GFM COSSACK BOND COMPANY LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the period from 27 June 2014 to 25 June 2015

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C O N T E N T S

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 42 North Church Street PO Box 10387 Grand Cayman KY1-1004 Cayman Islands
Investment Advisors	Rye, Man & Gor Sercurities OAO Posledniy Pereulok 17 Moscow 107045 Russia
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	Appleby Management (Bermuda) Ltd 22 Victoria Street P.O. Box HM1179 Bermuda

GFM COSSACK BOND COMPANY LIMITED

OFFICERS 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 Company its report together with the audited consolidated financial statements of the Fund for the period from 27 June 2014 to 25 June 2015.

INVESTMENT OBJECTIVES AND PRINCIPAL ACTIVITIES

The principal activity of the Fund is investment in CIS (Commonwealth of Independent States) securities. The Fund invests in debt instruments either directly or through its subsidiary, 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. It may hedge local currency exposure.

FINANCIAL RESULTS

Over the financial period ended 25 June 2015, the Fund delivered a total return of 5.85%, a result in line with the last year’s return of 5.96%. We had one negative month in December 2014, our first monthly negative return for the last 70 months. Overall we have continued to achieve our main objective to avoid negative months. At the end of the reporting period we had outperformed the relevant indices over one, three and five years.

Portfolio duration increased by the end of the reporting period to 1.72 years from 1.36 a year ago. One of the reasons for this increase is that we have completely eliminated exposure to local currencies and switched the portfolio entirely into dollars preparing for “normalisation” of US interest rates.

By the end of the financial period we had increased our exposure to Russia from 15.4% to 17.5% and our exposure to Kazakhstan from 6.6% to 8.6%. Our Ukrainian allocation was reduced from 3.5% to 1.3%. Our exposure to Azerbaijan was also reduced by 12.3% from 53% to 40.7%, reflecting the deterioration in the price of oil. We have invested 6.5% in Belorussian Government debt. Cash allocation has been increased by circa 6%.

As far as risk characteristics are concerned our Sharpe Ratio has deteriorated from 5.18 to 2.68 reflecting one drawdown month and increased duration. Annualized Standard Deviation also deteriorated from 0.0102 to 0.0198. However we have increased the portion of Government debt from circa 12% to 25% and reduced private debentures from 59% to 56%.

The environment remains difficult. Geopolitical risks are not subsiding with the undeclared war between Russia and Ukraine being put on the slow burner and Chinese equity market falling sharply. Expected normalisation of American interest rates will also negatively affect Emerging Markets debt. The downturn in the price of oil does not help pricing in some of our key markets. In the light of these worries, we intend to shorten portfolio duration and increase 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 25 June 2015 and 26 June 2014 are disclosed below:

Name	***Industry***	***25/6/2015*** %	***26/6/2014*** %	***Cost*** USD	***Market Value 25/6/2015*** USD	***Market Value 26/6/2014*** USD
Bank of Baku; BOB 01 Loan	Banking	-	6.98	2,527,000	-	2,531,551
Unibank; Uni 008 Loan	Banking	-	7.00	2,500,956	-	2,538,860
Citigroup XS1088966129	Banking	6.47	-	2,000,000	2,074,521	-
Russian Federation XS008854193	Government Bond	6.40	-	1,300,000	2,051,002	-
Republic of Cyprus XS0483954144	Government Bond	6.66	-	1,800,000	2,132,458	-
International Bank of Azerbaijan Republic; IBAR-024 Loan	Banking	12.34	-	4,000,000	3,954,802	-
Union Lizing UL-001 Loan	Banking	6.25	-	2,000,000	2,002,817	-
International Bank of Azerbaijan Republic; IBAR-031 Loan	Banking	-	5.52	2,000,000	-	2,000,811
International Bank of Azerbaijan Republic; IBAR-023 Loan	Banking	-	6.89	2,511,688	-	2,496,169
Four Finance A.S. XS0952830395	Financing	-	7.04	2,508,212	-	2,550,556
Republic of Cyprus XS0483954144	Government Bond	-	7.51	2,704,614	-	2,723,627

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

Period	**Increase/(Decrease) in net assets attributable to holders of redeemable shares** **USD**	**Total Assets** **USD**	**Total Liabilities** **USD**
27/6/14 – 25/6/15	1,858,550	32,595,969	554,169
28/6/13 – 26/6/14	2,032,270	36,639,496	391,710
29/6/12 – 27/6/13	2,800,277	34,877,456	527,004
1/7/11 – 28/6/12	1,380,664	29,705,589	298,339
25/6/10 – 30/6/11	2,187,451	30,821,330	600,581

STATEMENT OF COMPLIANCE

These consolidated 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 consolidated financial statements as at 25 June 2015.

