GFM COSSACK BOND COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period from 26 June 2015 to 30 June 2016

GFM COSSACK BOND COMPANY LIMITED

REPORT FINANCIAL STATEMENTS

For the period from 26 June 2015 to 30 June 2016

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GFM COSSACK BOND COMPANY LIMITED

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Board of Directors	Roberts Idelsons Gleb Shestakov Richard Oliver Bernays
Secretarial Agent and Secretary	Stravin Investment Services Ltd 28 October Street 1, Block E, Flat 212 Engomi 2414 Nicosia, Cyprus
Administrator	Cyprofund Administration Services Limited 12 Esperidon Street 4th floor 1087 Nicosia, Cyprus
Independent Auditors in Cyprus	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Independent Auditors in Cayman Islands	Kinetic Partners Cayman LLP The Harbour Center, Ground Floor 42 North Church Street PO Box 30900 Grand Cayman KY1-1204 Cayman Islands
Investment Advisors	RMG Holding Limited 25 Michalakopoulou, office 202 1075 Nicosia Cyprus
Custodian	Falcon Private Bank Ltd Pelikanstrasse 37, P.O.Box 1376 8021 Zurich Switzerland
Investment manager	Global Fund Management S.A. 8 Calle Aquilino de la Guardia Panama Republic of Panama
Listing agent	Estera Securities (Bermuda) Ltd (previously known as Appleby Securities (Bermuda) Ltd) 22 Victoria Street P.O. Box HM1179 Bermuda

GFM COSSACK BOND COMPANY LIMITED

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS *(continued)*

Legal Advisors	Walkers Global 190 Elgin Avenue George Town, Grand Cayman KY1-9001 Cayman Islands
	Apostolou & Co LLC 10-12 Grigoris Afxentiou Avenue Office 401 2360 Nicosia Cyprus
Registered Office	Walkers Corporate Services Limited 190 Elgin Avenue George Town, Grand Cayman KY1-9001 Cayman Islands

GFM COSSACK BOND COMPANY LIMITED

BOARD OF DIRECTORS' REPORT

The Board of Directors of GFM Cossack Bond Company Limited (the "Fund") presents to the members of the Fund its report together with the audited financial statements of the Fund for the period from 26 June 2015 to 30 June 2016.

INVESTMENT OBJECTIVES AND PRINCIPAL ACTIVITIES

The principal activity of the Fund is investment in primarily CIS (Commonwealth of Independent States) securities. The Fund invests in debt instruments as determined by the Investment Manager from time to time.

The investment objective is to achieve capital appreciation in US dollar terms. The Fund will seek to achieve its investment objective by investing primarily in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in the CIS states. It may hedge local currency exposure.

FINANCIAL RESULTS

Over the financial period ended 30 June 2016, the Fund delivered a total return of 6.35%, an improvement over the last year's return of 5.85%. We had one negative month in January 2016, our first monthly negative return for the last 12 months. Overall we have continued to achieve one of our main objectives to avoid negative months. At the end of reporting period we had outperformed EMBI Plus over five years period, but under performed over one and three years periods.

Portfolio duration decreased by the end of the reporting period to 1.07 years from 1.72 a year ago.

By the end of the financial period we had decreased our NAV exposure to Russia from 17.5% to 13.1%. Our exposure to Kazakhstan was decreased from 8.62% to around 8.5%. Our Ukrainian allocation was increased to 3%. Our exposure to Azerbaijan was reduced from 40.7% to 20.2%, reflecting the deterioration in the macroeconomic fundamentals. We have increased our exposure to Belorussian Government debt by circa 4%. Cash allocation has been increased by 13%.

During the period we have created infrastructure for investment in Iran. By the end of reporting period the Iranian allocation stood at 3.3% of the NAV. We intend to increase it up to 10% in the near future. Risk in Iran in our view is mainly political. Return of the country into Global economy if it continues should create some excellent opportunities. We have also invested 6% of the NAV into Mongolian Government Debt.

As far as risk characteristics are concerned our Sharpe Ratio has improved from 2.68 to 3.90 reflecting decreased duration. Annualized Standard Deviation also improved from 0.0198 to 0.0143. Also we have increased portion of Government debt from 25% to 38% and reduced private debentures from 56% to 36.5%.

The environment remains difficult. In the light of this, we have shortened portfolio duration and increased cash allocations.

We believe that the Fund can continue to deliver substantial risk adjusted returns in this unfriendly market environment.

