

**Global Specialised Opportunities 1 Limited**  
(Registration Number: 48779)

**AUDITED REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

# Global Specialised Opportunities 1 Limited

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# Global Specialised Opportunities 1 Limited

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## Company Information

Investment Manager:	Investec Bank (Switzerland) AG Lowenstrasse 29 8001 Zurich Switzerland
Administrator, Registrar and Secretary:	Legis Fund Services Limited PO Box 91 11 New Street St Peter Port Guernsey, GY1 3EG
Directors of the Company:	Mr Stephen Henry Mr Oliver Betz-Fletcher Mr Martin Tolcher
Auditor:	Saffery Champness La Tonnelle House Les Banques St Sampson Guernsey, GY1 3HS
Legal Advisers in Guernsey:	Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey, GY1 4HP
Legal Advisers in Bermuda:	Appleby Canon's Court 22 Victoria Street Hamilton, HM12 Bermuda
Legal Advisers in South Africa:	Deneys Reitz Inc 8th Floor, Southern Life Centre 8 Riebeek Street Cape Town, 8001 South Africa
Listing Sponsor:	Appleby Securities (Bermuda) Limited Argyle House 41 a Cedar Avenue Hamilton HM12 Bermuda
Annual Sponsor	First Bermuda Group PO Box HM 136 Hamilton HM AX Bermuda

# Global Specialised Opportunities 1 Limited

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## Investment Manager Commentary

### **Performance**

Global Specialised Opportunities 1 Limited's ("GSO 1" or "the Company") net asset value was up 25.28% over the financial year and up 17.05% since the inception of the Company on 27 June 2008 to 31 March 2011, after fees and expenses.

The positive performance over the financial year was a result of mark-ups across both the Investment Portfolio and the Specialised Opportunities Portfolio as global markets continued to improve and investments in certain of GSO1's targeted strategies began to mature with positive results. Markets were generally positive over the year, with the S&P 500 equity index and iBoxx \$ High Yield debt index up 13.4% and 13.7% respectively. Further details on the performance of the Company's individual investments can be found in the quarterly reports sent to shareholders. Post the financial year end, in general, the Investment Portfolio has retained its value, whilst the Specialised Opportunities Portfolio continues to see positive mark-to-market adjustments in many of the vehicles.

Investec Bank (Switzerland) AG, the Investment Manager, believes the Company's capital has been deployed at a very opportunistic time, largely in the wake of the Lehman Brothers bankruptcy, and believes the Company is well positioned to benefit from a gradual economic recovery.

### **Asset allocation**

At the end of the financial year, the Company's assets were held as follows: 13.9% in the Investment Portfolio (held 3.8% in cash and 10.1% in investments) and 86.1% in the Specialised Opportunities Portfolio, which is the mark-to-market value of the investments made to date by the private equity vehicles.

At the end of the financial year, GSO1 had made commitments totalling approximately US\$75m in 19 private equity vehicles across the 4 targeted strategies as follows: Distressed Opportunities US\$24.4m; Special Situations US\$15.6m; Niche Private Equity US\$11.1m; Niche Property US\$23.7m. Further information on underlying investments, based on the quarterly updates received from the managers, is provided in the Company's quarterly reports.

Investec Bank (Switzerland) AG

# Global Specialised Opportunities 1 Limited

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## **REPORT OF THE DIRECTORS**

The Directors present their annual report and the financial statements for year ended 31 March 2011.

### **Principal Activities**

The Company's principal activity is to carry on the business of an investment holding company investing in a diversified portfolio of private equity, property, distressed debt and other specialised opportunities.

### **Results**

The results for the year are shown in the statement of total return on page 6.

### **Dividends**

The Directors do not recommend the payment of a dividend.

### **Directors**

The Directors of the Company during the year and to the date of this report were as follows:

Mr Stephen Henry  
Mr Oliver Betz-Fletcher  
Mr Martin Tolcher

### **Going Concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

### **Statement of Disclosure of Information to Auditor**

Each of the Directors at the date of approval of the financial statements, confirms that:

- 1 . So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware;  
and
- 2 . He has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

### **Independent Auditor**

A resolution for re-appointment of Saffery Champness as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

## **REPORT OF THE DIRECTORS (continued)**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Principles (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

S Henry  
Director

M Tolcher  
Director

Date: 6 September 2011

# Global Specialised Opportunities 1 Limited

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## **Independent Auditor's Report to the Shareholders of Global Specialised Opportunities 1 Limited**

We have audited the financial statements of Global Specialised Opportunities 1 Limited which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Ordinary Shares, the Portfolio Statement, the Summary of Significant Portfolio Changes, the Statement of Assets and Liabilities, the Statement of Cash Flow and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Principles).

