Hunter Hall International Ethical Fund plc

ANNUAL REPORT &
AUDITED FINANCIAL STATEMENTS

For the year ended 30 June 2011

Contents

Organisation

Registered Office of the Company
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

Administrator, Registrar and Transfer Agent
up to 31 May 2011:
Bank of Ireland Securities Services Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

effective from 1 June 2011:
Northern Trust Securities Services (Ireland) Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

Custodian
up to 31 May 2011:
The Governor and Company of the Bank of Ireland
Head Office
40 Mespil Road
Dublin 4
Ireland

effective from 1 June 2011:
Northern Trust Fiduciary Services (Ireland) Limited
Head Office
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Place of Business
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

Directors of the Company
Peter Hall*
James McDonald* (Alternative Director to Peter Hall)
William Wayne Hawkins**
Michael Jackson**
Brian Wilkinson**

Investment Manager
Hunter Hall Investment Management Limited
Level 2
60 Castlereagh Street
Sydney
NSW 2000
Australia

Secretary
Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

Sponsoring Broker
Goodbody Stockbrokers
Ballsbridge Park
Dublin 4
Ireland

Independent Auditors
Grant Thornton
24-26 City Quay
Dublin 2
Ireland

Legal Advisor
Matheson Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2
Ireland

* Executive Director.
** Independent and Non Executive Director.

Registered No: 353073

Background to the Company

Description

Hunter Hall International Ethical Fund plc (the "Company"), is an investment company with variable capital incorporated in Ireland on 8 February 2002 as a public limited company. The Company is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended.

The Company is constituted as an umbrella fund insofar as the share capital of the Company is divided into different series of Shares with each series of Shares representing a separate investment portfolio of assets (each a 'Fund'). Shares of any Fund may be divided into different classes to accommodate different subscription and/or redemption provisions and/or dividend and/ or charges and/or fee arrangements, including different total expense ratios.

The Funds have different investment objectives and invest in different types of transferable securities. Each Fund is invested in accordance with the investment objectives and policies applicable to such Fund as specified in the Relevant Supplement. The Company has at this date established one fund, the Hunter Hall International Ethical No. 1 Fund (the "Fund").

On 7 July 2011, it was agreed by the Directors of Hunter Hall International Ethical Fund plc to change the name of the fund from the Hunter Hall International Ethical No. 1 Fund to the Hunter Hall Global Opportunities Fund.

Investment Objective and Policy

The objective of the Fund is to outperform the MSCI World Total Return Index, Net Dividends Reinvested (the "Index") over the medium to long term without incurring significant risk to capital. The Fund attempts to achieve this objective through a policy of following a 'value growth' strategy which involves investing primarily in quality stocks with what the Investment Manager considers to be good long term growth potential, that are priced at substantially less than the Investment Manager's assessment of intrinsic value. The Fund also invests in certain non-equity and equity-related securities as set out in more detail hereunder or of a type similar to those set out hereunder.

The Fund intends to invest in a portfolio of quality growth stocks at prices that are valued at substantially less than the Investment Manager's assessment of their intrinsic value. The Investment Manager will implement the investment strategy of the Fund through a value growth investment methodology based on fundamental analysis of individual stocks. There are two major components of the value growth investment methodology:

(a) identify quality stocks with good long term growth potential; and,

(b) buy stocks at prices that are substantially less than their intrinsic value.

Investment Management

Hunter Hall Investment Management Limited serves as Investment Manager pursuant to an investment management agreement dated 12 December 2002.

Background to the Company (Continued)

Issue and Repurchase of Shares

The Company offers two classes of Shares in the Fund, being the A Class Shares and the B Class Shares. The Company may also create additional classes of Shares in the Fund in the future in accordance with the requirements of the Central Bank of Ireland. A Class Shares are denominated in US Dollars and B Class Shares are denominated in Euro.

Both the A Class Shares and the B Class Shares are listed on the Irish Stock Exchange.

Shares may be purchased on any Dealing Day at the Net Asset Value per Share applicable at the Valuation Point on that day. The Directors have discretion to accept or reject any application for Shares in the Fund.

Shares may be redeemed on any Dealing Day at the Net Asset Value per Share applicable on that day.

The above details are in summary form only and must be read in conjunction with the detailed information contained in the Prospectus and Supplement of the Fund.

Investment Manager's Report

Performance

The table below displays the performance of Hunter Hall International Ethical No. 1 Fund (the "Fund") relative to its benchmark, the MSCI World Total Return Index, Net Dividends Reinvested in US$ (MSCI World):

To 30 June 2011 (%):	International Ethical Fund (1)	MSCI World (2)	Relative Performance (1 - 2)
3 Months	-4.7	+0.5	-5.2
6 Months	-1.2	+5.3	-6.5
1 Year	+26.0	+30.5	-4.5
Compound Annual Returns:			
2 Years	+23.6	+19.9	+3.7
3 Years	+0.0	+0.5	-0.5
5 Years	+5.0	+2.3	+2.7
Since inception (31.12.2002)	+11.4	+8.4	+3.0

Note: The results for the Fund represent past performance only. No guarantee of future returns is implied.

