$
Balance at 1 January 2010	**155,442**	**22,516,770**	**36,387,099**
Increase in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	778,494	(16,204)
Issue of £ Redeemable Shares	40,320	5,896,687	9,206,498
Redemption of £ Redeemable Shares	(93,902)	(13,694,789)	(21,381,674)
Equalisation credit	–	(12,420)	(19,392)
Balance at 31 December 2010	**101,860**	**15,484,742**	**24,176,327**
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	–	(1,227,173)	(1,985,846)
Issue of £ Redeemable Shares	3,692	561,624	874,112
Redemption of £ Redeemable Shares	(13,202)	(1,984,378)	(3,088,486)
Balance at 31 December 2011	**92,350**	**12,834,815**	**19,976,107**

	Total US$
Balance at 1 January 2010	**105,988,899**
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	(33,578)
Issue of Redeemable Shares	24,652,008
Redemption of Redeemable Shares	(86,519,256)
Equalisation credit and repaid	(44,629)
Balance at 31 December 2010	**44,043,444**
Decrease in Net Assets Attributable to Holders of Redeemable Shares from Operations	(3,566,347)
Issue of Redeemable Shares	1,949,749
Redemption of Redeemable Shares	(10,821,195)
Balance at 31 December 2011	**31,605,651**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2011 (expressed in United States Dollars)

	Notes	31.12.11	31.12.10
Cash flows from operating activities			
Decrease in Net Assets Attributable to Holders of Redeemable Shares from operations		(3,566,347)	(33,578)
Net changes in operating assets and liabilities			
Decrease/(increase) in due from brokers		410,944	(302,269)
Decrease in accounts receivable and accrued income	11	20,821	984,890
Decrease in financial assets at fair value through profit or loss	7	18,507,172	11,301,699
Increase/(decrease) in due to brokers		33,944	(824,068)
Decrease in accounts payable and accrued expense	8, 9, 12	(551,721)	(726,292)
(Decrease)/increase in financial liabilities at fair value through profit or loss		(5,411,060)	7,199,412
Net cash generated by operating activities*		**9,443,753**	**17,599,794**
Cash from financing activities			
Issue of Redeemable Shares		1,949,749	24,652,008
Redemption of Redeemable Shares		(10,821,195)	(86,519,256)
Decrease in equalisation credit	8	(32,600)	(92,685)
(Decrease)/increase in advance subscriptions		(466,679)	203,271
Net cash used in financing activities		**(9,370,725)**	**(61,756,662)**
Net decrease in cash and cash equivalents		73,028	(44,156,868)
Cash and cash equivalents at beginning of the year		30,639,357	74,796,225
Cash and cash equivalents at end of the year	**13**	**30,712,385**	**30,639,357**

***Net cash generated by operating activities includes:**		
Interest received	53,098	745,664
Dividends received, net of withholding tax	233,428	99,629
Interest paid	(25,710)	–
Dividends paid	(60,711)	–
	200,105	**845,293**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2011

1. General Information

Jupiter Hyde Park Hedge Fund Limited (the 'Fund') is an open-ended exempted investment company incorporated in Bermuda on 14 February 2000.

The Fund's US$ Class shares are listed on the Bermuda Stock Exchange.

The Fund's registered office is located at the Bank of Bermuda Building, 6 Front Street, Hamilton HM11, Bermuda.

As at 31 December 2011, there were three classes of Redeemable Shares: US Dollar ('US$'), Euro ('€') and Sterling ('£'). In addition 12,000 Management Shares have been issued at the launch of the Fund.

The € Class and £ Class were launched on 1 February 2006, and the assets of these Classes have been hedged with a view to minimising performance discrepancies between the € and £ Classes and the US$ Class that might otherwise arise due to foreign exchange movements between the Euro, Sterling and US Dollar.

The Fund's financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 13 March 2012.

Each Class of the Fund is not a separate legal entity. The Fund, in its books and records, segregates the assets and liabilities of the Fund attributable to each of the Share Classes it maintains. Whilst the Fund may segregate the assets and liabilities attributable to each Class it maintains in its books and records, any third party creditor will be a creditor of the Fund as the legal entity and if the Fund defaults under any liability owed to one or more third parties where the relevant liability is attributable to a particular Share Class, such third party or third parties will have recourse to all the assets of the Fund (i.e. the assets attributable to all Share Classes, and not just the assets of the Share Class to which the relevant claim is attributable in the books and records of the Fund) to satisfy such liability or liabilities.

The Fund invested its assets during the year under review in accordance with its published investment policy by investing in, or having been short of, securities, options, derivatives, futures, warrants and other similar investments, the majority of which were listed.

2. Accounting Policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a realisable value basis since the Fund is no longer considered to be a going concern (See Note 15).

The realisable value is deemed to be represented by the fair value.

The financial statements are presented in United States Dollars (US Dollars), which is the Fund's functional and presentation currency. All values are rounded to the nearest US Dollar except where otherwise indicated.

2.2 Summary of significant accounting policies

A Financial instruments

(i) Classification

The Fund classifies its financial assets and financial liabilities into the following categories in accordance with IAS 39.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss consist of financial assets and liabilities held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities and debt instruments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. Derivative financial instruments entered into by the Fund do not meet the hedge accounting criteria as defined by IAS 39. Consequently, hedge accounting is not applied by the Fund.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category short term receivables such as accounts receivable and accrued income.

Other financial liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. The Fund includes in this category amounts relating to short term payable balances such as accounts payable and accrued expenses.

The Fund's accounting policy regarding Redeemable Shares is described in section 2.2 (H).

(ii) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes party to the contractual provisions of the instrument.

Purchases or sales of financial assets and liabilities held for trading are recognised on the trade date which is the date the Fund commits to purchase or sell the asset or liability.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- The right to receive the cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expire.

Notes to the Financial Statements for the year ended 31 December 2011

2. Accounting Policies continued

2.2 Summary of significant accounting policies continued

A Financial instruments continued

(iv) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in the Statement of Comprehensive Income.

Loans and receivables and other financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(v) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those instruments are recorded as 'Net gain/ (loss) on financial assets and liabilities at fair value through profit or loss'.

All related realised and unrealised gains and losses are included in the Statement of Comprehensive Income.

Interest earned and dividend income elements of such instruments are recorded separately as 'Interest income' and 'Dividend income', respectively with the exception of dividend and interest income earned on CFDs which is recorded as a component of 'Net gains on financial assets and liabilities at fair value through profit or loss'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Other financial liabilities are measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

B Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for the financial instruments traded in active markets at the reporting date is based on their quoted prices (bid prices for long positions and ask prices for short positions), without any deduction for transaction costs.

The fair value of Contract for differences (CFDs) is calculated as being the net difference between the price of the underlying equity securities at the time the contracts are opened and the quoted closing price at each valuation date.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates at the reporting date for contracts with similar profiles.

Outstanding futures contracts are fair valued at the reporting date at the quoted market price of the instruments.

For all other financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are described in Note 7.

C Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is subsequently recovered, the recovery is credited to the 'Credit loss expense'.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

No assets were impaired during the years ended 31 December 2011 and 2010.

D Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master-netting agreements, and the related assets and liabilities are presented gross in the Statement of Financial Position.

E Functional and presentation currency

The Fund's functional and presentation currency is US Dollar, which is the currency in which the Fund's performance is evaluated and its liquidity is managed. Therefore, US Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Notes to the Financial Statements for the year ended 31 December 2011

2. Accounting Policies continued

2.2 Summary of significant accounting policies continued

F Foreign currency translations

Transactions in foreign currencies, including purchases and sales of securities, Income and expenses, are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollar at exchange rates ruling on the date of the Statement of Financial Position. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as 'Net gain/(loss) on foreign exchange' except where they relate to financial instruments where such amounts are included within 'Net gain/(loss) on financial assets and liabilities at fair value through profit or loss'. Non-monetary assets and liabilities, if any, are translated into US Dollar using exchange rates ruling on the date of the transaction. Income and expense items expressed in currencies other than US Dollar are translated at rates of exchange prevailing on the dates of such transactions. Differences arising on translation are included in the Statement of Comprehensive Income.