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view;
- are in accordance with Generally Accepted Accounting Principles; and
- comply with The Companies (Guernsey) Law, 2008.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SAFFERY CHAMPNESS  
CHARTERED ACCOUNTANTS  
Guernsey  
8 September 2011

# Global Specialised Opportunities 1 Limited

## Statement of Total Return for the year ended 31 March 2011

<b>Revenue</b>	Notes	<b>31 March 2011</b>	<b>31 March 2010</b>
		<b>USD</b>	<b>USD</b>
Net gain on investments during the year	5	13,346,067	5,532,191
Other income	6	893,060	951,110
Expenses	7	(1,175,484)	(1,211,318)
Other (losses)/gains	10	(34,064)	18,569
<b>Increase in net assets attributable to Ordinary shares</b>		<b>13,029,579</b>	<b>5,290,552</b>

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the year other than those disclosed above.

## Statement of Changes in Net Assets Attributable to Ordinary Shares for the year ended 31 March 2011

<b>Increase in net assets attributable to Ordinary shares</b>		13,029,579	5,290,552
<b>Net assets at beginning of the year</b>		<b>51,541,295</b>	<b>46,250,743</b>
<b>Net assets at end of the year</b>	11	<b>64,570,874</b>	<b>51,541,295</b>

The notes on pages 11 to 18 form an integral part of these financial statements.



# Global Specialised Opportunities 1 Limited

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## Portfolio Statement as at 31 March 2011

Investments at Market Value	Nominal	<u>31 March 2011 Valuation USD</u>
<b>Equity</b>		
Apollo European Principal Finance - Project Spring	45.00	2,251,598
Apollo European Principal Finance	1,481,579.65	2,470,233
Apollo Investment VII	1,272,820.41	1,958,569
Ashmore Global Special Situations IV	4,940,701.62	4,256,378
Carlyle Asia Partners III	2,787,142.86	2,480,297
Carlyle Brazilian Tourism Co-Investment	1,950,000.00	6,883,735
Carlyle Asia Growth IV	717,834.09	1,801,601
Carlyle RMBS III	2,659,759.00	3,571,475
Mount Kellett Capital	5,059,177.44	5,973,334
Oaktree PPIP Private	299,233.74	347,503
Oaktree European Principal Opportunites II	3,232,047.00	4,139,926
Oaktree Opportunities VII (b)	3,660,904.40	6,775,718
Paulson Recovery A	3,251,500.00	3,761,085
Riverstone Global Energy and Power IV	1,800,542.29	2,602,096
Riverstone Renewable and Alternative Energy II	1,593,158.00	1,789,666
Tishman Speyer Brazil II	1,791,155.00	2,537,404
Tishman Speyer China I	2,199,398.26	2,009,695
		<hr/>
		55,610,313
 <b>Managed</b>		
Fairfield Sentry Limited	2,060.8465	-
GEMS Low Volatility Portfolio	42.4872	104,404
Permal Fixed Income Holdings	2,478.7500	3,308,859
Permal Macro Holdings	739.8480	3,110,077
		<hr/>
		6,523,340
		<hr/>
	Total Portfolio	<u><u>62,133,653</u></u>