Portfolio

Top 10 Holdings

The largest 10 holdings of the Fund at 30 June 2011 are detailed below:

Company	Main Business	Country	% Net Assets
Sirtex Medical	liver cancer treatments	Australia	5.5
InterDigital	wireless technologies	USA	3.8
St Barbara	gold explorer and producer	Australia	3.5
PMP	printing and distribution	Australia	2.9
Alcatel Lucent	telecommunications equipment	France	2.6
Woongjin Thinkbig	education services	Korea	2.5
Shree Ganesh Jewellery	jewellery designer	India	2.4
Proto Corp	publishing	Japan	2.3
BTG	medical devices	UK	2.3
AMG	speciality metals	Netherlands	2.3

Commentary

The six months to 30 June 2011 fell into two distinct periods. For the first four months investors seemed optimistic about global equity markets, partly due to additional money printing by the central banks in the US, UK, and later in the period, Japan. This so-called "quantitative easing" saw much of the new money created pour into financial assets. Markets remained resilient in the face of a number of shocks including the earthquake and tsunami in Japan and the resultant Fukushima nuclear accident, floods in Queensland and Victoria, regime change in Egypt and Tunisia, civil war in Libya, a severe winter in the United States and a sharp rise in oil (which was up 22% for the four months to April 2011).

However resurfacing credit problems, particularly in Greece, which put the viability of the Euro in doubt and the approaching end of quantitative easing in the United States, just as the country's underlying problems seemed to be deepening, spooked markets over the remaining two months – particularly in June. Doubts about the global recovery saw stocks and industrial commodities fall as investors sought perceived safer havens such as gold, which hit a record price of US$1,578/oz in May, bonds and cash.

Investment Manager's Report (Continued)

Commentary (Continued)

In Australia, nothing seemed able to spoil the party as far as its currency was concerned. Despite increasing evidence of what has been termed a "two-speed economy", with reports the east coast of Australia is in recession, China's insatiable appetite for resources meant the A$ notched up a new post-float high against the US$ in April of US$1.097. While it closed the period slightly lower at US$1.071, the A$ was up 5% and 26% for the six and twelve months to June 2011.

Despite macroeconomic headwinds, it was largely stock specific issues that caused our weak performance.

International Holdings

The largest detractor over the period under review was US wireless technology company **InterDigital**. InterDigital generates revenues through licensing its portfolio of wireless patents with leading handset manufacturers, Apple, Samsung, HTC, Blackberry, LG and others. Their technology is used in all 3G phones and currently has 50% of the 3G handset market under license. The company is also a leader in 4G (next generation) technology. Mobile phone sales have continued to rise globally but importantly for the company the data demand per phone is increasing at a staggering rate of 100% per annum. With this exponential increase in data demand looms the prospect of a bandwidth crunch. Cisco predicts the demand for wireless data to exceed network capacity by 20 times in 2015. InterDigital is recognised as a pioneer in developing wireless technology and is focused on providing a solution to this issue.

Nevertheless, in the six months to June 2011 InterDigital fell 22% from our average entry price. Despite posting a solid March 2011 quarterly result, with per-unit royalties growing over 30% year on year and 11% quarter on quarter, their share price was weighed down by the following; delays in renewing its licensing agreement with LG (15% of revenue), news that another major client, Blackberry manufacturer Research in Motion would significantly miss earnings guidance and uncertainty over its success in litigation with Nokia. On the positive side the company reported that it had successfully sold licenses for 4G technology to Casio Hitachi Mobile Communications and Acer (tablet devices and PCs).

The company raised US$230m via convertible notes yielding 2.5% in April 2011 in an attempt to make a joint bid lead by Google for Nortel's patent portfolio. However, they were beaten in the auction by a consortium consisting of Apple, Microsoft, Sony, Ericsson, RIM and EMC. The consortium agreed to pay five times Google's initial bid of US$900m for a patent which includes wireless technology. The sale highlights the rise of patents as an asset class and the value of intellectual property in wireless and as a result the stock was up 82% by late July 2011.

Korean education provider **Woongjin Thinkbig** (-25% over the half year) underperformed the Korean KOSPI Index which rose 2% over the half. Poor December 2010 half-year results didn't help. Operating profit fell 32% on declines in its mainstay businesses, especially tutoring-at-home, the scrapping of less-efficient arms of the business, notably tutoring-at-school, and capital expenditure associated with the company's new businesses. We believe the sluggish earnings trend should soon end as the company passes through a transition phase. Our other Korean stocks, gas utility **Samchully** (-7% over the half year) and water purifier manufacturer **Woongjin Coway** (-6% over the half year) also underperformed.