BOARD OF DIRECTORS

The members of the Fund's Board of Directors as at 25 June 2015 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 Investments Services Ltd
Secretary

Nicosia, 10 December 2015

KP Audit

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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 consolidated financial statements of GFM Cossack Bond Company Limited (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 25 June 2015, the consolidated 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 2014 to 25 June 2015, 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 25 June 2015, and its financial performance and cash flows for the period from 26 June 2014 to 25 June 2015 in accordance with International Financial Reporting Standards.

Kinetic Partners Cayman LLP

Kinetic Partners Cayman LLP

10 December 2015

GFM COSSACK BOND COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 27 June 2014 to 25 June 2015

	Note	27/06/2014 - 25/06/2015 US$	28/06/2013 - 26/06/2014 US$
Dividend income		-	486
Interest income		2,768,015	2,770,442
Commission income		222,625	303,995
Net fair value gain on financial assets at fair value through profit or loss		49,121	100,283
Net foreign exchange profit		2,239	8,075
Total investment income		3,042,000	3,183,281
Operating expenses			
Custodian fees		25,103	27,382
Administration fees	11	35,000	35,000
Directors' fees	10	29,037	29,000
Other professional fees		25,769	-
Audit and legal fees		33,763	32,349
Nominee fees		-	20,000
Performance fees	10	332,936	359,268
Investment management fees	10	502,692	530,351
Listing fees		1,530	3,839
Brokerage fees		10,013	11,264
Agency fees		67,026	70,713
Bank charges		18,564	19,355
Arrangement fees on loans		63,000	-
General expenses		13,097	8,184
Travelling expenses		13,185	-
Total operating expenses		1,170,715	1,146,705
Operating profit before finance expenses		1,871,285	2,036,576
Net finance expenses		(2,374)	(4,306)
Increase in net assets attributable to holders of redeemable shares before tax		1,868,911	2,032,270
Tax	4	(10,361)	-
Increase in net assets attributable to holders of redeemable shares		1,858,550	2,032,270

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

GFM COSSACK BOND COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 25 June 2015

	Note	25/06/2015 US$	26/06/2014 US$
Assets			
Cash and cash equivalents	5	4,024,665	2,154,619
Financial assets at fair value through profit or loss	3,6,7	28,571,304	34,484,877
Total assets		32,595,969	36,639,496
Equity			
Share capital	9	1	1
Total equity		1	1
Liabilities			
Financial liabilities at fair value through profit or loss	3,6,7	-	624
Other payables	8	554,169	391,086
Total liabilities excluding net assets attributable holders of redeemable shares		554,169	391,710
Net assets attributable to holders of redeemable shares	9	32,041,799	36,247,785

On 10 December 2015 the Board of Directors of GFM Cossack Bond Company Limited authorised these consolidated financial statements for issue.

....
Roberts Idelsons
Director

....
Gleb Shestakov
Director

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

GFM COSSACK BOND COMPANY LIMITED

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

For the period from 27 June 2014 to 25 June 2015

	Note	27/06/2014 - 25/06/2015 US$	28/06/2013 - 26/06/2014 US$
Balance at 27 June/28 June	9	36,247,786	34,350,452
Increase in net assets attributable to holders of redeemable shares		1,858,550	2,032,270
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the period		900,000	3,425,113
Redemption of redeemable shares during the period		(6,964,536)	(3,560,049)
Total contributions and redemptions by holders of redeemable shares		(6,064,536)	(134,936)
Balance at 25 June/26 June	9	32,041,800	36,247,786
Represented by:			
Net assets attributable to holders of permanent shares		1	1
Net assets attributable to holders of redeemable shares		32,041,799	36,247,785
		32,041,800	36,247,786

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

GFM COSSACK BOND COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 27 June 2014 to 25 June 2015