G Due from and due to brokers

Included in due from and due to brokers are net amounts from unsettled trades, including reset amounts related to derivatives. These amounts are classified as loans and receivables and other financial liabilities respectively, as disclosed in Note 2.2 (A).

H Redeemable Shares

Redeemable Shares (Note 14) are redeemable at the holders' option and are classified as financial liabilities.

The Net Asset Value per Redeemable Share is calculated by dividing the net assets attributable to each relevant Class of Redeemable Shares included in the Statement of Financial Position by the number of Redeemable Shares of each relevant Class in issue at the end of the year.

The Redeemable Shares can be redeemed for cash equal to a proportionate share of the Fund's Net Asset Value. Each Redeemable Share is carried at the redemption amount that is payable at the Statement of Financial Position date if the holders exercise their right to redeem.

All references to net assets throughout this document refer to net assets attributable to Holders of Redeemable Shares.

I Distributions to Holders of Redeemable Shares

In accordance with the Fund's prospectus, the Board of Directors has the discretion to declare as dividends its distributable income to Shareholders. No dividends distributions have been declared during the years ended 31 December 2011 or 2010.

Distributions to Holders of Redeemable Shares, if any, are recognised in the Statement of Comprehensive Income as finance costs.

J Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, bank overdraft and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Amounts also included in cash and cash equivalents are net cash balances held by various brokers. Refer to Note 13.

K Revenue and expense recognition

Interest income and expense are recognised in the Statement of Comprehensive Income for all financial instruments not at fair value through profit or loss using the effective interest method. Interest earned on financial assets classified as at fair value through profit or loss is recorded according to the terms of the contract. Interest expense is recognised on an accrual basis.

Dividend income is recognised when the right to receive the dividend is established, unless collectability is in doubt. Dividend income is presented gross of any non-recoverable withholding taxes which are disclosed separately in the Statement of Comprehensive Income as 'withholding taxes'. Dividend expense relating to trading securities sold short is recognised in the year in which it has been declared.

Revenue is presented gross of any non-recoverable withholding taxes which are disclosed separately in the Statement of Comprehensive Income as 'Withholding taxes'.

Fees and commissions are recognised on an accrual basis. Legal and audit fees are Included within 'Professional fees'.

L Advance subscriptions

Subscriptions received prior to year end are credited to the 'advance subscriptions' account until the next subscription date and are included in liabilities in the Statement of Financial Position.

M Short sales

Securities sold, but not yet purchased, represent obligations of the Fund to make future delivery of specific securities and, correspondingly, create an obligation to purchase the security at market prices prevailing at the later delivery date. The Fund records an unrealised gain or loss to the extent of the difference between the proceeds and the value of the open short position. The Fund records a realised gain or loss when the short position is closed out.

N Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading and includes interest and dividend income and expense on CFDs.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting year.

Realised gains and losses on disposals are calculated using the average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instrument).

O Income Tax

The Fund is an exempted company under the laws of Bermuda and, under current law, is not liable to tax in Bermuda on its income or capital profits. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income. For the purpose of the Statement of Cash Flows, cash flows from investments are presented net of withholding taxes, when applicable.

Notes to the Financial Statements for the year ended 31 December 2011

2. Accounting Policies continued

2.3 Changes in accounting policy and disclosure

New and amended standards and interpretations

The accounting polices adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- IFRIC 19 Extinguishing Financial Liabilities with equity instruments effective on 1 July 2010
- Improvements to IFRSs (May 2010)

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarities the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Fund.

IAS 32 Financial Instruments: Presentation (Amendment)

The ISAB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of the amendment did not have any impact on the financial position or performance of the Fund.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Fund.

IFRS 7 Financial Instruments – Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitive information in context. The Fund presents the revised disclosure in Note 5.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income that maybe either in the statement of changes in equity or in the notes to the financial statements.

The following interpretation did not have any impact on the accounting policies, financial position or performance of the Fund:

- IFRIC 19 Extinguishing Financial Liabilities with equity instruments.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and accompanying notes. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Fund's accounting policies, the Board of Directors has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Going Concern

Given the intention to wind-up the Fund (Note 15) the Financial Statements have not been prepared on a going concern basis.

Functional currency

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. As described in Note 2.2 (E), the Board of Directors has considered those factors described therein and has determined that the functional currency of the Fund is the US Dollar.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the instruments are disclosed in the fair value hierarchy.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund may establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. There were no such provisions made during the years ended 2011 and 2010.

Notes to the Financial Statements for the year ended 31 December 2011

4. Standards, interpretations and amendments issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. This listing of standards and interpretations issued are those that the Fund reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Fund intends to adopt these standards when they become effective.

IAS 1 *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Fund's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Fund's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Fund's financial position or performance.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilites as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but will potentially have no impact on classification and measurements of finacial liabilities. The Fund will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Fund is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

5. Financial Risk Management Objectives and Policies

Introduction

The Fund's objective in managing risk is the creation and protection of Shareholder value. Risk is inherent in the Fund's activities but it is managed through the process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk (which includes market price risk, currency risk and interest rate risk) arising from the financial instruments it holds.

Risk Management Structure

The Fund's Investment Manager and Investment Adviser are responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

Risk Measurement and Reporting System

The Fund's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, that are an estimate of the ultimate actual loss based on statistical models. The model makes use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Risk Mitigation

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Fund uses derivatives and other instruments for trading purposes and in connection with its risk management activities.

The Investment Adviser assesses the risk profile before entering into economic hedge transactions. The effectiveness of hedges is assessed by the Investment Adviser (based on economic considerations rather than IFRS hedge accounting conditions). The effectiveness of all hedge relationships is monitored by the Investment Adviser, and reviewed by the Board of Directors on a quarterly basis.

Excessive Risk Concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may rise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentration of risk, the Investment Adviser's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Investment Adviser will seek to reduce exposure or use derivative instruments to manage excessive risk concentrations when they arise.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

Excessive Risk Concentration continued

The table below outlines the amount of net risk exposure associated with financial instruments that share the same characteristics:

	31.12.11 US$	31.12.10 US$
Financial assets and liabilities at fair value through profit or loss		
Listed equity securities (net)	927,524	13,687,274
Derivatives		
Futures contracts	33,129	9,095
Forward foreign exchange contracts – assets	101,251	461,647
Total financial assets and liabilities at fair value through profit or loss	**1,061,904**	**14,158,016**

5.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date.

At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following:

	31.12.11 US$	31.12.10 US$
Cash and cash equivalents	32,150,471	44,049,410
Due from brokers	–	410,944
Accounts receivable and accrued income	28,070	48,891
Gross-settled derivative financial assets	24,521,251	29,057,647
Total	**56,699,792**	**73,566,892**

Amounts in the above table are based on the carrying value of all accounts except for gross-settled derivative financial assets, which are presented at the gross principal amount.

It is the Fund's policy that, except in the case of Prime Brokers, it will not expose more than US$75 million of the Fund's assets to the credit-worthiness of any counterparty (including that counterparty's subsidiaries or affiliates). The maximum exposure to the prime broker is US$150 million and to other counterparties (including Administrator and Principal Bank) is US$75 million.

The Fund's financial assets exposed to credit risk were concentrated in the industries presented in Note 5.3. The Investment Adviser analyses credit concentration based on the counterparty, industry and geographical location of the financial assets that the Fund holds. The Fund has one major counterparty, the Prime Broker located in the United Kingdom, with a Fitch credit rating of A+.

