

CAM Pinnacle Dollar Fund Ltd.

Annual Report and Audited Financial Statements

For the year ended 31 December 2008

# **CAM Pinnacle Dollar Fund Ltd.**

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# **CAM Pinnacle Dollar Fund Ltd.**

## **Directors and service providers**

<b>Company</b>	<p>CAM Pinnacle Dollar Fund Ltd. Aurum House 35 Richmond Road P.O. Box HM 1806 Hamilton HM 08 Bermuda</p> <p>Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164</p>
<b>Directors</b>	<p>Dudley R Cottingham Frederick H Esterhuizen (Resigned – 30 September 2008) Frederick David Mohr (Appointed – 14 October 2008) David Mark Christopher C Morris S Arthur Morris</p>
<b>Custodian</b>	<p>Northern Trust Fiduciary Services (Ireland) Limited George's Court 54 – 62 Townsend Street Dublin 2 Ireland</p> <p>Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920</p>
<b>Promoter and Investment Advisor</b>	<p>CAM Fund Management Limited Aurum House 35 Richmond Road P.O. Box HM 1806 Hamilton HM 08 Bermuda</p> <p>Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164</p>
<b>Administrator</b>	<p>Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54 - 62 Townsend Street Dublin 2 Ireland</p> <p>Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920</p>

## **CAM Pinnacle Dollar Fund Ltd.**

**Bermuda  
Administrator**

Global Fund Services Ltd.  
Century House  
16 Par-la-Ville Road  
P.O. Box HM 1806  
Hamilton HM 08  
Bermuda

Tel: (1) (441) 292 7478  
Fax: (1) (441) 295 4164

**Independent  
Auditor**

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
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**Sponsoring  
Broker for  
Bermuda Stock  
Exchange**

Continental Sponsors Ltd.  
Century House  
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**Legal  
Advisors in  
Matters of  
Bermuda Law**

Conyers Dill & Pearman  
Clarendon House  
2 Church Street  
P.O. Box HM 666  
Hamilton HM CX  
Bermuda

Tel: (1) (441) 295 1422  
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# **CAM Pinnacle Dollar Fund Ltd.**

## **Directors' Report**

The Directors have the pleasure to present the audited annual accounts of the Company for the year ended 31 December 2008 and report as set out herein in respect of matters required by the Bermuda Stock Exchange listings regulations.

At 31 December 2008 the Net Asset Value per Participating Share was US\$138.30 (2007: US\$153.45).

No dividends have been declared in the year to 31 December 2008 (2007: US\$Nil) and the Directors do not recommend the payment of any dividends for the year to 31 December 2008 (2007: US\$Nil).

CAM Pinnacle Dollar Fund Ltd. (the "Company") is a Feeder Fund, which invests solely in the Participating Shares of CAM Pinnacle Fund Ltd. (the "Master Fund"). The Company's investment objective is to achieve long term capital growth by investing its assets in the Shares of the Master Fund.

The Annual Report and Audited Financial Statements of the Master Fund for the year ended 31 December 2008 are sent to all Shareholders with the accounts of the Company.



**Dudley R Cottingham**  
**Director**

12 May 2009

## **CAM Pinnacle Dollar Fund Ltd.**

### **Independent Auditor's Report to the Members and Directors of CAM Pinnacle Dollar Fund Ltd.**

We have audited the accompanying financial statements of CAM Pinnacle Dollar Fund Ltd. ("the Company"), which comprise the statement of financial position and portfolio statement as at 31 December 2008 and the statement of comprehensive income, statement of changes in net assets attributable to holders of Participating Shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 principles used and the reasonableness of accounting estimates made by management, 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 opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



KPMG  
Chartered Accountants

1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

12 May 2009

## CAM Pinnacle Dollar Fund Ltd.

### Portfolio Statement as at 31 December 2008

	2008			2007		
	Nominal Holding	Fair Value US\$	% of NAV	Nominal Holding	Fair Value US\$	% of NAV
CAM Pinnacle Fund Ltd.	704,735	97,294,291	100.01	1,324,463	202,925,483	100.00
Net Current Liabilities		(5,074)	(0.01)		(5,415)	0.00
Total Net Assets		<u>97,289,217</u>	<u>100.00</u>		<u>202,920,068</u>	<u>100.00</u>

*The accompanying notes form part of these financial statements.*

**CAM Pinnacle Dollar Fund Ltd.**

**Statement of Comprehensive Income for the year ended  
31 December 2008**

2007 US\$	Notes	2008 US\$
<b>Income from financial assets at fair value through profit or loss</b>		
	2	
126,476	Net interest income	32,601
14,287,770	Net unrealised capital (loss)/gain on investments	(31,401,349)
4,968,165	Net realised capital gain on investments	14,544,844
<b>19,382,411</b>	<b>Total Income from financial assets at fair value through profit or loss</b>	<b>(16,823,904)</b>
<b>Expenses</b>		
	3	
<b>0</b>	<b>Operating expenses</b>	<b>0</b>
<b>Change in net assets attributable to holders of participating</b>		
<b>19,382,411</b>	<b>shares resulting from operations</b>	<b>(16,823,904)</b>