	Note	27/6/2014 - 25/6/2015 US$	28/06/2013 - 26/06/2014 US$
Operating activities			
Increase in net assets attributable to holders of redeemable shares		1,858,550	2,032,270
Changes in other payables		163,083	(84,218)
Sales		35,740,495	42,717,478
Purchases		(29,647,781)	(45,036,432)
Realised (profit)/loss		(179,765)	47,735
Changes in operating assets and liabilities		6.076.032	(2.355.437)
Net cash from/(used in) operating activities		7,934,582	(323,167)
Cash flows from financing activities			
Proceeds from issue of redeemable shares	9	900,000	3,425,113
Payments on redemption of redeemable shares	9	(6,964,536)	(3,560,049)
Net cash used in financing activities		(6,064,536)	(134,936)
Net increase/(decrease) in cash and cash equivalents		1,870,046	(458,103)
Cash and cash equivalents at the beginning of the period		2,154,619	2,612,722
Cash and cash equivalents at the end of the period	5	4,024,665	2,154,619

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

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 27 June 2014 to 25 June 2015

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 either directly or through its subsidiary, 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.

These consolidated financial statements consolidate the financial statements of the Fund and the following wholly owned subsidiary (collectively herein referred to as "the Group"):

Name of Company	Nature of business	Country of incorporation
Diaghilev Investments Limited	Nominee Services	Cyprus

The consolidated financial statements were authorised for issue by the Directors on 10 December 2015. Capitalized terms not defined within these consolidated financial statements, are defined in the Prospectus of the Fund.

2. BASIS OF PRESENTATION

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

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

Use of judgments and estimates
The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expense. 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.

2. BASIS OF PRESENTATION (continued)

Use of judgments and estimates (continued)
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 Group's financial instruments are measured at fair value on the consolidated statement of financial position.

For certain of the Group'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 consolidated 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 Group and are consistent with those used in the previous period.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation
The consolidated financial statements include the financial statements of the Fund and its subsidiary, Diaghilev Investments Limited. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-company balances are eliminated in preparing consolidated financial statements.

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 significant effect on the financial statements of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations not yet adopted
A number of new standards and amendments to standards are effective for annual periods beginning after 27 June 2014, 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.

B. Amendment to IAS 24

Annual Improvements to IFRSs 2010–2012 Cycle – Amendment to IAS 24, issued in December 2013, extends the definition of a related party to include a management entity that provides key management personnel services to the reporting entity. The amendment specifies that if key management personnel services are provided by a management entity, then the reporting entity is required to separately disclose the amounts incurred for the provision of key management personnel services that are provided by that management entity. However, the reporting entity is not required to look through the management entity and disclose compensation paid by the management entity to its employees and directors.

An entity applies the amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. As the Fund is already disclosing this information, the amendment will not have an impact on the Fund.

Financial instruments
(i) Classification
The Group 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 receivables and payables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Recognition
The Group 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 consolidated statement of profit or loss and other comprehensive income.

(iv) Fair value measurement principles
The fair value of financial instruments is based on their quoted market prices at the consolidated 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 25 June 2015 the Group’s investments include investments in debt securities, private unsecured loans and derivative liabilities comprising futures contracts.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt investments (continued)
Realised gains and losses resulting from the investment transactions and movements in unrealised gains or losses at the date of the consolidated statement of assets and liabilities are recognised in the consolidated statement of operations. 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 Group 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 Group 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 Group in the consolidated statement of profit or loss and other comprehensive income as within the net gain/(loss) on trading in the financial instruments line item. When the contract is closed, the Group records in the consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other comprehensive income.

(vii) Derecognition
The Group 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 Group applies the Amendments to IFRS 7 for the first time in the previous period. The Amendments to IFRS 7 that 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 consolidated statement of profit or loss and other comprehensive income using the effective interest method and on an accrual basis.

Expenses
All expenses are recognised in the consolidated statement of profit or loss and other comprehensive income on the accrual basis.

Financing expense
Financing expenses comprise of bank charges and bank interest. Financial expenses are recognised as expenses in the consolidated statement of profit or loss and other comprehensive income as they accrue.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to United States Dollars (US$) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to US$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other 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 Group 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 consolidated 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 corporation tax rate for the subsidiary Company resident in Cyprus is 12.5%. During the year ended 26 June 2014 there was no corporation tax incurred, as a result of activities carried out in Cyprus through the subsidiary (Note 4).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated statement of financial position.

Net asset value per share

The net asset value per share disclosed on the consolidated statement of financial position is calculated in accordance with the Articles of Association by dividing the net assets included in the consolidated 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.

Comparative figures

Wherever needed, the comparative figures have been restated according to the changes in the current period’s presentation. Commission income was restated in the comparative figures in the consolidated statement of profit or loss and other comprehensive income and was shown separately.