## Global Specialised Opportunities 1 Limited

### Summary of Significant Portfolio Changes for the year ended 31 March 2011

<b>Sales</b>	<b>Nominal</b>	<b>31 March 2011 Proceeds USD</b>
Apollo European Principal Finance	169656.2400	169,656
Apollo Investment VII	452833.1000	512,711
Ashmore Global Special Situations IV	264173.7200	264,174
Carlyle RMBS III	1960668.8800	1,960,669
Carlyle Asia Partners III	121393.0000	121,393
Carlyle Asia Growth IV	46485.9000	46,486
GEMS Low Volatility Portfolio	136.8685	374,354
Mount Kellett Capital	263490.0500	263,490
Oaktree European Principal Opportunites II	647953.0000	647,953
Oaktree Opportunities VII (b)	1604534.3500	1,604,534
Permal Fixed Income Holdings	11.7430	55,294
Permal Macro Holdings	248.8600	1,000,000
Riverstone Global Energy and Power IV	450343.0400	450,343
Riverstone Renewable and Alternative Energy II	137268.0000	137,268
		7,608,325
	Cost of Investments sold	7,678,672
	Loss on Investments	(70,347)
		<b>31 March 2011 Cost USD</b>
<b>Purchases</b>	<b>Nominal</b>	<b>31 March 2011 Cost USD</b>
Apollo European Principal Finance	691,586.7100	912,203
Apollo Investment VII	947,487.8400	947,488
Carlyle Asia Growth IV	260,564.4900	260,564
Carlyle Asia Partners III	1,961,152.8600	1,961,153
Carlyle RMBS III	107,469.6000	107,469
Mount Kellett Capital	1,901,250.0000	1,901,250
Oaktree PPIP Private	130,000.0000	130,000
Oaktree European Principal Opportunites II	1,212,500.0000	1,212,500
Oaktree Opportunities VII (b)	292,500.0000	292,500
Paulsen Recovery A	3,251,500.0000	3,251,500
Riverstone Global Energy and Power IV	1,028,527.7200	1,028,528
Riverstone Renewable and Alternative Energy II	265,254.0000	265,254
Tishman Speyer Brazil II	302,437.0000	302,437
Tishman Speyer China I	1,285,986.5800	1,285,986
		13,858,832

# Global Specialised Opportunities 1 Limited

## Statement of Assets and Liabilities as at 31 March 2011

Assets	Notes	31 March 2011 USD	31 March 2010 USD
<b>Fixed assets</b>			
Investments		55,610,313	34,956,213
		55,610,313	34,956,213
<b>Current assets</b>			
Sundry debtors	8	17,863	51,476
Investments		6,523,340	7,615,578
Cash and bank balances		3,477,539	9,824,313
		10,018,742	17,491,367
<b>Current liabilities</b>			
Other payables	9	(1,058,181)	(906,285)
<b>Net current Assets</b>		8,960,561	16,585,082
<b>Net assets attributable to holders of Ordinary shares</b>	11	64,570,874	51,541,295
<b>Ordinary shares in issue</b>	13	55,164,907	55,164,907
Net asset value per share	11	1,170.5064	934.3131

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2011.

S Henry  
Director

M Tolcher  
Director

The notes on pages 11 to 18 form an integral part of these financial statements.

## Global Specialised Opportunities 1 Limited

### Statement of Cash Flow for the year ended 31 March 2011

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>USD</b>	<b>USD</b>
<b>Reconciliation of increase in Net Assets attributable to Ordinary shares to net cash flows from operating activities.</b>		
Increase in Net Assets attributable to Ordinary shares	13,029,579	5,290,552
Net unrealised movement in net assets	(13,416,414)	(6,052,811)
Losses realised on investments sold during the year	70,347	520,620
Realised exchange movement	34,712	-
Decrease/(increase) in debtors	33,613	(51,474)
Increase in creditors	151,896	199,497
<b>Net cash outflow from operating activities</b>	<b><u>(96,267)</u></b>	<b><u>(93,616)</u></b>
<b>Cash flows from capital expenditure and financial investment</b>		
Purchase of investments	(13,858,832)	(20,568,821)
Sale of investments	7,608,325	6,546,990
	<b><u>(6,250,507)</u></b>	<b><u>(14,021,831)</u></b>
Net decrease in cash and cash equivalents	<b>(6,346,774)</b>	<b>(14,115,447)</b>
<b>Cash at the beginning of the year</b>	<b><u>9,824,313</u></b>	<b><u>23,939,760</u></b>
<b>Cash at the end of the year</b>	<b><u><u>3,477,539</u></u></b>	<b><u><u>9,824,313</u></u></b>

# Global Specialised Opportunities 1 Limited

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## Notes to the Financial Statements for the year ended 31 March 2011

### 1. General Information

Global Specialised Opportunities 1 Limited is a closed-ended investment Company established under the laws of Guernsey with limited liability on 16 April 2008.