GFM COSSACK BOND COMPANY LIMITED

BOARD OF DIRECTORS' REPORT *(continued)*

FINANCIAL RESULTS (continued)

Individual investment holdings which exceeded 5% of the net assets attributable to the holders of redeemable shares as at 30 June 2016 and 25 June 2015 are disclosed below:

Name	*Industry*	*30/6/2016* %	*25/6/2015* %	*Market Value 30/6/2016* USD	*Market Value 25/6/2015* USD
Belarus XS0583616239	Government Bond	10.38	-	3,242,358	-
IBAZAZ 16 XS0982797762	Banking	11.44	-	3,573,325	-
CitiFund XS1088966129	Banking	-	6.47	-	2,074,521
Russian Federation XS008854193	Government Bond	-	6.40	-	2,051,002
Republic of Cyprus XS0483954144	Government Bond	5.00	6.66	1,561,981	2,132,458
International Bank of Azerbaijan Republic; IBAR-024 Loan	Banking	-	12.34	-	3,954,802
Union Lizing UL-001 Loan	Banking	-	6.25	-	2,002,817
KR/SP Loan	Construction	5.37	-	1,677,438	-
EXPB-002 Loan	Banking	6.49	-	2,026,504	-

The following table discloses the financial results of the Fund for the last five (5) financial periods:

Period	**Increase/(Decrease) in Net Assets attributable to holders of redeemable shares** **USD**	**Total Net Assets at the end of the period** **USD**	**NAV per share** **USD**
26/6/15 – 30/6/16	1,922,959	31,235,962	24.63
27/6/14 – 25/6/15	1,858,550	32,041,799	23.16
28/6/13 – 26/6/14	2,032,270	36,247,786	21.88
29/6/12 – 27/6/13	2,800,277	34,350,452	20.65
1/7/11 – 28/6/12	1,380,664	29,407,250	18.95

STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period date, which affect the financial statements as at 30 June 2016.

BOARD OF DIRECTORS

The members of the Fund's Board of Directors as at 30 June 2016 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the members of the Board of Directors.

INDEPENDENT AUDITORS

The independent auditors of the Fund, KPMG Limited in Cyprus and Kinetic Partners Cayman LLP in Cayman, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

STRAVIN INVESTMENT SERVICES LIMITED

Stravin Investments Services Ltd
Secretary

Nicosia, 9 November 2016

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CAYMAN ISLANDS

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Independent Auditor's report to the Shareholders of GFM Cossack Bond Company Limited

Report on the financial statements

We have audited the accompanying financial statements of GFM Cossack Bond Company Limited (the "Fund") which comprise the statement of financial position as at 30 June 2016, the statements of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and the statement of cash flows for the period from 26 June 2015 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

This report, including the opinion, has been prepared for and only for the Fund's shareholders as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 auditor's 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, the auditor 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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the Board of Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extent to any other information.

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

Independent Auditor's report to the Shareholders of GFM Cossack Bond Company Limited (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2016, and its financial performance and cash flows for the period from 26 June 2015 to 30 June 2016 in accordance with International Financial Reporting Standards.

Kinetic Partners Cayman LLP

Kinetic Partners Cayman LLP
9 November 2016

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the period from 26 June 2015 to 30 June 2016

	Note	26/06/2015 - 30/06/2016 US$	27/06/2014 - 25/06/2015 US$
Interest income		2,158,529	2,768,015
Commission income		30,725	222,625
Net gain on financial assets at fair value through profit or loss		740,885	49,121
Net foreign exchange profit		-	2,239
Total investment income		2,930,109	3,042,000
Operating expenses			
Custodian fees		51,580	25,103
Administration fees	11	35,000	35,000
Directors' fees	10	2,050	29,037
Other professional fees		27,161	25,769
Audit and legal fees		26,618	33,763
Nominee fees		10,000	-
Performance fees	10	339,006	332,936
Investment management fees	10	475,171	502,692
Listing fees		3,863	1,530
Brokerage fees		33,699	10,013
Agency fees		63,368	67,026
Bank charges		23,042	18,564
Arrangement fees on loans		-	63,000
General expenses		1,491	13,097
Travelling expenses		7,306	13,185
Transportation fees		6,820	-
Marketing expenses		22,202	-
Total operating expenses		1,128,377	1,170,715
Operating profit before finance expenses		1,801,732	1,871,285
Net finance income/(expenses)		123,384	(2,374)
Increase in net assets attributable to holders of redeemable shares before tax		1,925,116	1,868,911
Tax	4	(2,157)	(10,361)
Increase in net assets attributable to holders of redeemable shares		1,922,959	1,858,550

The notes on pages 11 to 32 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30/6/2016 US$	25/06/2015 US$
Assets			
Cash and cash equivalents	5	8,097,131	4,024,665
Financial assets at fair value through profit or loss	3,6,7	23,453,974	28,571,304
Total assets		31,551,105	32,595,969
Equity			
Share capital	9	1	1
Total equity		1	1
Liabilities			
Other payables	8	315,142	554,169
Total liabilities excluding net assets attributable holders of redeemable shares		315,142	554,169
Net assets attributable to holders of redeemable shares	9	31,235,962	32,041,799

On 9 November 2016 the Board of Directors of GFM Cossack Bond Company Limited authorised these financial statements for issue.