4. TAXATION

	25/06/2015 US$	26/06/2014 US$
Corporation tax charge of subsidiary for the period	10,361	-
	10,361	-

5. CASH AND CASH EQUIVALENTS

	25/06/2015 US$	26/06/2014 US$
Cash at bank and margin accounts (1) with various brokers	4,024,665	2,154,619

(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:

	25/06/2015 US$	26/06/2014 US$
Equity instruments:		
Preferred shares in Russian corporations	-	9,520
Debt instruments:		
Local currency denominated debt instruments	25,870,285	3,477,084
Foreign currency denominated debt instruments	2,699,830	30,996,773
	28,570,115	34,483,377
Derivative instruments:		
Currency futures	1,189	1,500
	28,571,304	34,484,877
Derivative instruments:		
Currency futures	-	(624)
	28,571,304	34,484,253

Geographical spread of investments	**25/06/2015 US$**	**26/06/2014 US$**
Azerbaijan	13,053,675	19,210,620
Kazakhstan	2,746,216	2,375,743
Russia	5,610,826	5,592,498
Ukraine	411,700	1,275,056
Belarus	2,074,045	106,646
Latvia	1,034,007	2,550,556
Other	3,640,835	3,373,758
	28,571,304	34,484,877

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Group’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 Group 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 consolidated statement of financial position date and the risk management policies employed by the Group are discussed below:

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(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 Group 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 Group 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 Group will ensure that a reasonable spread of investments will normally be made and any purchase and will adhere to the general principle of risk diversification with regard to the use of derivatives. Furthermore, any investment by the Group 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.

(i) Interest rate risk

The majority of the Group's assets and liabilities are interest bearing and as a result the Group 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:

	25/06/2015	**26/06/2014**
Yield to maturity	7.74%	8.36%
Duration (years)	1.72	1.36

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

	Carrying Amount	
	25/06/2015	**26/06/2014**
	US$	**US$**
Variable rate instruments		
Financial assets at fair value through profit or loss	28,570,115	34,473,857

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

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$
25/06/2015	
Variable rate financial instruments	285,701
26/06/2014	
Variable rate financial instruments	344,739

An increase in interest rates of the same amount would have resulted in equal but opposite effect to the amounts shown above.

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

	Note	Carrying amount US$	Contractual Cash flows US$	Within 1 year US$	2-5 years US$	More than 5 years US$
25/06/2015						
Debt instruments	6	28,570,115	28,570,115	14,797,365	10,006,724	3,766,026
26/06/2014						
Debt instruments	6	34,473,857	34,473,857	17,358,025	14,004,001	3,354,024

(ii) Currency risk

The Group may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Group 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 Group's assets or liabilities denominated in currencies other that the United States Dollar.

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

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	25/06/2015 US$	26/06/2014 US$
Euro	1,706	2,723,627
Rouble	-	375,220
Ukrainian Hrivnya	-	168,768
Azerbaijan Manat	-	2,891,500
Kazakh Tenge	-	41,596

The Group 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 Group 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 Group.

Sensitivity analysis
The table below sets out the effect on the Group's changes in net assets attributable to holders of redeemable shares of a reasonably possible weakening of the US dollar against Euro by 4% (2014: 4%), Rouble by 4% (2014: 4%), Ukrainian Grivnya by 4% (2014: 4%), Azerbaijan Manat by 4% (2014: 4%) and Kazakh Tenge by 4% (2014: 4%). This analysis assumes that all variables, in particular interest rates, remain constant.

	25/06/2015 Net assets Increase US$	26/06/2014 Net assets Decrease US$
Euro	68	108,945
Rouble	-	15,009
Ukrainian Hrivnya	-	6,751
Azerbaijan Manat	-	115,660
Kazakh Tenge	-	1,664

A strengthening of the US dollar against the above currencies would have resulted in an equal but opposite effect to the amounts shown above. There was no exposure to other currencies other than the Euro as at 25 June 2015.

(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 Group. 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.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

Financial instruments which potentially expose the Group 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 consolidated statement of financial position. Investment in debt investments expose the Group to the risk that the issuers of those debt investments and borrowers of private loans, who also act as counterparties of the Group, will not be in a position to make timely payments of principal and interest as and when they fall due. The Group seeks to minimise its credit risk through continuous monitoring of the credit rating of the different issuers and borrowers. The Group 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 Group’s investment process. The Group endeavours to adhere to monitoring and risk management procedures. Throughout the life of each investment, the Group will monitor and track the issuer’s and borrower’s performance, trading levels and activity on an ongoing basis.