*The accompanying notes form part of these financial statements.*



**CAM Pinnacle Dollar Fund Ltd.**

**Statement of Financial Position as at 31 December 2008**

2007 US\$	Notes	2008 US\$
<b>Assets</b>		
<b>Financial assets at fair value through profit or loss</b>		
202,925,483	Investments at fair value	2 97,294,291
<b>Loans and receivables</b>		
1,866,269	Cash and cash equivalents	6,155,661
6,177	Bank interest receivable	123
<b>204,797,929</b>	<b>Total Assets</b>	<b>103,450,075</b>
<b>Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
0	Trades in advance	6,160,858
1,877,861	Subscriptions to shares not yet allotted	0
<b>1,877,861</b>	<b>Liabilities (excluding amounts attributable to holders of participating shares)</b>	<b>6,160,858</b>
<b>202,920,068</b>	<b>Net Assets attributable to holders of participating and sponsor shares</b>	<b>4 97,289,217</b>
<b>202,920,058</b>	<b>Net Assets attributable to holders of participating shares</b>	<b>6 97,289,207</b>
<b>10</b>	<b>Net Assets attributable to holders of sponsor shares</b>	<b>4 10</b>
<b>1,322,332.05</b>	<b>Participating Shares Outstanding (number of shares)</b>	<b>4 703,430.64</b>
<b>153.45</b>	<b>Net Asset Value per Participating Share</b>	<b>6 138.30</b>

These financial statements were approved by the Directors on 12 May 2009 and signed on their behalf by:



**D.R. Cottingham**

**Director**



**C.C. Morris**

**Director**

*The accompanying notes form part of these financial statements.*

## CAM Pinnacle Dollar Fund Ltd.

### Statement of Changes in Net Assets Attributable to Holders of Participating Shares for the year ended 31 December 2008

	Total US\$
<b>Balance at 1 January 2008</b>	<b>202,920,058</b>
Change in net assets attributable to holders of participating shares resulting from operations	(16,823,904)
Subscriptions during the year	17,747,262
Redemptions during the year	(106,554,209)
<b>Balance at 31 December 2008</b>	<b>97,289,207</b>
<b>Balance at 1 January 2007</b>	<b>205,725,149</b>
Change in net assets attributable to holders of participating shares resulting from operations	19,382,411
Subscriptions during the year	25,160,221
Redemptions during the year	(47,347,723)
<b>Balance at 31 December 2007</b>	<b>202,920,058</b>

*The accompanying notes form part of these financial statements.*

## CAM Pinnacle Dollar Fund Ltd.

### Statement of Cash Flows for the year ended 31 December 2008

2007		2008
US\$		US\$
	<b>Cash flows from operating activities</b>	
19,382,411	Change in net assets attributable to holders of participating shares resulting from operations	(16,823,904)
	<b>Adjustment for non cash items</b>	
(19,255,935)	Net gain/(loss) on investments	16,856,505
	<b>Changes in operating assets and liabilities</b>	
2,287	Decrease in debtors	6,054
<b>128,763</b>	<b>Net cash received from operating activities</b>	<b>38,655</b>
	<b>Cash flows from investing activities</b>	
(8,130,493)	Purchase of investments and currencies	(634,413)
30,222,417	Proceeds from sales of investments	95,569,958
<b>22,091,924</b>	<b>Net cash inflow from investing activities</b>	<b>94,935,545</b>
	<b>Cash flows from financing activities</b>	
24,635,007	Issue of shares	15,869,401
(47,347,723)	Redemption of shares	(106,554,209)
<b>(22,712,716)</b>	<b>Net cash outflow from financing activities</b>	<b>(90,684,808)</b>
(492,029)	Net increase/(decrease) in cash and cash equivalents	4,289,392
<b>2,358,298</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,866,269</b>
<b>1,866,269</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>6,155,661</b>
	<b>Supplementary Information</b>	
128,763	Net interest received	38,655

*The accompanying notes form part of these financial statements.*

# CAM Pinnacle Dollar Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2008

### 1 General

CAM Pinnacle Dollar Fund Ltd. (the "Dollar Fund" or the "Company") was incorporated in the British Virgin Islands on 1 November 2000 and was re-domiciled to Bermuda on 1 December 2003 under the Companies Act 1981 and acts as an investment company. Shares of the Dollar Fund are denominated in US dollars. The Dollar Fund is one of three Feeder Funds, comprising the Dollar Fund, CAM Pinnacle Sterling Fund Ltd. (the "Sterling Fund") and CAM Pinnacle Rand Fund Ltd. (the "Rand Fund"), that invest in CAM Pinnacle Fund Ltd. (the "Master Fund"). The other Feeder Funds have sterling and rand denominated shares respectively.