The Fund's assets will only be traded on or subject to the rules of a recognised stock exchange or with counterparties which have, or whose parent company has, a specified credit rating. All transactions in listed and unlisted securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since the delivery of securities sold is made only once the broker has received payment. A purchase payment is only made once the securities have been received by the broker. If either party fails to meet their obligations, the trade fails.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the credit quality of the brokers used. The Investment Adviser monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.1 Credit risk continued

The majority of the cash and trading securities held by the Fund is held by the Prime Broker and various other counterparties. Bankruptcy or insolvency of the Prime Broker and other counterparties may cause the Fund's rights with respect to the cash and trading securities to be delayed or limited. The Investment Adviser monitors this risk by monitoring the credit rating of the Prime Broker and counterparties on a regular basis, as reported by Standard and Poor's, Moody's or Fitch. If the credit quality or the financial position of the Prime Broker or counterparties deteriorates significantly, the Investment Adviser will consider moving the cash holdings to another financial institution.

The brokers are responsible for the safekeeping of all securities delivered to it in accordance with the applicable rules and the terms of the Prime Brokerage Agreements.

The brokers hold all of the Fund's securities in accounts (the 'Securities Account').

Securities appropriated from the Securities Account will become proprietary assets of the brokers and the brokers will be contractually obliged to deliver equivalent securities to the Fund pursuant to the brokerage agreements. The Fund will rank as an unsecured creditor in relation thereto, and in the event of the insolvency of the brokers the Fund may not be able to recover such equivalent securities in full.

As security for the payment and performance of its' obligation to the prime broker counterparties, the Fund grants to those counterparties a security interest over the securities held in the Securities Account by way of fixed and/or floating charge. The beneficial ownership of the securities held in the Securities Account will remain vested in the Fund by virtue of being held on trust by brokers for the Fund. Such securities will remain separate from the broker's own assets and will, whilst so held, be unavailable to creditors of the brokers in event of its insolvency.

Notwithstanding the foregoing, prime brokers may also take full legal and beneficial ownership of investments transferred to them by the Fund ('Specified Assets') in which case any such Specified Assets will be held by the prime broker(s) absolutely as its/their property. Any such Specified Assets transferred in this manner will not be segregated from other investments belonging to the relevant prime broker and may be available to the creditors of that prime broker in the event of its insolvency.

Any cash transferred to or held by the broker will not be subject to the client money protections conferred by the client money rules of the Financial Services Authority. Additionally, as a consequence, the Fund's money will not be segregated from the money held in the Cash Account and where permitted under the terms of the Prime Brokerage Agreement and the Prime Broker may use it in the course of its investment business and the Fund will therefore rank as one of the broker's general creditors in relation thereto.

With respect to derivative financial instruments, the Fund's maximum credit risk exposure is the full notional amount under the derivative contracts the Fund will be required to pay or purchase when settling the derivative contracts, should the counterparty not pay the amount it is committed to deliver to the Fund.

Details of open derivative financial instruments are shown in Note 5.3. All open derivative financial instruments at 31 December 2011 and 2010 have been transacted with two counterparties, which are both reputable brokerage firms in the United Kingdom.

Transactions involving derivative financial instruments may be with counterparties with whom the Fund has signed Master Netting Agreements. Master Netting Agreements provide for the net settlement of contracts with the same counterparty in the event of default. The impact of the Master Netting Agreements is to reduce credit risk from the amounts shown as derivative financial assets on the Statement of Financial Position by US$ 25,309,709 (31 December 2010: US$27,085,586). The credit risk associated with derivative financial assets subject to a Master Netting Arrangement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised. The exposure to credit risk reduced by Master Netting Arrangements may change significantly within a short period of time as a result of transactions subject to the arrangement. The corresponding assets and liabilities have not been offset in the Statement of Financial Position.

None of the financial assets are considered to be past due or impaired during the years ended 31 December 2011 and 2010.

5.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected.

During the years ended 31 December 2011 and 2010, Shareholders could subscribe and redeem Redeemable Shares on a monthly basis and the Fund was therefore exposed to the liquidity risk of meeting redemption requests.

The Fund's trading securities are considered readily realisable as they are listed on recognised stock exchanges. The Fund's derivative financial instruments are unlisted and traded over-the-counter. As a result, the Fund's derivative financial instruments may be illiquid, and the Fund may not be able to quickly liquidate some of its derivative financial instruments at an amount close to their fair value.

The Fund's liquidity risk is managed on a monthly basis. The Fund's redemption policy only allows for redemptions on the first business day of each month and Shareholders must provide 30 days notice. The Fund has 30 days from the Dealing Day on which the redemption was effected to pay redemption proceeds.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.2 Liquidity risk continued

The tables below show the maturity profile of contractual, undiscounted cash flows of the Fund's financial liabilities:

31 December 2011	Less than one month US$	1-3 months US$	No stated maturity US$
Financial liabilities including derivatives settled net			
Bank overdraft	(1,438,086)	–	–
Due to brokers	(45,493)	–	–
Accounts payable and accrued expenses	–	(139,215)	–
Financial liabilities at fair value through profit or loss	–	–	(1,938,038)
Net Assets Attributable to Holders of Redeemable Shares	–	–	(31,605,651)
Gross settled derivatives:			
Outflows	(24,420,000)	–	–
Inflows	24,521,251	–	–
	(1,382,328)	**(139,215)**	**(33,543,689)**

31 December 2010	Less than one month US$	1-3 months US$	No stated maturity US$
Financial liabilities including derivatives settled net			
Bank overdraft	(13,410,053)	–	–
Due to brokers	(11,549)	–	–
Accounts payable and accrued expenses	–	(690,936)	–
Advance subscriptions	(466,679)	–	–
Equalisation credit	(32,600)	–	–
Financial liabilities at fair value through profit or loss	–	–	(7,349,098)
Net Assets Attributable to Holders of Redeemable Shares	–	–	(44,043,444)
Financial liabilities, settled gross:			
Outflows	(28,596,000)	–	–
Inflows	29,057,647	–	–
	(13,459,234)	**(690,936)**	**(51,392,542)**

The gross nominal inflow/(outflow) disclosed in the previous tables are the contractual, undiscounted cash flow of the financial liability or commitment. The disclosure for derivatives shows a net amount for derivatives that are net settled.

5.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The maximum risk resulting from financial instruments, except for securities sold short, equals their fair value.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's principal objective is to provide holders of Redeemable Shares with capital gain whether short, medium or long term and from an international portfolio of investments.

The Fund's market price risk is managed on a daily basis by the Investment Adviser (see Note 5.3.1).