The Group may invest in lower quality and non-rated debt investments and as such at any time, substantially all of the investments held in the Group'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 Group 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 Limited, Hellenic Bank, and M2M Bank Europe. Credit risk is considered to be low due to the credit quality and ratings of the counterparties. The Group monitors the credit rating and financial position of each counterparty to further mitigate this risk.

At the consolidated statement of financial position date, the Moody’s credit ratings of counterparties with which the Group held debt instruments and for which the private loans had not been fully repaid at the date of this report were as follows:

- Unibank Commercial OJSC: B1
- International Bank of Azerbaijan: Ba2
- CJSC Joint Leasing Company: Ba2 (Loan is guaranteed by International Bank of Azerbaijan and hence credit rating of International Bank of Azerbaijan is used)
- OJSC Bank of Baku: Ba3

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

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

	25/06/2015	26/06/2014
	%	%
Banks/financial services	62.22	80.91
Telecommunications	7.33	1.88
Transportation	0.45	1.47
Governmental	25.33	11.91
Other	4.67	3.83
	100.00	100.00

Individual investment holdings which exceeded 5% of the net assets attributable to the holders of redeemable shares as at 25 June 2015 and 26 June 2014 are disclosed below:

Name	*Industry*	*25/6/2015*	*26/6/2014*
		%	%
Bank of Baku; BOB 01 Loan	Banking	-	6.98
Unibank; Uni 008 Loan	Banking	-	7.00
Citigroup XS1088966129	Banking	6.47	-
Russian Federation XS008854193	Government Bond	6.40	-
Republic of Cyprus XS0483954144	Government Bond	6.66	-
International Bank of Azerbaijan Republic; IBAR-024 Loan	Banking	12.34	-
Union Lizing UL-001 Loan	Banking	6.25	-
International Bank of Azerbaijan Republic; IBAR-031 Loan	Banking	-	5.52
International Bank of Azerbaijan Republic; IBAR-023 Loan	Banking	-	6.89
Four Finance A.S. XS0952830395	Financing	-	7.04
Republic of Cyprus XS0483954144	Government Bond	-	7.51

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 consolidated 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 consolidated 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 Group or the counterparties. In addition, the Group and its counterparties intend to realise the assets and settle the liabilities simultaneously.

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 14 October 2014, CJSC Joint Leasing Company ("JLC") loaned the Fund the sum of US$1,000,000. The Fund agreed to pay interest on the loan at a rate of 8% per annum with a Maturity date of 16 October 2016. On 3 November 2014, the Fund agreed to transfer a part of its interest in the loan to Bank M2M Europe A.S. of a sum of US$500,000 together with all the rights and obligations attached to the sum of the above loan.

Financial assets subject to offsetting as at 25 June 2015

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

Financial assets subject to offsetting as at 26 June 2014

Pursuant to a loan agreement dated 23 May 2013, Unibank Commercial Bank ("Unibank") loaned the Fund the sum of US$500,000. The Fund agreed to pay interest on the loan at a rate of 9.5% per annum with a Maturity date of 26 November 2014. On 4 June 2013, the Fund agreed to assign and sell and Mr. Alex Seippel agreed to purchase and accept assignment of a sum of US$150,000 together with all the rights and obligations attached to the sum of the above loan.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(b) Credit risk (continued)

(i) Offsetting financial assets and liabilities (continued)

Financial assets subject to offsetting as at 26 June 2014 (continued)
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.

Financial assets subject to offsetting as at 26 June 2014

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$
Unibank	2,500,000	400,000	2,100,000

(c) 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 Group invests might be traded in small volumes or might not be listed on an exchange, in which case the Group might be exposed to liquidity risk in the event of default of these debt instruments.

Although the Group'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 Group and its ability to meet its redemption requests.

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

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(c) Liquidity risk (continued)

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 Group 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	Contractual Cash flows	Within 3 months	4-6 months	7-12 months
	US$	US$	US$	US$	US$
25/06/2015					
Net assets attributable to holders of redeemable shares	32,041,799	32,041,799	32,041,799	-	-
Derivative Instruments	1,189	1,189	1,189	-	-
Other payables	554,169	554,169	554,169	-	-
	32,597,157	32,597,157	32,597,157	-	-
26/06/2014					
Net assets attributable to holders of redeemable shares	36,247,785	36,247,785	36,247,785		
Derivative instruments	624	624	624		
Other payables	391,086	391,086	391,086	-	-
	36,639,495	36,639,495	36,639,495	-	-

(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 Group. 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.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(d) Futures contracts (continued)

The following futures currency contracts were unsettled at the reporting date:

Number of Contracts	Notional Amount	Description	Expiration Date	Position	Counter-party	Fair Value
25/06/2015						
19	2,375,000 EUR	125,000 EUR	15/09/2015	Short	CME	1,189
26/06/2014						
5	12,500,000 RUB	2,500,000 RUB	31/12/14	Short	CME	(624)
6	750,000 EUR	125,000 EUR	31/12/14	Long	CME	1500
						876

(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.