Richard Bernays
Director

Gleb Shestakov
Director

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the period from 26 June 2015 to 30 June 2016

	Note	26/06/2015 - 30/06/2016 US$	27/06/2014 - 25/06/2015 US$
Balance at 26 June/27 June	9	32,041,800	36,247,786
Increase in net assets attributable to holders of redeemable shares		1,922,959	1,858,550
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the period		355,000	900,000
Redemption of redeemable shares during the period		(3,083,796)	(6,964,536)
Total contributions and redemptions by holders of redeemable shares		(2,728,796)	(6,064,536)
Balance at 30 June/25 June	9	31,235,963	32,041,800
Represented by:			
Net assets attributable to holders of permanent shares		1	1
Net assets attributable to holders of redeemable shares		31,235,962	32,041,799
		31,235,963	32,041,800

The notes on pages 11 to 32 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the period from 26 June 2015 to 30 June 2016

	Note	26/06/2015 – 30/06/2016 US$	27/06/2014 - 25/06/2015 US$
Cash flows from operating activities			
Increase in net assets attributable to holders of redeemable shares		1,922,959	1,858,550
Changes in other payables		(239,027)	163,083
Sales of financial assets at fair value through profit or loss		44,925,868	35,740,495
Purchases of financial assets at fair value through profit or loss		(39,511,934)	(29,647,781)
Realised profit		(296,604)	(179,765)
Changes in operating assets and liabilities		4,878,303	6.076.032
Net cash provided by operating activities		6,801,262	7,934,582
Cash flows from financing activities			
Proceeds from issue of redeemable shares	9	355,000	900,000
Payments on redemption of redeemable shares	9	(3,083,796)	(6,964,536)
Net cash used in financing activities		(2,728,796)	(6,064,536)
Net increase in cash and cash equivalents		4,072,466	1,870,046
Cash and cash equivalents at the beginning of the period		4,024,665	2,154,619
Cash and cash equivalents at the end of the period	5	8,097,131	4,024,665

The notes on pages 11 to 32 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 26 June 2015 to 30 June 2016

1. INCORPORATION AND PRINCIPAL ACTIVITIES

GFM Cossack Bond Company Limited (the "Fund") was incorporated in the Cayman Islands on 15 May 1997 as an exempted limited liability company under the Companies Law of the Cayman Islands and registered as an open ended investment company under the Mutual Funds Law on 9 July 1997 and accordingly is registered as a regulated mutual fund under Sec. 4(3) of the Mutual Funds Law. The registered office of the Fund is located at Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands. The Fund's redeemable participating shares are listed on the Bermuda Stock Exchange for informational purposes but are not traded on this stock exchange.

The principal activity of the Fund is investment in CIS (Commonwealth of Independent States) securities. The Fund invests in debt instruments as determined by the Investment Manager from time to time.

The investment objective is to achieve capital appreciation in US dollar terms. The Fund will seek to achieve its investment objective by investing in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in the CIS states.

The financial statements were authorized for issue by the Directors on 9 November 2016.

2. BASIS OF PRESENTATION

Statement of compliance
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

Functional and presentation currency
The measurement and presentation currency of the Fund is the United States Dollar (US$) and not the local currency of the Cayman Islands, reflecting the fact that the shares of the Fund is issued and redeemed in United States Dollars.

Use of judgments and estimates
The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the amounts reported in the statements and accompanying notes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in Note 7.

The majority of the Fund's financial instruments are measured at fair value on the statement of financial position.

2. BASIS OF PRESENTATION (continued)

Use of judgments and estimates (continued)
For certain of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example unlisted debt securities including private loans are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to appropriate adjustments), or by applying valuation techniques approved by the Investment Manager and the Directors.

Fair value estimates are made at specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

Basis of measurement
These financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss. All other financial assets and liabilities are measured at amortised cost which is considered to approximate fair value due to the short term nature of these assets and liabilities. The accounting policies have been consistently applied by the Fund and are consistent with those used in the previous period.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Fund are as follows:

Adoption of new and revised International Financial Reporting Standards and Interpretations
At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Fund.

New standards and interpretations not yet adopted
A number of new standards and amendments to standards are effective for annual periods beginning after 26 June 2015, and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 Financial Instruments, which is discussed below. The Fund does not plan to adopt IFRS 9 early.

A. IFRS 9 Financial Instruments

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(i) Classification

The Fund designates its investments into the financial assets at fair value through profit or loss category. The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading. These include CIS exchange traded debt instruments, corporate bonds, equity instruments and futures. All derivatives in a net receivable position (positive fair value) are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.
- Financial instruments designated at fair value through profit or loss upon initial recognition. These include private unsecured loans.

Financial assets and liabilities that are not classified at fair value through profit and loss and which are measured at amortised cost include other payables.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are initially measured at fair value (transaction price) plus, in case of a financial asset or financial liability, transaction costs that are directly attributable to the acquisition. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

If there are no quoted prices in an active market or the securities are not listed, the Investment Manager and Directors establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

(v) Valuation of investments

As of 30 June 2016 the Fund's investments include investments in debt securities, private unsecured loans and derivative assets and liabilities comprising futures contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Equity investments
Securities traded on a recognised exchange are stated at last traded price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorised in Level 1 of the fair value hierarchy. The cost of investments is determined on a first in first out basis. Where equity investments are valued based on other observable information, they are classified as Level 2 of the fair value hierarchy.