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Details of the nature of the Fund's investment portfolio at the Statement of Financial Position date are presented below:

Schedule of Financial Assets and Liabilities Held at Fair Value through Profit or Loss

31 December 2011	Fair Value US$	% of Net Assets
Geographical breakdown of financial assets and liabilities held at fair value through profit or loss quoted on a stock exchange (excluding derivatives)		
Long Positions		
Equity		
United States		
Financial Services	1,621,874	5.13
Insurance	214,405	0.68
Technology	176,243	0.56
	2,012,522	**6.37**
Hong Kong & China		
Financial Services	247,422	0.78
Insurance	166,104	0.53
	413,526	**1.31**
United Kingdom		
Financial Services	305,927	0.97
Switzerland		
Banking	35,141	0.11
Financial Services	98,446	0.31
	133,587	**0.42**
Total Long Positions	**2,865,562**	**9.07**
Unrealised gain on derivatives	134,380	0.42
Total Financial Assets at Fair Value through Profit or Loss	**2,999,942**	**9.49**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Schedule of Financial Assets and Liabilities Held at Fair Value through Profit or Loss continued

31 December 2011	Fair Value US$	% of Net Assets
Geographical breakdown of financial assets and liabilities held at fair value through profit or loss quoted on a stock exchange (excluding derivatives) continued		
Short Positions		
Equity		
United States		
Banks	(66,711)	(0.21)
Financial Services	(64,648)	(0.21)
ETF's	(1,251,692)	(3.97)
	(1,383,051)	**(4.39)**
Norway		
Banks	(191,033)	(0.60)
France		
Personal & Household Goods	(102,478)	(0.32)
Sweden		
Personal & Household Goods	(101,632)	(0.32)
Turkey		
Banks	(92,871)	(0.29)
Switzerland		
Industrial Goods & Services	(66,973)	(0.21)
Total Short Positions	**(1,938,038)**	**(6.13)**
Total Financial Liabilities Held at Fair Value through Profit or Loss	**(1,938,038)**	**(6.13)**
Total Financial Assets & Liabilities at Fair Value through Profit or Loss	**1,061,904**	**3.36**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Schedule of Financial Assets and Liabilities Held at Fair Value through Profit or Loss continued

31 December 2010	Fair Value US$	% of Net Assets
Geographical breakdown of financial assets held at fair value through profit or loss quoted on a stock exchange (excluding derivatives)		
Long Positions		
Equity		
United States		
Banking	3,227,067	7.33
Basic Resources	1,733,449	3.94
Construction and Materials	510,269	1.16
Financial Services	1,413,511	3.21
Food & Beverages	300,700	0.68
Index Futures & ETF’s	211,113	0.48
Industrial Goods & Services	170,490	0.39
Oil & Gas	765,909	1.74
Personal & Household Goods	161,189	0.37
Technology	1,074,338	2.44
	9,568,035	**21.74**
Switzerland		
Banking	1,356,291	3.08
Chemicals	386,114	0.88
Financial Services	1,344,777	3.05
Technology	134,316	0.30
	3,221,498	**7.31**
Russia		
Banking	443,013	1.01
Basic Resources	688,614	1.56
	1,131,627	**2.57**
Canada		
Basic Resources	685,145	1.56
Chemicals	380,127	0.85
	1,065,272	**2.41**
South Africa		
Banking	313,850	0.71
Basic Resources	136,453	0.31
Financial Services	437,585	0.99
Telecommunications	142,240	0.32
	1,030,128	**2.33**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Schedule of Financial Assets and Liabilities Held at Fair Value through Profit or Loss continued

31 December 2010	Fair Value US$	% of Net Assets
Geographical breakdown of financial assets held at fair value through profit or loss quoted on a stock exchange (excluding derivatives)		
Long Positions continued		
Equity continued		
Germany		
Automobile & Parts	223,566	0.51
Chemicals	311,977	0.71
Personal & Household Goods	244,231	0.55
	779,774	**1.77**
Netherlands		
Food & Beverage	454,095	1.03
Oil & Gas	222,449	0.51
	676,544	**1.54**
Japan		
Banking	217,049	0.49
Financial Services	285,264	0.65
	502,313	**1.14**
China		
Banking	44,409	0.10
Industrial Goods & Services	421,731	0.95
	466,140	**1.05**
United Kingdom		
Basic Resources	443,623	1.01
Poland		
Insurance	320,774	0.73
Turkey		
Banking	303,680	0.69
Egypt		
Financial Services	238,971	0.54
Australia		
Basic Resources	225,118	0.51
Spain		
Banking	216,640	0.49
Norway		
Oil & Gas	202,141	0.46

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Schedule of Financial Assets and Liabilities Held at Fair Value through Profit or Loss continued

31 December 2010	Fair Value US$	% of Net Assets
Geographical breakdown of financial assets and liabilities held at fair value through profit or loss quoted on a stock exchange (excluding derivatives)		
Long Positions continued		
Fixed Income		
United States		
Corporate Bonds	438,417	1.00
United Kingdom		
Corporate Bonds	205,677	0.47
Total Long Positions	**21,036,372**	**47.76**
Unrealised gains on derivatives	470,742	1.07
Total Financial Assets at Fair Value through Profit or Loss	**21,507,114**	**48.83**
Short Positions		
Equity		
United States		
Banking	(93,382)	(0.21)
Financial Services	(252,944)	(0.57)
Government Bond Futures	(4,356,442)	(9.89)
Index Futures & ETF’s	(2,178,718)	(4.96)
	(6,881,486)	**(15.63)**
Spain		
Banking	(211,073)	(0.48)
Turkey		
Index Futures & ETF’s	(131,427)	(0.30)
Belgium		
Banking	(125,112)	(0.28)
Total Short Positions	**(7,349,098)**	**(16.69)**
Total Financial Liabilities at Fair Value through Profit or Loss	**(7,349,098)**	**(16.69)**
Total Financial Assets and Liabilities at Fair Value through Profit or Loss	**14,158,016**	**32.14**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Derivative Financial Instruments

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund holds or issues include futures, forward foreign exchange contracts and contracts for differences.

The Fund uses derivative financial instruments to hedge its risks associated primarily with interest rate and foreign currency fluctuations for trading purposes where the Investment Adviser believes this would be more effective than investing directly in the underlying financial instruments.

Derivative financial Instruments often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and volatility. A relatively small movement in the underlying of a derivative contract may have a significant impact on the profit or loss of the Fund.

Over-the-counter derivative financial Instruments may expose the Fund to the risks associated with the absence of an exchange market on which to close out an open position.

The Investment Adviser closely monitors the Fund's exposure under derivative contracts as part of the overall management of the Fund's market risk.

As at 31 December 2011 and 2010, the Fund had positions in the following types of derivatives:

Forward contracts and futures

Forward contracts and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward contracts are customised contracts transacted in the over-the-counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

The main difference in the risk associated with forward and futures contracts is credit risk. The Fund has credit exposure to the counterparties of forward contracts. The credit risk related to futures contracts is considered minimal because the exchange ensures that these contracts are always honoured. Both types of contract result in market risk exposure.

Open forward foreign exchange contracts as of 31 December 2011 are as follows:

Currency bought	Currency sold	Maturity date	Unrealised Gain US$
€3,173,599	US$4,114,000	31/01/12	9,895
£13,109,103	US$20,306,000	31/01/12	91,356
			101,251

Open forward foreign exchange contracts as of 31 December 2010 were as follows:

Currency bought	Currency sold	Maturity date	Unrealised Gain US$
€3,921,885	US$5,149,000	31/01/11	109,833
£15,246,412	US$23,447,000	31/01/11	351,814
			461,647

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

Derivative Financial Instruments continued

Contracts for Differences (CFDs)

CFDs represent agreements that oblige two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future settlement of the CFDs may be greater or less than the amount recorded.

Notional amounts are the reference amounts of underlying securities or currencies specified in the futures, forward or contract for difference contracts. The notional amounts of derivatives do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Fund's exposure to market price, liquidity or currency risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in the price of the underlying security or index relative to their terms.

The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Short sales made by the Fund involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested. At 31 December 2011, there were trading securities sold short amounting to US$1,938,038 (31 December 2010: US$7,349,098). The short CFD position held by the Fund was reset as at 31 December 2011. No short CFD positions were held as at 31 December 2010.

CFDs are reset on a monthly basis, at which time unrealised gains or losses are realised. All CFDs held by the Fund were reset on 31 December 2011 and 2010. Therefore, there were no unrealised gains or losses on CFDs at the year end.