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.

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

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(e) Fair value hierarchy (continued)

26 June 2014 **Financial assets at fair value through profit or loss**	**Note**	**Level 1** **US$**	**Level 2** **US$**	**Level 3** **US$**	**Total** **US$**
Derivative instruments		1,500	-	-	1,500
Equity instruments	6	9,520	-	-	9,520
Debt instruments	6	-	15,790,712	18,683,145	34,473,857
Total		11,020	15,790,712	18,683,145	34,484,877
Financial liabilities at fair value through profit or loss					
Derivative instruments	6	(624)	-	-	(624)

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 Group 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 25 June, 2015 were as follows:

	Unlisted debt instruments	**Total**
Balance at 28 June 2013	17,702,774	17,702,774
Total gains or losses recognised in profit or loss	1,302,392	1,302,392
Purchases	21,349,752	21,349,752
Sales/settlements	(21,671,773)	(21,671,773)
Balance at 26 June 2014	18,683,145	18,683,145
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

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8. OTHER PAYABLES AND ACCRUALS

Other payables consist of the following:	25/06/2015 US$	26/06/2014 US$
Secretarial fees	-	18,101
Audit and accounting fees	19,954	32,478
Management fees	119,960	135,770
Nominee expenses	18,495	25,000
Directors' fees	42,399	29,000
Performance fees	188,361	150,737
Subscriptions not yet issued	165,000	-
	554,169	391,086

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

	25/06/2015 US$	26/06/2014 US$
Issued share capital *Nominal value*		
100 Permanent Shares of US$0.01 each	1	1
1,657,036 (2014: 1,657,036) Participating Shares of US$0.01 each	13,835	16,570
	13,836	16,571

	25/06/2015	26/06/2014
Issued share capital *Number of shares*		
Balance at the beginning of the period	1,657,036	1,663,565
Issue of redeemable shares during the period	39,869	162,183
Redemption of shares during the period	(313,426)	(168,712)
Balance at the end of the period	1,383,479	1,657,036

9. SHARE CAPITAL (continued)

In United States Dollars	**25/06/2015**	**26/06/2014**
Balance at 27 June/28 June	36,247,786	34,350,452
Increase in net assets attributable to holders of redeemable shares	1,858,550	2,032,270
Issue of redeemable shares during the period	900,000	3,425,113
Redemption of redeemable shares during the period	(6,964,536)	(3,560,049)
Total contributions and redemptions by holders of redeemable shares	(6,064,536)	(134,936)
Balance at 25 June/26 June	32,041,800	36,247,786
Net asset value per share (in US Dollars)	**23.16**	**21.88**

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 consolidated financial statements are described below.

(i) Directors' remuneration

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

	27/06/2014 – 25/06/2015 US$	**28/06/2013- 26/06/2014 US$**
Directors' fees	29,037	29,000

10. RELATED PARTY TRANSACTIONS (continued)

(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 (26/06/2014: 5,411 redeemable shares). Mr. Richard Oliver Bernays holds 8,842 redeemable shares (26/06/2014: 8,842 redeemable shares). Mr. Gleb Shestakov indirectly holds 490,913 redeemable shares (26/06/2014: 472,278 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$10,013 (2014: US$9,092) were paid to Baseland Holdings Limited on an arm’s length basis.

On 25 June 2015, Baseland Holdings Limited as custodian to the Group, did not hold any securities on behalf of the Group (2014: US$426,336).

At 25 June 2015, 161,215 redeemable shares (2014: 163,371 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$502,692 (2014: US$530,351). Performance fees incurred during the period amounted to US$332,936 (2014: US$359,268).

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.

10. RELATED PARTY TRANSACTIONS (continued)

(iv) Investment manager (continued)

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 25 June 2015, 100 permanent shares (2014: 100 permanent shares) and 149,749 redeemable shares (2014: 148,512 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 consolidated financial statements as at 25 June 2015.

13. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 25 June 2015.