Debt investments
Investments in debt securities are initially recognised at fair value, including transaction costs. Subsequent to initial recognition, debt investments, particularly traded bond positions, are recorded based on their last traded price on a recognised stock exchange. For debt securities which are not priced on a recognised stock exchange, the price is sourced from the respective broker/counterparty with whom the trade was executed. The fair value of certain corporate bonds, including private unsecured loans are estimated using recently executed transactions, market price quotations (where observable) and by reference to other instruments which are substantially the same. When quotations are unobservable, proprietary valuation models and default recovery analysis methods are employed.

Realised gains and losses resulting from the investment transactions and movements in unrealised gains or losses at the date of the statement of financial position are recognised in the statement of comprehensive income. To the extent debt securities are actively traded and valuation adjustments are not applied, they are categorised in Level 1 of the fair value hierarchy. Corporate bonds are classified within Level 2 of the fair value hierarchy. Private unsecured loans are classified within Level 3.

Futures contracts
Futures contracts are contracts for the delayed delivery of specific commodities, currencies indices, at a specific date and at a specific price. Upon entering into a contract, the Fund deposits and maintains, at the clearing broker, cash as collateral for such initial margin as required by the exchange on which the transaction is effected.

Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund in the statement of comprehensive income as within the net gain/(loss) on trading in the financial instruments line item. When the contract is closed, the Fund records in the statement of comprehensive income a realised gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Futures contracts are classified in Level 1 of the fair value hierarchy, assuming they are actively traded.

(vi) Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of debt and equity instruments are recognised in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Derecognition
The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(viii) Offsetting financial assets and liabilities
The Amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting agreements or similar arrangements.

Interest income and expenses
Interest income and expense is recognised in the statement of comprehensive income using the effective interest method and on an accrual basis.

Expenses
All expenses are recognised in the statement of comprehensive income on the accrual basis.

Finance expenses
Financing expenses comprise of bank charges and bank interest. Financial expenses are recognised as expenses in the statement of comprehensive income as they accrue.

Foreign currency transactions
Transactions in foreign currencies are translated to United States Dollars (US$) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to US$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values are determined.

Cash and cash equivalents
Cash and cash equivalents represent balances with banks/brokers and margin accounts with various brokers, which fall due within 3 months or less. The Fund considers all cash and short-term deposits with maturities of three months or less to be cash and cash equivalents. Cash held in broker accounts are included in cash and cash equivalents for the purpose of the statement of cash flows.

Taxation
There are no taxes on income or gains in the Cayman Islands and the Fund has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes until June 2017. The only taxes payable by the Fund are withholding taxes applicable to certain investment income, which are presented separately in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

The Fund issued Permanent and Participating Shares. The Permanent Shares were issued solely to comply with Cayman Islands Law. The Participating Shares are redeemable and represent the only instrument with a residual interest in the net assets of the Fund. The participating shares provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets (see Net asset value per share below) as determined on each valuation day (Note 9).

Redeemable participating shares

The Fund classifies financial instruments issued as equity instruments in accordance with the substance of the contractual terms of the instruments.

The redeemable participating shares are the most subordinate class of financial instruments issued by the Fund and, on liquidation of the Fund they entitle the holders to the residual net assets, after payment of the nominal amount of equity shares. They rank pari passu in all material respects and have identical terms and conditions.

The redeemable participating shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each monthly redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the realised and unrealised net assets of the Fund over the life of the instrument.

Only the Fund's Permanent Shares meet these conditions and are classified as equity on the statement of financial position.

Net asset value per share

The net asset value per share disclosed on the statement of financial position is calculated in accordance with the Articles of Association by dividing the net assets included in the statement of financial position by the number of participating shares outstanding at period end.

Permanent shares are non-redeemable and do not have a residual interest in the net assets of the Fund and therefore do not affect the calculation of the Fund's net asset value per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative figures
Wherever needed, the comparative figures have been restated according to the changes in the current period's presentation.

4. TAXATION

	30/06/2016 US$	25/06/2015 US$
Corporation tax charge for the period	2,157	10,361
	2,157	10,361

5. CASH AND CASH EQUIVALENTS

	30/06/2016 US$	25/06/2015 US$
Cash at bank and margin accounts (1) with various brokers	8,097,131	4,024,665

(1) Margin accounts represent cash deposits/(overdrafts) with brokers transferred as collateral against open future contracts.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of the following:

Hard currency: Hard currency is expected to remain relatively stable through a short period of time, and to be highly liquid in the forex, or foreign exchange (FX), market. A hard currency generally comes from a nation with a strong economic and political situation.

Soft currency: A currency with a value that fluctuates as a result of the country's political or economic uncertainty.