The Fund's derivative financial instruments outstanding at year end are detailed below:

	31.12.11 Fair Value Unrealised Gain US$	31.12.10 Fair Value Unrealised Gain US$
Forward foreign exchange contracts	101,251	461,647
S&P 500 Index Future, Maturity 15/03/2012 (10 contracts) (Notional amount 31/12/11: US$3,131,500)	38,375	–
JPN 10Y Bond Maturity 09/03/2011 (2 contracts) (Notional amount 31/12/10: US$281,340,000)	–	6,656
JPN 10Y Bond Maturity 22/03/2011 (3 contracts) (Notional amount 31/12/10: US$421,890,000)	–	739
NASDAQ 100 Maturity 17/03/2011 (2 contracts) (Notional amount 31/12/10: US$444,800)	–	1,600
S&P 500 Index Future, Maturity 17/03/2011 (6 contracts) (Notional amount 31/12/10: US$1,879,600)	–	100
Total derivative financial instrument – Assets	**139,626**	**470,742**
DAX Index Future, Maturity 16/03/2012 (17 contracts) (Notional amount 31/12/11: US$3,257,700)	(5,246)	–
Total derivative financial instrument – Liabilities	**(5,246)**	**–**
Net derivative Financial Assets	**134,380**	**470,742**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

The Fund's derivative financial instruments outstanding at period end are detailed below:

5.3.1 Market price risk

Market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect operating profit.

Price risk is managed by the Investment Adviser by concentrating on exploiting incorrect prices of individual stocks not currencies, gearing at times of high conviction, avoiding emerging market risk, focusing on liquidity, setting of position limits (positions are usually below 10% of Net Assets), and hedging equity holdings against currency risk. There is no limit on borrowing.

The Fund may invest some or all of its assets in short term securities, cash and cash equivalents in adverse market conditions or at times when the Investment Adviser does not find sufficient opportunities that meet its investment criteria.

Daily risk reports are produced by an internal risk and performance reporting team using Risk Metrics, and there is a focus on ensuring that the Investment Adviser has a clear view on where risk lies.

As described in Note 5.3, all CFDs held by the Fund had been reset as at 31 December 2011 and 2010.

	Cost/(Proceeds) US$	Absolute Fair Value US$	% of Net Assets
Trading securities			
Long positions	**3,109,142**	**2,966,813**	**9.39**
Short positions	**(1,926,736)**	**1,938,038**	**6.13**

	Absolute Fair Value Notional US$	% of Net Assets
Futures Positions		
Long Positions		
Germany		
Index Futures	3,257,700	10.31
United States		
Index Futures	3,131,500	9.91
Total Futures Long positions	**6,389,200**	**20.22**
CFD Positions (weighted average notional amounts)		
Short Position		
France		
Personal & Household Goods	66,892	0.21
Total CFD Short position	**66,892**	**0.21**
Gross Absolute Market position	**11,360,993**	**35.95**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.1 Market price risk continued

The Fund was exposed to the following market positions as at 31 December 2010:

	Cost/ (Proceeds) US$	Absolute Fair Value US$	% of Net Assets
Trading securities			
Long positions	**20,000,485**	**21,036,372**	**47.76**
Short positions	**(7,312,368)**	**7,349,098**	**16.69**

	Absolute Fair Value Notional US$	% of Net Assets
CFD Positions (weighted average notional amounts)		
Long Positions		
Netherlands		
Basic Resource	128,599	0.29
Technology	131,420	0.30
United Kingdom		
Banking	278,077	0.63
Basic Resource	215,025	0.49
Financial Services	1,362,504	3.09
Oil & Gas	430,659	0.98
Total CFD Long positions	**2,546,284**	**5.78**
Gross Absolute Market position	**30,931,754**	**70.23**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.1 Market price risk continued

Market Price Sensitivity Analysis

All of the Fund's investments at 31 December 2011 and 2010 are listed on European stock exchanges. The Investment Manager's best estimate of the effect on net assets and profits due to a reasonably possible change in indices, with all other variables held constant, is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material). An equal change in the opposite direction would have increased/(decreased) the net assets and profits by an equal but opposite amount.

Market indices	Change in equity price 2011* %	Effect on Net Assets and profit 31.12.11 US$'000	Change in equity price 2010* %	Effect on Net Assets and profit 31.12.10 US$'000
FTSE - All-Share (in Sterling)	3.05%	153	2.18%	674

*10 year historical average change in index to reporting date.

5.3.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The £ Shares, US$ Shares and € Shares (collectively 'Redeemable Shares') are denominated in Sterling, US Dollars and Euro, respectively, and are issued and redeemed in these currencies. The assets of the Fund may, however, be invested in securities and other investments, which are denominated in currencies other than the currency in which a Class of Redeemable Shares is denominated. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the US Dollar. In particular, an investor who acquires US$ Shares will be subject to foreign exchange risk in respect of those assets of the Fund which are denominated in any currency other than US Dollars. Similarly, an investor who acquires £ or € Shares will be subject to foreign exchange risk in respect of those assets of the Fund which are denominated in any currency other than the Sterling or Euro. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the US Dollar, Sterling or Euro, as the case may be, and such other currencies.

The assets of the Sterling and Euro Classes are hedged against US Dollar, and foreign exchange transactions with respect to £ and € Shares may be undertaken with a view to protecting the Sterling and Euro value of those classes as against the US Dollar value. The foreign currency exposure of the £ and € Classes is substantially hedged through the use of forward contracts. The expenses, profits and losses from these transactions are allocated solely among the shares of the respective £ and € Classes to which they relate.

At the reporting date, the Fund had the following exposure as a percentage of net assets:

Currency	31.12.11	31.12.10
US Dollar*	103.08%	99.45%
Hong Kong Dollar	1.73%	0.10%
Sterling	1.25%	0.63%
Swiss Francs	0.21%	12.06%
Turkisk Lira	(0.29)%	–
Swedish Krona	(0.32)%	–
Norwegian Krona	(0.61)%	0.45%
Euro	(5.05)%	(26.95)%
Singapore Dollar	–	6.96%
Canadian Dollar	–	2.41%
South African Rand	–	2.33%
Polish Zloty	–	0.73%
Turkish Lira	–	0.69%
Australian Dollar	–	0.51%
Japanese Yen	–	0.63%

*Currency risk does not arise from financial instruments denominated in the functional currency.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.2 Currency risk continued

The following tables set out the Fund's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary and non-monetary assets and liabilities at 31 December 2011 and 2010. The fair value of due from brokers, accounts receivable and accrued income is included in 'Other assets'. The fair values of due to brokers, advance subscriptions, accounts payable and accrued expenses, redemption payable and equalisation credit are included in 'Other liabilities'. All amounts are stated in US Dollars.

						31 December 2011
	USD	HKD	GBP	CHF	JPY	TRY
Assets						
Cash and cash equivalents	32,016,405	134,066	–	–	–	–
Other assets	13,971	–	14,099	–	–	–
Financial assets at fair value through profit or loss	2,050,896	413,527	397,283	133,587	–	–
Total assets	**34,081,272**	**547,593**	**411,382**	**133,587**	**–**	**–**
Liabilities						
Bank overdraft	–	–	–	–	(8)	–
Other liabilities	(107,559)	–	(15,556)	(1,068)	–	–
Financial liabilities at fair value through profit or loss	(1,383,052)	–	–	(66,972)	–	(92,871)
Total liabilities	**(1,490,611)**	**–**	**(15,556)**	**(68,040)**	**(8)**	**(92,871)**
Net Exposure	**32,590,661**	**547,593**	**395,826**	**65,547**	**(8)**	**(92,871)**

				31 December 2011
	SEK	NOK	EUR	Total
Assets				
Cash and cash equivalents	–	–	–	32,150,471
Other assets	–	–	–	28,070
Financial assets at fair value through profit or loss	–	–	4,649	2,999,942
Total assets	**–**	**–**	**4,649**	**35,178,483**
Liabilities	–	–		
Bank overdraft	–	–	(1,438,078)	(1,438,086)
Other liabilities	–	–	(60,525)	(184,708)
Financial liabilities at fair value through profit or loss	(101,632)	(191,033)	(102,478)	(1,938,038)
Total liabilities	**(101,632)**	**(191,033)**	**(1,601,081)**	**(3,560,832)**
Net Exposure	**(101,632)**	**(191,033)**	**(1,596,432)**	**31,617,651**