The Feeder Funds must solely invest into Participating Shares of the Master Fund, except in the case of the Rand and Sterling Funds in respect of currency hedging. The Participating Shares of the Master Fund are valued in US dollar. The Rand and Sterling Funds whilst investing into US dollar denominated Participating Shares of the Master Fund will, by appropriate currency hedging, seek to protect the value of their shares in rand and sterling terms respectively irrespective of movements in currency values between the US dollar, rand and sterling. The Master Fund pays the fees of the Administrators, Custodian, Investment Advisor, audit and minor out of pocket expenses and Directors' fees of all funds. Each Fund will otherwise bear its own costs and liabilities.

The Company's investment objective is to achieve long-term capital growth by investing in the Participating Shares of the Master Fund. The Interim Report and Unaudited Financial Statements of the Master fund for the year ended 31 December 2008 are attached and should be read in conjunction with these financial statements.

The audited financial statements were approved by the Board of Directors on 12 May 2009.

### 2 Principal Accounting Policies

The principal accounting policies which have been applied are set out below.

#### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

#### Basis of Preparation

The financial statements are presented in US dollars and rounded to the nearest dollar. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through the Statement of Operations. Under IFRSs, Participating Shares are treated as a financial liability and the format of the Balance Sheet reflects this position.

The accounting policies and presentation have been applied consistently by the Company and are consistent with those used in the previous period and those used in the annual report and accounts used in the previous year.

The Company is organised and operates as one segment (in terms of both business and geography). Consequently, no segment reporting is provided in the Company's financial statements.

#### Investments

The Company on initial recognition designated investments as at fair value through profit and loss as in doing so it results in more relevant information because the investments and related liabilities are managed as a group of financial assets and liabilities and performance is evaluated on a fair value basis and reported to key management personnel on that basis.

Investments in collective investment schemes are recorded at the net asset value per share as reported by the administrators of such funds. Investment transactions are recorded on a settlement date basis. Realised gains and losses on investment transactions are determined on the weighted average cost basis and are included in the Statement of Operations. Unrealised gains and losses from a change in the fair value of investments are recognised in the Statement of Operations.

# **CAM Pinnacle Dollar Fund Ltd.**

## **Notes to the Financial Statements for the year ended 31 December 2008 (continued)**

### **2 Principal Accounting Policies (continued)**

#### **Investments (continued)**

Where administrators are unable to provide net asset value per share the Directors make their own assessment of value based on available information.

Under IFRS, Participating Shares are treated as a Financial Liability and the format of the Statement of Financial Position reflects this position.

#### **Translation of Foreign Currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at exchange rates in effect at the date of the financial statements. Transactions in foreign currencies are translated into US dollars based on exchange rates on the date of the transaction.

#### **Interest Income**

Interest income is recognised in the Statement of Operations for all interest bearing instruments on an effective interest basis.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances held at banks together with bank overdrafts. The bank overdrafts are repayable on demand and form an integral part of the Company's cash management system.

#### **Taxation**

The Company has received an undertaking from the Ministry of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act, 1966 exempting the Company from income, profit, capital transfer or capital taxes, should taxes be enacted, until 28 March 2016.

#### **Expenses**

All expenses are recognised in the Statement of Operations on an accruals basis.

#### **Use of Estimates**

The preparation of financial statements in accordance with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

#### **Derecognition of Financial Assets and Liabilities**

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. Assets that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Company commits to sell the assets. The Company uses the weighted average cost basis to determine the realised gain or loss on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires:

### **3 Fees**

The Company pays no direct fees. Please refer to the accompanying Master Fund Financial Statements for notes regarding fees paid by the Master Fund.

## CAM Pinnacle Dollar Fund Ltd.

### Notes to the Financial Statements for the year ended 31 December 2008 (continued)

#### 4 Share Capital

	December 2008 US\$	December 2007 US\$
Authorised share capital of US\$0.01 par value per share		
1,000 Sponsor Shares	10	10
4,999,000 Participating Shares	49,990	49,990
	50,000	50,000

All of the Sponsor Shares have been issued to and are beneficially owned by the Investment Advisor. The Sponsor Shares do not carry the right to participate in the assets of the Company in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distribution of the Company so long as any Participating Shares are in issue.