The Company's main objective is to invest in a diversified portfolio of private equity, distressed debt and other specialised opportunities. The Company will capitalise on the expertise of some of the leading global specialised advisors and managers and will focus on key themes identified by the Investment Manager as areas of potential out performance over the next 3-5 years.

The Company will target investment opportunities in four key investment strategies which are collectively defined as the "Specialised Opportunities Portfolio". The targeted investment strategies are as follows:

- (a) Distressed opportunities
- (b) Special situations and sector specific opportunities
- (c) Niche private equity
- (d) Niche property

Surplus liquidity within the Company will be managed in an investment portfolio pending draw down by or commitment to the Specialised Opportunities Portfolio. The investment portfolio will be managed under a discretionary mandate by the Investment Manager. The investment portfolio will benefit from the input, expertise and monitoring of the Investment Manager's investment forum made up of several experienced investment practitioners and led by the Chief Investment Officer and will utilise a broad range of investment products aimed at delivering an optimal strategic solution for achieving cash plus returns with carefully managed risk.

The Company's ordinary shares are listed on the Bermuda Stock Exchange.

### 2. Accounting Policies

#### (a) **Basis of preparation**

These financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with United Kingdom Accounting Standards and applicable Guernsey Law. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently during the year unless otherwise stated.

#### (b) **Foreign exchange**

Foreign currency assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of transaction. Foreign exchange gains and losses are included in the Statement of Total Return.

#### (c) **Investments**

Listed investments that are regularly traded are valued at their last traded price on the relevant business day. Unlisted investments and those in investment vehicles will generally have independent valuers and administrators and report quarterly to their investors. The reports to investors will generally be used as the basis for valuation but the Directors do have discretion to determine which of those prices shall apply.

The difference between cost and valuation, being an unrealised surplus/deficit on investments, is recognised in the Statement of Total Return. Realised surpluses and deficits on part sales of investments are arrived at by deducting the average costs of such investments from their sale proceeds and are recognised in the Statement of Total Return.

# Global Specialised Opportunities 1 Limited

## Notes to the Financial Statements for the year ended 31 March 2011 (continued)

### 2. Accounting Policies (continued)

#### (d) **Income recognition**

Interest on bonds, deposits and other money market instruments is accounted for on an accruals basis. Dividend income arising on the Company's investments is recognised as the underlying investments become ex-dividend.

#### (e) **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continued in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

### 3. Taxation

The Company is taxable in Guernsey at the company standard rate of 0%.

### 4. Fees

The Investment Management fee is to equal 1.35% per annum of the Net Asset Value of the Company calculated quarterly and payable annually in arrears. The Investment Manager is also entitled to a Performance Incentive Fee which is calculated at 15% on the Company's performance over and above the Hurdle rate, which amount (whether positive or negative) shall be accrued quarterly and paid out on the Termination date. The Company's performance shall be calculated as the Internal Rate of Return of the Company's quarterly NAV plus any amounts paid out as distributions, share purchases and redemptions.

The Administrator is entitled to a fixed annual fee of USD67,500 for providing administration, valuation, compliance and accounting functions and an additional USD5,000 per Board meeting and USD2,500 per additional ad hoc meeting.

The Director's fees are equal to USD13,000 per annum per Director. Stephen Henry and Oliver Betz-Fletcher have agreed to waive their fee.

The Distributors shall be entitled to an annual fee of 0.4% of the NAV of the Company payable annually in arrears.

### 5. Net gain on Investments

	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
<b>The net gain on investments during the year comprises:</b>		
Proceeds from sale of investments during the year	7,608,325	6,546,990
Original cost of investments sold during the year	7,678,672	7,067,610
Losses realised on investments sold during the year	<u>(70,347)</u>	<u>(520,620)</u>
Net unrealised movement in appreciation in value of investments for the year	<u>13,416,414</u>	<u>6,052,811</u>
Total	<u><u>13,346,067</u></u>	<u><u>5,532,191</u></u>