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.2 Currency risk continued

							31 December 2010
	USD	EUR	CHF	SGD	CAD	ZAR	GBP
Assets							
Cash and cash equivalents	38,520,504	24,752	2,090,335	3,065,049	–	–	294,850
Other assets	303,376	13	–	–	–	–	156,446
Financial assets at fair value through profit or loss	12,529,366	1,988,468	3,221,498	–	1,065,272	1,030,130	351,814
Total assets	**51,353,246**	**2,013,233**	**5,311,833**	**3,065,049**	**1,065,272**	**1,030,130**	**803,110**
Liabilities							
Bank overdraft	–	(13,410,053)	–	–	–	–	–
Other liabilities	(538,125)	(137,777)	–	–	–	–	(525,862)
Financial liabilities at fair value through profit or loss	(7,012,913)	(336,185)	–	–	–	–	–
Total liabilities	**(7,551,038)**	**(13,884,015)**	**–**	**–**	**–**	**–**	**(525,862)**
Net Exposure	**43,802,208**	**(11,870,782)**	**5,311,833**	**3,065,049**	**1,065,272**	**1,030,130**	**277,248**

							31 December 2010
	PLN	TRY	JPY	AUD	NOK	HKD	Total
Assets							
Cash and cash equivalents	–	–	53,920	–	–	–	44,049,410
Other assets	–	–	–	–	–	–	459,835
Financial assets at fair value through profit or loss	320,774	303,680	224,444	225,118	202,141	44,409	21,507,114
Total assets	**320,774**	**303,680**	**278,364**	**225,118**	**202,141**	**44,409**	**66,016,359**
Liabilities							
Bank overdraft	–	–	–	–	–	–	(13,410,053)
Other liabilities	–	–	–	–	–	–	(1,201,764)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	(7,349,098)
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**(21,960,915)**
Net Exposure	**320,774**	**303,680**	**278,364**	**225,118**	**202,141**	**44,409**	**44,055,444**

Amounts in the above table are based on the carrying value of monetary and non-monetary assets and liabilities.

Currency Sensitivity Analysis

The following table indicates the four most significant currencies to which the Fund had exposure at 31 December 2011 and 2010 on its trading monetary assets and liabilities. The analysis discloses the Investment Adviser's best estimate of the effect of a reasonably possible movement of the currency rate against US Dollar, with all other variables held constant on the net assets (due to the change in fair value of forward foreign exchange contracts used as cash flow hedges) and profits (due to the fair value of currency sensitive trading monetary assets and liabilities). In practice the actual trading results may differ from the below sensitivity analysis and the difference could be material.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.2 Currency risk continued

Currency Sensitivity Analysis continued

Currency	Change in currency rate 2011* %	Effect on Net Assets and profit 31.12.11 US$'000	Change in currency rate 2010* %	Effect on Net Assets and profit 31.12.10 US$'000
Swiss Francs	+5.02%	3	+6.61%	351
Sterling	+0.20%	0.8	**	**
Hong Kong Dollar	-0.04%	(0.2)	-2.88%	343
Singapore Dollar	***	***	+3.51%	108
Euro to Dollar	-3.18%	60.8	-2.88%	341.5

*10 year historical average annual change in currency rates to reporting date
**exposure was not significant in 2010
***exposure was not significant in 2011

5.3.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

A portion of the Fund's financial assets and liabilities are non-interest-bearing. As a result, the Fund is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Fund may borrow funds from brokerage firms, banks and other financial institutions in order to increase the amount of capital available for investment. Consequently, the level of interest rates at which the Fund can borrow may affect the operating results of the Fund.

The following tables detail the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates measured by the carrying value of the assets and liabilities. The net interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

31 December 2011	Interest bearing (Less than 1 month)	Interest bearing (3 months to 1 year)	Non-interest bearing US$	Total US$
Assets				
Cash and cash equivalents	32,150,471	–	–	31,150,471
Other assets*	–	–	28,070	28,070
Financial assets at fair value through profit and loss	–	–	2,999,942	2,999,942
Total assets	**32,150,471**	**–**	**3,028,012**	**35,178,483**
Liabilities excluding Redeemable Shares				
Bank overdraft	1,438,086	–	–	1,438,086
Other liabilities**	–	–	184,708	184,708
Financial liabilities at fair value through profit and loss	–	–	1,938,038	1,938,038
Total liabilities	**1,438,086**	**–**	**2,122,746**	**3,560,832**
Net interest sensitivity gap	**30,712,385**			

*Other assets include due from brokers, accounts receivable and accrued income.
**Other liabilities include due to brokers, advance subscriptions, accounts payable and accrued expenses.

Notes to the Financial Statements for the year ended 31 December 2011

5. Financial Risk Management Objectives and Policies continued

5.3 Market risk continued

5.3.3 Interest rate risk continued

31 December 2010	Interest bearing (Less than 1 month)	Interest bearing (3 months to 1 year)	Non-interest bearing US$	Total US$
Assets				
Cash and cash equivalents	44,049,410	–	–	44,049,410
Other assets*	–	–	459,835	459,835
Financial assets at fair value through profit and loss	–	644,094	20,863,020	21,507,114
Total assets	**44,049,410**	**644,094**	**21,322,855**	**66,016,359**
Liabilities excluding Redeemable Shares				
Bank overdraft	13,410,053	–	–	13,410,053
Other liabilities**	–	–	1,201,764	1,201,764
Financial liabilities at fair value through profit and loss	–	–	7,349,098	7,349,098
Total liabilities	**13,410,053**	**–**	**8,550,862**	**21,960,915**
Net interest sensitivity gap	**30,639,357**	**644,094**		

*Other assets include accounts receivable and accrued income, and due from brokers.
**Other liabilities include due to brokers, advance subscriptions, accounts payable and accrued expenses and equalisation credit.

Interest Rate Sensitivity Analysis

The average effective interest rate received for the year ended ended 31 December 2011 was 0.13% (31 December 2010: 0.74%) on base currency deposits. If the average effective interest rate on base currency deposits had increased by 100 basis points during the year under review, the net assets and profits at 31 December 2011 would have increased by US$304,646 (31 December 2010: US$382,430). A decrease of 100 basis points would have had an equal but opposite effect. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be significant.

6. Net (Loss)/Gain on Financial Assets and Liabilities at Fair Value through Profit or Loss

	31.12.11 US$	31.12.10 US$
Net realised gains/(losses)		
Trading securities	234,469	1,025,169
Derivative financial instruments	(1,098,767)	(828,300)
Net movement in unrealised (losses)/gains		
Trading securities	(1,242,737)	105,170
Derivative financial instruments	(336,362)	(193,516)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	**(2,443,397)**	**108,523**

The Fund has not designated any loan or receivable at fair value through profit or loss.