The Participating Shares are entitled to receive, to the exclusion of the Sponsor Shares, any dividends which may be declared by the Board of the Company and, upon the winding up of the Company, their par value and any surplus remaining after paying to the holders of the Sponsor Shares the par value of the Sponsor Shares (to the extent actually paid up in cash). The Sponsor Shares have the general voting powers of the Company and the holders of Participating Shares are entitled to receive notice of and attend all general meetings of the members.

	Number of Participating Shares		Number of Participating Shares
Opening at 1 January 2008	1,322,332.05	Opening at 1 January 2007	1,475,546.12
Issued in year	116,641.48	Issued in year	173,156.92
Redeemed in year	(735,542.89)	Redeemed in year	(326,370.99)
Closing at 31 December 2008	703,430.64	Closing at 31 December 2007	1,322,332.05

#### Statement of Changes in Sponsor and Participating Shares

	Sponsor Shares US\$	Participating Shares US\$	Share Premium US\$	Return allocated to Participating Shareholders US\$	Total US\$
<b>Balance at 1 January 2008</b>	<b>10</b>	<b>13,223</b>	<b>134,455,213</b>	<b>68,451,622</b>	<b>202,920,068</b>
Change in net assets attributable to holders of participating shares				(16,823,904)	(16,823,904)
Subscriptions during the year		1,166	17,746,096		17,747,262
Redemptions during the year		(7,355)	(106,546,854)		(106,554,209)
<b>Balance at 31 December 2008</b>	<b>10</b>	<b>7,034</b>	<b>45,654,455</b>	<b>51,627,718</b>	<b>97,289,217</b>
<b>Balance at 1 January 2007</b>	<b>10</b>	<b>14,755</b>	<b>156,641,183</b>	<b>49,069,211</b>	<b>205,725,159</b>
Change in net assets attributable to holders of participating shares				19,382,411	19,382,411
Subscriptions during the year		1,732	25,158,489		25,160,221
Redemptions during the year		(3,264)	(47,344,459)		(47,347,723)
<b>Balance at 31 December 2007</b>	<b>10</b>	<b>13,223</b>	<b>134,455,213</b>	<b>68,451,622</b>	<b>202,920,068</b>

# CAM Pinnacle Dollar Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2008 (continued)

### 5 Bank Overdraft

The Company has a facility with Northern Trust (Guernsey) Limited and any outstanding bank overdraft is secured over the portfolio of the Company.

### 6 Net Asset Value per Participating Share

The Net Asset Value per Participating Share is calculated by dividing the net assets less the par value of the Sponsor Shares included in the Balance Sheet by the number of Participating Shares in issue at the period end.

	December 2008	December 2007
Total Net Assets (US\$) Less Par Value of Sponsor Shares	97,289,207	202,920,058
Issued Participating Shares	703,430.64	1,322,332.05
Net Asset Value per Participating Share (US\$)	138.30	153.45

### 7 Related Parties

The Company and the Investment Advisor, Administrators, Custodian and Directors are related parties by virtue of the material contracts in existence that are outlined in notes 3 to 5 of the financial statements of the Master Fund.

Mr F D Mohr is a director of the Investment Advisor and Mr S A Morris, Mr D R Cottingham and Mr C C Morris are directors of the Investment Advisor and Aurum Fund Management Limited. Mr S A Morris, Mr D R Cottingham and Mr C C Morris are directors of Continental Sponsors Ltd, the sponsoring broker on the Bermuda Stock Exchange. Mr D Mark is a Vice President of Aurum Fund Management Ltd. Mr S A Morris, Mr D R Cottingham and Mr C C Morris are also directors of Global Fund Services Ltd, the Bermuda administrator. The Directors of the Company, and Aurum Fund Management Ltd, also act in the capacity of directors for other mutual funds. Mr S A Morris, Mr D R Cottingham and Mr D Mark directly and indirectly hold shares in Aurum Fund Management Ltd. Mr F H Esterhuizen resigned as a director on 30 September 2008. Mr F D Mohr was appointed as a director on 14 October 2008.

All dealings between all parties were at arm's length prices.

CAM Fund Management Limited is Investment Advisor to and owns all the sponsor shares of the Company, and is itself owned as to 50% each by Aurum Fund Management Ltd. and Citadel Offshore Holdings Ltd.

Persons connected to the Directors, as defined under Irish Stock Exchange listing requirements, directly and indirectly own all the Sponsor Shares of the Company. At 31 December 2008 Directors and Persons so connected did not directly or indirectly hold Participating Shares in the Company.

### 8 Financial Instruments and Risk Exposure

The Company invests all of its assets into the Master Fund, which is exposed to market risk, currency risk, credit risk and liquidity risk arising from the financial instruments it holds. These risks are explained in the financial statements of the Master Fund which are attached.

### 9 Subsequent Events

No events have occurred in respect of the Company subsequent to the year end that may be deemed relevant to the accuracy of these financial statements.