	30/06/2016 US$	25/06/2015 US$
Debt instruments:		
Hard currency denominated debt instruments	21,711,823	28,570,115
Soft currency denominated debt instruments	1,738,176	-
	23,449,999	28,570,115
Derivative instruments:		
Currency futures	3,975	1,189
	23,453,974	28,571,304

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Geographical spread of investments	30/06/2016 US$	25/06/2015 US$
Azerbaijan	6,300,990	13,053,675
Kazakhstan	2,577,106	2,746,216
Russia	4,083,093	5,610,826
Ukraine	910,006	411,700
Belarus	3,242,358	2,074,045
Latvia	1,034,389	1,034,007
Other	5,306,032	3,640,835
	23,453,974	28,571,304

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. Market risk includes other price risk, interest rate risk and currency risk.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below:

(a) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity prices will make an instrument less valuable. All trading instruments are recognised at fair value, and all changes in market conditions directly affect net income. The Fund is exposed to market risk on financial instruments that are valued at market prices. Market movements can be volatile and are difficult to predict. The markets for some securities have limited liquidity and depth and may include restrictions on convertibility of currencies. This could limit realisation of prices which are quoted and execution of orders at desired prices.

The Fund will seek to achieve its investment objective by investing in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in the CIS states.

The Fund will ensure that a reasonable spread of investments will normally be made and any purchase will adhere to the general principle of risk diversification with regard to the use of derivatives. Furthermore, any investment by the Fund in the securities of a corporate issuer will be limited to not more than 20 per cent of the securities or particular class of securities of that issuer at the time the investment is made for which purpose any existing holding in the securities will be aggregated with the proposed new investment.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(i) Interest rate risk

The majority of the Fund's assets and liabilities are interest bearing and as a result the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The effective interest rates which correspond to the debt securities are as follows:

	30/06/2016	25/06/2015
Yield to maturity	8.48%	7.74%
Duration (years)	1.07	1.72

At the reporting date the interest rate profile of the Fund's interest bearing financial instruments was:

	Carrying Amount	
	30/06/2016	25/06/2015
	US$	US$
Variable rate instruments		
Financial assets at fair value through profit or loss	1,677,438	-
Fixed rate instruments		
Financial assets at fair value through profit or loss	21,772,561	28,570,115

Sensitivity analysis
A decrease of 100 basis points in interest rates at the reporting date would have affected equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular foreign currency rates, remain constant.

	Net assets/ Profit or loss Decrease US$
30/06/2016	
Variable rate financial instruments	16,774
25/06/2015	
Variable rate financial instruments	-

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Exposure to interest rate risk
The following are the contractual maturities of financial assets from the statement of financial position date:

	Note	Carrying amount US$	Contractual Cash flows US$	Within 1 year US$	1-5 years US$	More than 5 years US$
30/06/2016						
Debt instruments	6	23,449,999	23,449,999	9,254,328	14,057,671	138,000
25/06/2015						
Debt instruments	6	28,570,115	28,570,115	14,797,365	10,006,724	3,766,026

(ii) Currency risk

The Fund may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional 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 that the United States Dollar.

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the statement of financial position date was as follows:

	30/06/2016 US$	25/06/2015 US$
Euro	4,798,659	1,706
Rouble	47	-
XAU	(3,750,000)	-
Azerbaijan Manat	699,003	-
Iranian Rial	1,037,156	-
	2,784,865	1,706

The Fund may seek to protect the value of some portion or all of its portfolio holdings against currency risks by engaging in hedging transactions, if available, cost effective, and practicable. The Fund may enter into forward contracts on currencies as well as purchase put and call options on currencies. The currency futures are used to hedge the foreign currency exposure of the Fund.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis
The table below sets out the effect on the Fund's changes in net assets attributable to holders of redeemable shares of a reasonably possible weakening of the US dollar against the following currencies by 4% (2015: 4%). This analysis assumes that all variables, in particular interest rates, remain constant.

	30/06/2016 Net assets Increase US$	25/06/2015 Net assets Increase US$
Euro	191,946	68
Rouble	2	-
XAU	(150,000)	-
Azerbaijan Manat	27,960	-
Iranian Rial	41,486	-

A strengthening of the US dollar against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

(b) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

Financial instruments which potentially expose the Fund to credit risk consist primarily of debt investments including unsecured private loans. The amount of credit exposure is represented by the carrying amount of these assets on the statement of financial position. Investment in debt investments expose the Fund to the risk that the issuers of those debt investments and borrowers of private loans, who also act as counterparties of the Fund, will not be in a position to make timely payments of principal and interest as and when they fall due. The Fund seeks to minimise its credit risk through continuous monitoring of the credit rating of the different issuers and borrowers. The Fund will seek to minimise downside risk and protect principal by maintaining a diversified portfolio with respect to industry and the size of individual holdings, performing intensive credit research and actively monitoring the risk of each investment and the risk of portfolio correlation among assets. Managing portfolio risk is a key part of the Fund's investment process. The Fund endeavours to adhere to monitoring and risk management procedures. Throughout the life of each investment, the Fund will monitor and track the issuer's and borrower's performance, trading levels and activity on an ongoing basis.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

The Fund may invest in lower quality and non-rated debt investments and as such at any time, substantially all of the investments held in the Fund's portfolio may consist of instruments that are rated below investment grade or not rated at all. Non-investment grade securities (that is those rated Ba l or lower by Moody's or BB+ or lower by S&P) are regarded as predominantly speculative with respect the issuers' capacity to pay interest and repay principal in accordance with the terms of the obligations and involve significant risk exposure to adverse conditions. To the extent that any issuers or borrowers default upon their obligations, the rate of return on investment realized by the Fund will be adversely affected.