Notes to the Financial Statements for the year ended 31 December 2011

7. Fair Value of Financial Instruments

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

31 December 2011	Level 1 US$	Level 2 US$	Total US$
Financial assets at fair value through profit or loss			
Financial assets held for trading			
Listed equities	2,865,562	–	2,865,562
Futures contracts	33,129	–	33,129
Forward foreign exchange contracts	–	101,251	101,251
Total financial assets at fair value through profit or loss	**2,898,691**	**101,251**	**2,999,942**
Financial liabilities held for trading:			
Listed equities	1,938,038	–	1,938,038
Total financial liabilities at fair value through profit or loss	**1,938,038**	**–**	**1,938,038**

31 December 2010	Level 1 US$	Level 2 US$	Total US$
Financial assets at fair value through profit or loss			
Financial assets held for trading:			
Listed equities	20,392,278	–	20,392,278
Fixed income bonds	644,094	–	644,094
Futures contracts	9,095	–	9,095
Forward foreign exchange contracts	–	461,647	461,647
Total financial assets at fair value through profit or loss	**21,045,467**	**461,647**	**21,507,114**
Financial liabilities held for trading:			
Listed equities	(7,349,098)	–	(7,349,098)
Total financial liabilities at fair value through profit or loss	**(7,349,098)**	**–**	**(7,349,098)**

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices (bid price for long positions and ask price for short positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. When the Fund has assets and liabilities with offsetting market risks, It uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid and ask price to the net open position as appropriate.

For forward foreign exchange contracts, fair value is determined using valuation techniques. For this instrument, inputs into models are market observable and are therefore included within Level 2.

There have been no transfers between Level 1 and Level 2 fair value classifications during the years ended 31 December 2011 and 2010.

The Fund's policy on determination of fair value is as disclosed in Note 2.2 (B).

Notes to the Financial Statements for the year ended 31 December 2011

8. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if both parties are under the control of a common entity or entities.

The Investment Manager, Investment Adviser and Directors are considered related parties to the Fund.

Investment Manager

The Fund is managed by Jupiter Asset Management (Bermuda) Limited ('JAMB'), an investment management company incorporated in Bermuda. Under the terms of the Investment Management Agreement (the 'IMA') dated 1 January 2006, JAMB acts as Investment Manager to provide certain management and administrative services. JAMB receives from the Fund a monthly management fee at a rate equivalent to 1.5% per annum of the month end Net Asset Value of each Share Class, before deduction of that month's management fee and accrued performance fees, and payable monthly in arrears. Management fees for the year ended 31 December 2011 was US$608,787 (31 December 2010: US$1,052,429). US$40,501 of the management fees remained payable at the year end (31 December 2010: US$56,276).

In addition, pursuant to the IMA, JAMB is entitled to receive a performance fee calculated on a share-by-share basis so that each Share is charged a performance fee which equates precisely with that Share's performance. This method of calculation ensures that (i) any performance fee paid to JAMB is charged only to those Shares which have appreciated in value, (ii) all holders of Shares of the same Class have the same amount at risk in the Fund, and (iii) all Shares of the same Class have the same Net Asset Value per Share. The performance fee is calculated using equalisation methodology in respect of each period of twelve months ending 31 December in each year (the 'Calculation Period').

The performance fee is accrued on a monthly basis as at each valuation day and will be payable to JAMB in arrears in 14 days after the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the accrued performance fee in respect of those Shares is payable In 14 days after the date of redemption. If the IMA is terminated during a Calculation Period, the performance fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination was the end of the relevant year.

For each Calculation Period, the performance fee in respect of each Share will be equal to 20% of the appreciation in the Net Asset Value per Share of that Class during that Calculation Period above the greater of the Net Asset Value per Share of the relevant Class at the time of issue of that Share and the highest Net Asset Value per Share of the relevant Class achieved as of the end of any previous Calculation Period ('High Water Mark') during which such Share was in issue ('Relevant Appreciation'). Net Asset Value per Share includes, for the purpose of calculating the performance fee, (i) any accrued and unpaid performance fees and (ii) an amount equal to any equalisation credit.

An equalisation credit ensures that all holders of Shares of the same Class in the Fund have the same amount of capital at risk per Share. The equalisation credit takes into account the fact that the Net Asset Value per Share has been reduced to reflect an accrued performance fee to be borne by existing Shareholders and serves as a credit against performance fees that might otherwise be payable by the Fund but that should not be charged against new Shareholders making a subscription, as no favourable performance attributable to such Shares has occurred. No equalisation credit was payable as at 31 December 2011 (31 December 2010: US$32,600 which converted into 1,613 US$ Shares, 26 € Shares and 82 £ Shares).

A performance fee of US$5,370 was incurred by the Fund for the year ended 31 December 2011 (31 December 2010: US$618,647) of which US$nil amount remained payable at the year end (31 December 2010: US$487,730).

Investment Adviser

JAMB has appointed Jupiter Asset Management Limited ('JAM') as Investment Adviser. In consideration for the services rendered by JAM, JAMB will pay to JAM by way of remuneration, such fees as may from time to time be agreed.

Directors' fees and expenses

For the year ended 31 December 2011, the total remuneration of the Directors was US$105,000 (31 December 2010: US$105,000).

Directors' fees during the year for Garth Lorimer Turner were paid to JAMB for making available his services as Director.

Directors may be reimbursed for reasonable travelling, hotel and other expenses in respect of attending meetings of the Fund.

Directors' interests

JAM (the 'Investment Adviser') and JAMB (the 'Investment Manager') are wholly owned subsidiaries of Jupiter Fund Management plc. (formerly named Jupiter Investment Management Group Limited)

Mr. Richard Thomas has a beneficial interest in 3,676 Shares (31 December 2010: 3,676 Shares) in the £ Class of the Fund.

Mr. Garth Lorimer Turner is the Managing Director of JAMB and therefore has an interest in the Investment Management Agreement.

Mr. John Collis is a Director of the law firm of Conyers Dill & Pearman Limited, legal advisers to the Fund. Mr. Collis resigned as a Director of the Fund on 13 March 2012.

Save as referred to above, no Director has any interest in any transaction which, during the year under review, has been affected by the Fund and is unusual in its nature or conditions, or is significant to the business of the Fund.

9. Administration Fees

HSBC Securities Services (Luxembourg) S.A. acts as Administrator of the Fund and is entitled to receive a fee paid out of the Fund's assets based upon the nature and the extent of the services performed. The administration fee is calculated based on month-end Net Asset Value, subject to a minimum monthly fee of $10,000 and payable monthly in arrears. The administration fee for the year ended 31 December 2011 was US$127,500 (31 December 2010: US$121,431) of which US$20,000 was payable at 31 December 2011 (31 December 2010: US$19,654).

Notes to the Financial Statements for the year ended 31 December 2011

10. Taxation

Depending on the circumstances, there are a variety of taxes that may arise in each jurisdiction in which the Fund operates. This note details the principal taxes relevant to the Fund; however, it is not a comprehensive summary of the tax system in each jurisdiction.

10.1 Bermuda

At the date of this report, the Fund is domiciled in Bermuda. Currently, there is no income tax, corporation tax, profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its Shareholders, other than Shareholders ordinarily resident in Bermuda. The Fund is not subject to stamp duty on the issue, transfer or redemption of its Shares.

The Fund has received from the Minister of Finance of Bermuda under the Exempted Undertaking Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Fund or to any of its operations, or its Shares, debentures or other obligations except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund or any land leased or let to the Fund.

As an exempted Company, the Fund is liable to pay in Bermuda a registration fee based upon its assessable share capital at a rate which currently does not exceed US$1,995 per annum.

Dividends and interest received by the Fund and capital gains on securities may be subject to irrecoverable tax in the country of origin.

Savings Directive

Dividends distributed by a portfolio will fall into the scope of the Savings Directive if more than 15% of the Portfolio's assets are invested in debt claims (as defined in the Law). Redemption proceeds realised by shareholders on the disposal of Shares will fall into the scope of the Savings Directive if more than 40% of the relevant Portfolio's assets are invested in debt claims. As at 31 December 2011 and 2010, the Fund's investment portfolio was such that the Fund was in scope of the Directive with respect to dividends and redemption proceeds.

No dividends were declared during the year ended 31 December 2011 and 2010 and, as the Fund seeks to achieve capital growth, it is not expected that dividends will be paid. With respect to redemptions, costs incurred that can be allocated to interest generated exceed such interest generated and as a result taxable income per Share is nil.