# Global Specialised Opportunities 1 Limited

## Notes to the Financial Statements for the year ended 31 March 2011 (continued)

<b>6. <u>Other income</u></b>	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
Interest receivable	669,409	346,238
Bond interest received	5,517	81,717
Dividend received	218,134	523,155
	893,060	951,110
	893,060	951,110
<b>7. <u>Expenses</u></b>	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
Administration and secretarial fees	83,080	79,910
Audit fees	27,318	23,937
Bank charges	1,361	1,630
Carry cost expense	-	116,668
Directors' remuneration	13,000	13,037
Distributor fee	235,722	201,807
Investment management fee	795,566	681,100
Legal expenses	-	59,473
Listing sponsor fees	5,007	3,993
Other fees	8,157	27,716
Regulatory fees	6,273	2,047
	1,175,484	1,211,318
	1,175,484	1,211,318
<b>8. <u>Other receivables</u></b>	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
Sundry debtors	17,863	51,476
	17,863	51,476
	17,863	51,476
<b>9. <u>Other payables</u></b>	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
Investment management fee	795,566	680,829
Audit fee	23,632	20,389
Directors' fee	3,261	3,260
Distributor fee	235,722	201,807
	1,058,181	906,285
	1,058,181	906,285

## Notes to the Financial Statements for the year ended 31 March 2011 (continued)

	<b>2011</b>	<b>2010</b>
	<b>USD</b>	<b>USD</b>
<b>10. <u>Other (losses)/gains</u></b>		
Net currency (loss)/gain	(34,064)	18,569
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>11. <u>Net Asset Value per share</u></b>		
Traded Net Asset Value at 31 March	64,570,874	51,494,264
Differences between Valuation and Financial Statements due to consolidation	-	47,031
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Reported Net Assets Value at 31 March	64,570,874	51,541,295
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Traded Net Asset value per share	1,170.5064	933.4605
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Reported Net Asset value per share	1,170.5064	934.3131
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

## **12. Financial Instruments**

The Company, during the normal course of business, enters into investment transactions in financial instruments, the holding of which gives exposure to the following risks:

### **(a) Interest rate risk**

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on cash balances. All of these cash balances receive interest at a floating rate. This interest rate risk is not considered to be significant.

### **(b) Liquidity risk**

The Company is likely to be committing the Company's funds to investments of a long-term and illiquid nature whose shares are not listed on any stock exchange. Such investments are likely to involve a relatively high degree of risk, and the timing of cash distributions to investors is uncertain and unpredictable. Liquidity risk is mitigated by the fact that prior to the Redemption date, investors have no right to have their shares redeemed by the Company.

### **(c) Foreign currency risk**

Foreign currency risk is the risk that the value of the financial instrument or cash will fluctuate because of changes in foreign currency rates. Investments may be in currencies other than United States Dollars and unfavourable exchange rates between those currencies and United States Dollars will affect the fair market value per share of the Company. This risk is not material as at the year end only 7.6% of the portfolio was not in US Dollars. To mitigate the risk the Company may seek to hedge any exposure to fluctuations in currency exchange rates.





**Notes to the Financial Statements for the year ended 31 March 2011 (continued)**

**13. Analysis of Shares (continued)**

<b>Ordinary shares</b>	<b>2011</b>
	<b><u>No. of Shares</u>      <u>USD</u></b>
Balance brought forward	55,164,907    55,164,907
Balance at 31 March 2011	<u>55,164,907</u> <u>55,164,907</u>

The Ordinary shares have no par value.

Ordinary shares are redeemable on the 11th anniversary of the initial closing date (27 June 2008), unless the board of Directors chooses to extend the duration of the Company for up to two years. The Company is closed-ended and therefore shareholders have no right to redeem the shares or request that the Company repurchase them prior to the redemption date. However, the Directors have discretion to accept redemptions if certain criteria are met:

- a) redemptions are effected pro rata to all investors, for part of their shares, at the audited fair market value per share less costs associated with redemption.
- b) there is sufficient cash or gearing available to fund such redemptions; and
- c) the number of shares to be redeemed shall be proportionate to the value that the realisation proceeds received by the Company (less any disposal costs and performance incentive, if applicable) represents to the NAV of the Company as a whole prior to such redemption.

Dividends may be paid on the shares at a level recommended by the Directors and provided that they are covered by funds that may be lawfully distributed as dividends.