Such investments could present greater risk of loss than investments in higher quality debt investments.

Cash balances are held with Falcon Private Bank, Baseland Holdings Limited, Hellenic Bank and M2M Bank Europe. Credit risk is considered to be high as the financial institutions are not rated, with the exception of Hellenic Bank which is low rated. The Fund monitors the financial position of each counterparty to further mitigate this risk.

As at the statement of financial position date, the Fund's debt securities exposures were concentrated in the following industries:

	30/06/2016	**25/06/2015**
	%	%
Banks/financial services	41.10	62.22
Telecommunications	2.27	7.33
Transportation	0.41	0.45
Governmental	38.04	25.33
Other	18.18	4.67
	100.00	100.00

Individual investment holdings which exceeded 5% of the net assets attributable to the holders of redeemable shares as at 30 June 2016 and 25 June 2015 are disclosed below:

Name	***Industry***	***30/06/2016***	***25/06/2015***
		%	%
Belarus 18	Government Bond	10.38	-
IBAZAZ 16	Banking	11.44	-
CitiFund XS1088966129	Banking	-	6.47
Russian Federation XS008854193	Government Bond	-	6.40
Republic of Cyprus XS0483954144	Government Bond	5.00	6.66
International Bank of Azerbaijan Republic; IBAR-024 Loan	Banking	-	12.34
Union Lizing UL-001 Loan	Banking	-	6.25
KR/SP Loan	Construction	5.37	-
EXPB-002 Loan	Banking	6.49	-

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

(i) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset in the statement of financial position and are included within other payables. The disclosure set out in the table below includes financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, including borrowing agreements.

The borrowing arrangements outlined below meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable either on an ongoing basis or following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties intend to realise the assets and settle the liabilities simultaneously.

No financial assets and financial liabilities were offset in the statement of financial position during the period ended 30 June 2016.

Financial assets subject to offsetting as at 25 June 2015

Pursuant to a loan agreement dated 27 February 2015, International Bank of Azerbaijan ("IBAR") loaned the Fund the sum of US$5,000,000. The Fund agreed to pay interest on the loan at a rate of 6.25% per annum with a Maturity date of 29 February 2016. On 9 March 2015, the Fund agreed to transfer a part of its interest in the Loan to Bank M2M Europe A.S. of a sum of US$1,000,000 together with all the rights and obligations attached to the sum of the above loan.

Also, pursuant to a loan agreement dated 6 May 2014, Unibank Commercial Bank ("Unibank") loaned the Fund the sum of US$2,000,000. The Fund agreed to pay interest on the loan at a rate of 9% per annum with a Maturity date of 4 November 2015. On 7 May 2014, the Fund agreed to assign and sell and Mr. Alex Seippel agreed to purchase and accept assignment of a sum of US$250,000 together with all the rights and obligations attached to the sum of the above loan.

Description of types of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Loans receivable	US$	US$	US$
IBAR	5,000,000	1,000,000	4,000,000
Loans receivable JLC	1,000,000	500,000	500,000
	6,000,000	1,500,000	4,500,000

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 26 June 2015 to 30 June 2016

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Liquidity risk

The Fund's constitution provides for the monthly creation and cancellation of redeemable participating shares and is exposed to the liquidity risk of meeting shareholders' redemptions.

Furthermore, certain debt instruments and private loans in which the Fund invests might be traded in small volumes or might not be listed on an exchange, in which case the Fund might be exposed to liquidity risk in the event of default of these debt instruments.

Although the Fund's Investment Manager will seek to select investments that offer the opportunity to have their investments redeemed within a reasonable timeframe, there can be no assurance that the liquidity of the investments will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Fund and its ability to meet its redemption requests.

Directors can suspend or defer redemption payments in certain circumstances until the Fund's portfolio is sufficiently liquid to undertake share redemptions.

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Fund has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by attempting to match timing of debt instrument coupon payments and maturities in any given period.