10.2 United Kingdom

It is the intention of the Directors to conduct the affairs of the Fund so that its central management and control is not exercised in the United Kingdom, it is not resident in the United Kingdom for taxation purposes, and so that it does not carry out any trade in the United Kingdom (whether or not through a branch or agency situated there). On this basis, the Fund will not be liable for United Kingdom taxation on its income and gains other than certain income deriving from a United Kingdom source.

10.3 Other Countries

Interest and dividend income may be received by the Fund after deduction at source of withholding or other taxes applicable in countries in which the Fund invests and in which such interest or dividends originate. Gains arising on the sale of investments in countries in which the Fund invests may be taxed in the country where the investment is located.

There can be no guarantee that the tax position of the Fund will not be challenged by the revenue authorities of one or more countries.

Notes to the Financial Statements for the year ended 31 December 2011

11. Accounts receivable and accrued income

	31.12.11 US$	31.12.10 US$
Dividends receivable	307	975
Interest receivable	–	13,494
Receivable on Management Shares	12,000	12,000
Other receivables	15,763	22,422
	28,070	**48,891**

12. Accounts payable and accrued expenses

	31.12.11 US$	31.12.10 US$
Performance fee	–	487,730
Management fee	40,501	56,276
Other accounts payable and accrued expenses	98,714	146,930
	139,215	**690,936**

13. Cash and Cash Equivalents

	31.12.11 US$	31.12.10 US$
Cash at bank	258,459	3,087,446
Cash at brokers	31,892,012	40,961,964
	31,625,254	**44,049,410**
Bank overdraft	(1,438,086)	(13,410,053)
	30,712,385	**30,639,357**

Cash relating to securities sold short, but not yet purchased, CFDs and futures trading is therefore restricted until the Fund purchases the securities or until the underlying contracts are closed.

Of the cash held at brokers US$528,983 (31 December 2010: US$Nil) was pledged as collateral.

14. Share Capital

The authorised share capital of the Fund is US$5,012,000 divided into 12,000 Management Shares of par value US$1.00 each, 500,000,000 Redeemable Shares of par value US$0.01 each, such Shares being issuable in such Classes and dealing currencies as the Directors may determine.

The Holder of the Management Shares (JAMB) is entitled to receive notice of, and to attend and vote at, general meetings of the Fund, and each Management Share carries one vote. The Management Shares are not entitled to dividends and in the event of a winding up or dissolution of the Fund, whether voluntary or involuntary or for the reorganisation or otherwise or upon distribution of capital shall be entitled pari passu with the Holders of Redeemable Shares, to an amount equal to the capital paid up on the Management Shares but no other or further amount. The Management Shares are not subject to redemption or repurchase. The Management Shares have not been paid up, and the US$12,000 par value due to the Fund for these Shares is included in accounts receivable and accrued income as shown in Note 11.

The Holders of Redeemable Shares are entitled to receive notice of, and to attend and vote at, general meetings of the Fund. Each Redeemable Share carries one vote. Although the Redeemable Shares carry rights to dividends, it is not expected that any dividends will be declared. In the event of a winding up or dissolution of the Fund, whether voluntary or involuntary or for the reorganisation or otherwise or upon distribution of capital, the holders of Redeemable Shares shall be entitled to the assets of the Fund pari passu with the Holders of the Management Shares up to an amount equal to the capital paid up on the Management Shares, and thereafter to all remaining assets of the Fund, pro-rata to their respective holdings. The Redeemable Shares may be redeemed in accordance with the provisions outlined in the Prospectus.

Redeemable Shares are issued and redeemed at the option of the holders based on the value of the net assets of the Fund at the time of issue/redemption.

Notes to the Financial Statements for the year ended 31 December 2011

14. Share Capital continued

Management Shares have been classified as equity and below is the table showing the movement in the shares.

	Number of Shares issued, allotted and fully paid	Share Capital US$
Management shares		
Balance at 1 December 2009	**12,000**	**12,000**
Issue of Management Shares	–	–
Redemption of Management Shares	–	–
Balance at 31 December 2010	**12,000**	**12,000**
Issue of Management Shares	–	–
Redemption of Management Shares	–	–
Balance at 31 December 2011	**12,000**	**12,000**

Capital Management

As a result of the ability to issue and redeem Shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of Shares.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other advanced capital markets and by using various investment strategies and hedging techniques.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost-efficient.

Refer to 'Financial risk management objectives and policies' (Note 5) for the policies and processes applied by the Fund in managing its capital.

15. Subsequent Events

The Board of Directors has published a circular to Shareholders on 15 February 2012, which contains details of recommended proposals for the reconstruction and winding-up of the Fund.

The Fund closed to new subscriptions as of 1 December 2011 and will remain closed to subscriptions pending the outcome of the Special General Meeting required under the Proposals. Redemptions will now be permitted with a reduced notice period of 5 days effective15 February 2012.

If the Proposals are not approved by Shareholders at the Special General Meeting on 16 March 2012, the Fund will continue as before but the Board of Directors will undertake a further review of the options available to the Fund with the purpose of recommending alternative proposals that the Board of Directors considers to be in the best interests of Shareholders as a whole.

Subsequent to 31 December 2011, the Fund experienced net redemption activity of US$16,233,420 (424,798.416 USD Class shares, 55,837.357 GBP Class shares and 11,451.045 EUR Class shares) through until 13 March 2012.

Mr. John Collis resigned as a Director of the Fund on 13 March 2012.

There were no other significant events after the reporting period.

Report to Fund Shareholders in respect of UK Taxable Income arising from the Fund's investments (unaudited) (not forming part of the Notes to the Financial Statements)

The Shares of Jupiter Hyde Park Hedge Fund Limited are registered with HM Revenue & Customs in the UK as a 'reporting Fund'. As such, the Fund is required to make reports of income to its investors. There may be a requirement for Shareholders to pay tax as though they had actually received a dividend from the Fund.

If a Shareholder is subject to UK taxation (unless the Shareholder is a non-domiciled individual paying tax on the remittance basis), the Shareholder will be required to pay tax on the share of income reported in this notice.

For UK tax purposes, a Shareholder is treated as receiving income on the 'Fund distribution date' noted below. The amount of income treated as received by a Shareholder will be the 'Excess' reported below, multiplied by the number of shares held at 31 December 2011.

The following information comprises the report of income as required for UK tax purposes:

Full Fund name: Jupiter Hyde Park Hedge Fund Limited

Class:	EUR Class	USD Class	GBP Class
SEDOL:	BOYT659	2567462	BOYTDB4
ISIN:	BMG5203A1128	BMG5203A1045	BMG5203A1201
Distribution per Share in respect of the year ended 31 December 2011:	€0.00*	$0.00*	£0.00
Reported income per Share in issue at 31 December 2011 in excess of the distribution paid ('Excess'):	€0.00	$0.00	£0.00

*No distributions were paid in respect of the year 31 December 2011.
Fund distribution date on which the income is deemed received: 30 June 2012.
Each Share class in the Fund remains a reporting fund at the date of this report.

UK Tax Information:

UK investors in the fund should consider these figures for UK tax filings. Dividends and other distributions received by an investor in respect of shares may be subject to UK Income Tax or Corporation Tax received on the distribution date. A 10% UK tax credit will be deemed to be attached to dividends received by individual shareholders.

Shareholders can calculate any reported income arising to them by establishing the number of fund shares held at 31 December 20XX multiplied by the reported income per share. Any reported income per share is treated as received on the date set out above. This income may be s ubject to UK Income Tax or Corporation Tax. A 10% UK tax credit will be deemed to be attached to reported income deemed received by individual shareholders.