**14. Interest in shares**

The Directors have no direct interests in the Ordinary shares of the Company although, Oliver Betz-Fletcher is also a Director of Investec Bank (Switzerland) AG which holds 23.973% of the Ordinary shares.

The shareholders listed below have interests in the participating redeemable preference shares of the Company greater than 10% as follows:

Sentinel Mining Ind Ret Fund	29.004%
Investec Bank (Switzerland) AG	23.973%
Mine Employees Pension Fund	16.315%
Investec Securities Asset Swap	14.121%

Due to the number of shareholders and the size of their holdings the directors do not believe that there is a single ultimate controlling party.

**15. Related party transactions**

During the year under review accruals have been made for the Directors' fees as follows:

	<b>USD</b>
Martin Tolcher	13,000 (2010: USD13,027)

Mr Tolcher is a related party due to also being a Director of Legis Fund Services Limited, the Administrator.

The related party transactions with the Manager, Administrator and Investment Manager are detailed in Notes 4, 7 and 9.

## Notes to the Financial Statements for the year ended 31 March 2011 (continued)

### 16. Commitments

At the year end the Company had committed to invest USD74,659,363 of which USD35,125,122 was outstanding. The amounts remaining on commitments are broken down as follows:

#### **Apollo European Principal Finance**

The Company has made a commitment to invest EUR2,775,000, at the year end EUR1,059,001 was outstanding.

#### **Apollo European Principal Finance - Project Spring**

The Company has made a commitment to invest GBP1,230,462, at the year end this had been fully called.

#### **Apollo Investment VII**

The Company has made a commitment to invest USD3,250,000, at the year end USD1,538,276 was outstanding.

#### **Ashmore Global Special Situations IV**

The Company has made a commitment to invest USD5,850,000, at the year end this had been fully called.

#### **Carlyle Asia Growth IV**

The Company has made a commitment to invest USD4,550,000, at the year end USD3,785,681 was outstanding.

#### **Carlyle Asia Partners III**

The Company has made a commitment to invest USD4,550,000, at the year end USD 1,641,464 was outstanding.

#### **Carlyle Brazilian Tourism Co-Investment**

The Company has made a commitment to invest USD1,950,000, at the year end this has been fully called.

#### **Carlyle RMBS Partners III**

The Company has made a commitment to invest USD4,550,000, at the year end USD113,451 was outstanding.

#### **Lone Star VII**

The Company has made a commitment to invest USD4,550,000, at the year end there have been no calls.

#### **Lone Star Real Estate II**

The Company has made a commitment to invest USD4,550,000, at the year end there have been no calls.

#### **Oaktree European Principal Opportunities II**

The Company has made a commitment to invest USD4,850,000, at the year end USD970,000 was outstanding.

#### **Oaktree Opportunities VII (b)**

The Company has made a commitment to invest USD5,850,000, at the year end USD584,561 was outstanding.

#### **Oaktree PPIP Private**

The Company has made a commitment to invest USD2,600,000, at the year end USD2,300,766 was outstanding.

#### **Mount Kellet Capital**

The Company has made a commitment to invest USD5,850,000 at the year end USD531,658 was outstanding.

#### **Paulson Recovery A**

The Company has made a commitment to invest USD3,250,000 at the year end this has been fully called.

## Notes to the Financial Statements for the year ended 31 March 2011 (continued)

### 16. Commitments (continued)

#### **Riverstone Global Energy and Power IV**

The Company has made a commitment to invest USD3,250,000, at the year end USD999,253 was outstanding.

#### **Riverstone Renewable and Alternative Energy II**

The Company has made a commitment to invest USD3,250,000, at the year end USD1,519,639 was outstanding.

#### **Tishman Speyer Brazil II**

The Company has made a commitment to invest USD3,250,000, at the year end USD1,458,845 was outstanding.

#### **Tishman Speyer China I**

The Company has made a commitment to invest USD3,250,000, at the year end USD1,050,767 was outstanding.

### 17. Post Balance Sheet Events

In June 2011 an offer was made by the Global Specialised Opportunities 1 Charitable Trust to purchase approximately 6.5% of the Company's shares at a price of USD1,106.49. The offer was taken up by all Investors and on 30 June 2011 the Global Specialised Opportunitites 1 Charitable Trust purchased 3,585.718 shares which it subsequently redeemed.