Liabilities	**Carrying amount** US$	**Contractual Cash flows** US$	**Within 3 months** US$	**4-6 months** US$	**7-12 months** US$
30/6/2016					
Net assets attributable to holders of redeemable shares	31,235,962	31,235,962	31,235,962	-	-
Other payables and accruals	315,142	315,142	315,142	-	-
	31,551,104	31,551,104	31,551,104	-	-

Liabilities	**Carrying amount** US$	**Contractual Cash flows** US$	**Within 3 months** US$	**4-6 months** US$	**7-12 months** US$
25/06/2015					
Net assets attributable to holders of redeemable shares	32,041,799	32,041,799	32,041,799	-	-
Other payables and accruals	554,169	554,169	554,169	-	-
	32,595,968	32,595,968	32,595,968	-	-

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(d) Futures contracts

Futures contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or another financial asset. Futures are standardized exchange traded contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in the future contract values are settled daily. Futures contracts have little credit risk because the counterparty is CME (Chicago Mercantile Exchange).

Futures contracts result in exposure to market risk based on changes in market prices to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates, indices and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures account. As a result, a relatively small price movement in an underlying of futures contract may result in substantial losses to the Fund. All futures contracts are used to hedge currency risk. As a result any loss in futures contract is offset against a gain in underlying currency. The following futures currency contracts were unsettled at the reporting date:

Number of Contracts	Notional Amount	Description	Expiration Date	Position	Counter-party	$
30/06/2016						
12	30,000,000 RUB	2,500,000 RUB	15/09/2016	Short	CME	3,000
34	4,250,000 EUR	125,000 EUR	19/09/2016	Short	CME	3,825
5	500 XAU	100 XAU Gold	27/10/2016	Long	CME	(2,850)
						3,975
25/06/2015						
19	2,375,000 EUR	125,000 EUR	19/09/2015	Short	CME	1,189

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(e) Fair value hierarchy (continued)

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

30 June 2016 **Financial assets at fair value through profit or loss**	**Note**	**Level 1** **US$**	**Level 2** **US$**	**Level 3** **US$**	**Total** **US$**
Derivative instruments	6	3,975	-	-	3,975
Debt instruments	6	-	19,746,057	3,703,942	23,449,999
Total		3,975	19,746,057	3,703,942	23,453,974

25 June 2015 **Financial assets at fair value through profit or loss**	**Note**	**Level 1** **US$**	**Level 2** **US$**	**Level 3** **US$**	**Total** **US$**
Derivative instruments	6	1,189	-	-	1,189
Debt instruments	6	-	17,590,960	10,979,155	28,570,115
Total		1,189	17,590,960	10,979,155	28,571,304

There have been no transfers between levels during the period.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine fair values of positions that the Fund has classified within the Level 3 category. As a result, the unrealised gain and loss for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. Changes in Level 3 assets measured at fair value for the period ended 30 June, 2016 were as follows:

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(e) Fair value hierarchy (continued)

	Unlisted debt instruments	Total
Balance at 27 June 2014	18,683,145	18,683,145
Total gains or losses recognised in profit or loss	396,898	396,898
Purchases	17,253,411	17,253,411
Sales/settlements	(25,354,299)	(25,354,299)
Balance at 25 June 2015	10,979,155	10,979,155
Balance at 26 June 2015	10,979,155	10,979,155
Total gains or losses recognised in profit or loss	(9,496)	(9,496)
Purchases	3,713,438	3,713,438
Sales/settlements	(10,979,155)	(10,979,155)
Balance at 30 June 2016	3,703,942	3,703,942

8. OTHER PAYABLES AND ACCRUALS

Other payables consist of the following:	30/06/2016 US$	25/06/2015 US$
Secretarial fees	15,631	-
Audit and accounting fees	19,376	19,954
Management fees	117,237	119,960
Nominee expenses	7,500	18,495
Directors' fees	24,900	42,399
Performance fees	128,341	188,361
Subscriptions not yet issued	-	165,000
Tax expense accrued	2,157	-
	315,142	554,169

9. SHARE CAPITAL

Authorised
US$1 divided into 100 Permanent shares of US$0.01 each
US$500,000 divided into 50,000,000 Participating shares of US$0.01 each

	30/06/2016 US$	25/06/2015 US$
Issued share capital *Nominal value*		
100 Permanent Shares of US$0.01 each	1	1
1,268,422 (2015: 1,383,479) Participating Shares of US$0.01 each	12,684	13,835
	12,685	13,836

	30/6/2016	25/06/2015
Issued share capital *Number of shares*		
Balance at the beginning of the period	1,383,479	1,657,036
Issue of redeemable shares during the period	15,241	39,869
Redemption of shares during the period	(130,298)	(313,426)
Balance at the end of the period	1,268,422	1,383,479

In United States Dollars	30/06/2016 US$	25/06/2015 US$
Balance at 26 June/27 June	32,041,800	36,247,786
Increase in net assets attributable to holders of redeemable shares	1,922,959	1,858,550
Issue of redeemable shares during the period	355,000	900,000
Redemption of redeemable shares during the period	(3,083,796)	(6,964,536)
Total contributions and redemptions by holders of redeemable shares	2,728,796	(6,064,536)
Balance at 30 June/25 June	31,235,963	32,041,800
Net asset value per share (in US Dollars)	**24.63**	**23.16**

9. SHARE CAPITAL (continued)

The rights attached to the Participating shares are as follows:

- Voting rights: One vote for every share registered.
- Dividends: The shares carry rights to dividends.
- Winding up: Right to a return of the nominal amount in priority to the nominal amount paid up in respect of Permanent Shares.
- Redemption: The shares may be redeemed at the discretion of the investor at every NAV date with 20 calendar days advance notice. The Fund has monthly redemption terms.
- Transfers: The shares may be transferred.
- Subscriptions: Shares are subscribed at the prevailing Net Asset Value at the time of subscription

There are no externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

Related party transactions and balances not disclosed elsewhere in the financial statements are described below.

(i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	26/06/2015 - 30/06/2016 US$	27/06/2014 – 25/06/2015 US$
Directors' fees	2,050	29,037

Directors' fees of US$2,050 comprise of a waiver income amount of $24,000 relating to 2015 directors' fees accrued and an amount of US$26,050 relating to 2016 directors' fees.

(ii) Transactions with key management personnel

The Directors hold redeemable shares in the Fund as at the end of the financial period as follows:

Mr. Roberts Idelsons holds 5,411 redeemable shares (25/06/2015: 5,411 redeemable shares). Mr. Richard Oliver Bernays holds 8,842 redeemable shares (25/06/2015: 8,842 redeemable shares). Mr. Gleb Shestakov indirectly holds 459,914 redeemable shares (25/06/2015: 490,913 redeemable shares).

(iii) Brokerage services

Baseland Holdings Limited, a company incorporated in Cyprus, acts as a broker for the Company. The ultimate beneficial owner of Baseland Holdings Limited is Mr. Gleb Shestakov who is a member of the Company's Board of Directors. Broker fees of US$832 (2015: US$456) were paid to Baseland Holdings Limited on an arm's length basis.

On 30 June 2016, Baseland Holdings Limited as custodian to the Fund, held securities amounting to US$1,738,176 (2015: US$NIL) on behalf of the Fund.

10. RELATED PARTY TRANSACTIONS (continued)

At 30 June 2016, 151,215 redeemable shares (2015: 161,215 redeemable shares) were held by Baseland Holdings Limited.

(iv) Investment manager

The Investment Manager, Global Fund Management S.A. has been appointed by the Fund to manage the investments of the Fund is in accordance with the Investment Management Agreement.

The Investment Manager will be paid a management fee equivalent to 1.5 per cent per annum of the average Net Asset Value determined on each Valuation Day. This fee is payable quarterly in arrears. The investment management fees incurred during the period amounted to US$475,171 (2015: US$502,692). Performance fees incurred during the period amounted to US$339,006 (2015: US$332,936).

The Investment Manager is entitled to receive a performance fee calculated and accrued monthly and payable quarterly re-adjusted after the end of each financial year of the Fund, provided that there has been an appreciation in the Net Asset Value per share in excess of the "Benchmark Net Asset Value per share". The Benchmark Net Asset Value per Share in each financial year shall be calculated in the following way:

$Z = X + X.Y/100. (Te - Tb)/365$
Z = Benchmark Net Asset Value per Share.
X = Net Asset Value per share as at the last Dealing Day in the immediately preceding financial year after deduction of the performance fee (if any) attributable to such year;
Y = One Year LIBOR at the last Dealing Day in the immediately preceding financial year.
Te = Date of the last Dealing Day in the relevant financial year.
Tb = Date of the last Dealing Day in the immediately preceding financial year.

The Performance Fee will be paid at the rate of 20 per cent of any excess of the Net Asset Value per Share expressed in US dollars over the Benchmark Net Asset Value per Share (as defined above) as at the last Dealing Day in the relevant financial year over that as at the last Dealing Day in the immediately preceding financial year in each case multiplied by the average number of Shares in issue during the period by reference to which the fee is payable (such average calculated by dividing the sum of the number of Shares in issue on each Dealing Day within such period including Shares to be redeemed but excluding Shares to be subscribed as of each such Dealing Day by the number of such Dealing Days).

For the purposes of calculating the performance fee, the Net Asset Value per Share is calculated after deducting the management fee referred to above but without accounting for the performance fee then payable.

At 30 June 2016, 100 permanent shares (2015: 100 permanent shares) and 128,749 redeemable shares (2015: 149,749 redeemable shares) were held by the Investment Manager.

11. OTHER KEY CONTRACTS

Administrator

The Fund appointed Cyprofund Administration Services Limited, a fiduciary services company incorporated in Cyprus, to provide share issue, redemption and transfer services and certain other administration services to the Fund, including calculating the Net Asset Value per Share. The Administrator is entitled to an annual fee of US$35,000 being payable in equal half annual installments. In addition, the Administrator is entitled to reimbursement of all out-of-pocket expenses incurred by it in the performance of its duties under the Administration Agreement.

12. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which affect the financial statements as at 30 June 2016.

13. CONTINGENT LIABILITIES

The Fund had no material contingent liabilities as at 30 June 2016.