The Fund was adversely affected by its exposure to the earthquake-hit Japanese market which fell 4% over the half year. Our exposures all fell over the six-months to June. We lost faith in our largest position, general insurer **NKSJ** (-12%). While like other Japanese insurers it has limited exposure to damage claims, the overall weakness of the Japanese stock market has impacted negatively its balance sheet. More importantly we have lost faith in management's commitment to maximise potential savings from last year's merger of the two main companies now underlying the group. As a result we decided to exit the holding late in the half-year. Karaoke parlour operator **Daiichikosho** fell 17% on expectations discretionary leisure expenditure will be depressed at least until the nuclear power plant uncertainty eases.

Investment Manager's Report (Continued)

International Holdings (Continued)

Other detractors included publishing company **Proto** (-23%) and capital goods wholesaler **Toba** (-16%). Bucking the general trend was industrial leasing company Century Tokyo which rose 9%. Attracted by the panic in Japan, we took the opportunity to establish a few smaller positions there including drug wholesaler Toho (down 6% from our average entry price), where we believe the market has oversold a fundamentally strong business.

Indian Bank and **Allahabad Bank** fell 14% and 13% over the half year. Stubbornly high inflation saw the Reserve Bank of India raise interest rates further, and so many brokers covering the sector cut growth estimates for FY2011 and FY2012, anticipating lower margins and slower loan growth. We used the falls in both names to add to our holdings at times over the half-year. Both banks are trading on multiples at or below where we have previously bought them and look attractive again, even allowing for some short term pain from higher interest rates.

The shining light in our Indian portfolio over the half-year was jewellery manufacturer **Shree Ganesh** which rose 40% over the half-year. Strong demand for handcrafted gold jewellery in overseas markets saw profit for the December 2010 quarter up 112%, on the previous corresponding period. Shree's sound business model, strong product profile and well-defined growth strategies have helped the company achieve supernormal growth. The company's order book as at March 2011 was already 50 billion Rupees, nearly as much as it sold in the whole of the previous year. This gives the company good revenue visibility going forward. With the company eyeing forays into new territories like Europe, Australia and Africa we believe the order book will swell further. Also contributing was tea grower **McLeod Russel** (+25%) as the company benefitted from a combination of factors, including better weather in India, stronger global tea prices, the acquisition of tea gardens in Uganda and tea shortage in Kenya.

Our US optical component manufacturers, **JDS Uniphase** (+15% over the half-year) and **Oclaro** (-49% over the half-year), had mixed fortunes over the half. Both started the period strongly in light of improving demand and we used the 70% price increase from December 2010 to February 2011 to reduce our JDS holding by 40%. However the market got a wake-up call on the cyclical nature of the industry during the period as order flows from several parts of the world slowed sharply. Oclaro posted a surprise quarterly loss in March 2011; hurt by inventory correction at certain telecom customers, and forecast a weak end to the 2011 financial year. Disappointing news from another competitor, Finisar (down 40% over the half-year), helped send our two holdings lower over the rest of the period.

German pay-TV operator **Sky Deutschland** confirmed its turnaround with the release of its December 2010 quarterly update. Sky added 131,000 subscribers, up 235% from the corresponding period in 2009 while reducing its churn to the lowest level in 21 quarters, down to 12%. Over the ensuing months, the stock price climbed 107% from €1.69 to €3.50 to hit our target price. We used the price momentum to fully exit the position, locking in profits for the Fund.

Dutch-listed specialty metals company **AMG Metallurgical** rose 43% over the half-year. AMG's decision to increase its exposure to ferrovanadium, antimony and tantalum in 2010, proved fruitful as all experienced significant price increases. The price of tantalum, a specialty metal that improves conductivity and is highly resistant to heat and corrosion, stands to gain from new US legislation requiring US companies to disclose the source of their tantalum. In theory, this will ensure armed rebel groups in Third World countries do not benefit financially from its trade. AMG acquired North American alloy market leader, KB Alloys, which will see it become the global market leader, with increased pricing power, and allow AMG to close its production plant in China which will reduce the company's working capital by US$3m.

UK medical company **BTG** rose 21% over the half-year. High integration costs following its recent takeover of Biocompatibles (through which we inherited the position) saw BTG record an £11m loss before tax for the year. With the company's varicose veins treatment, Varisolve, phase III results due in FY2012 and Bicompatibles fully integrated, we believe FY2012 could be a transformative year for BTG.

Investment Manager's Report (Continued)

International Holdings (Continued)

Over the half-year we added French-listed telecom services company **Alcatel-Lucent**. Our timing proved good with the stock up 15% from our entry price on the back of strong December 2010 quarterly results. Its revenue rose 23% to €4.9b, driven by strong across the board growth. Strong growth in North America has helped margins remain structurally high given the lack of Asian vendors in that market. The stock price benefitted from a major broker upgrading their price target to €5.50, 38% above its month-end closing price of €3.99, as profits from its "new generation" businesses start to overtake the declining legacy businesses.

Australian Holdings

ATM operator **Customers** (-59% over the half-year) was the biggest blight on our returns in Australia. After reporting uninspiring December 2010 half-year results, the company compounded this with a dull trading update in May 2011. Despite revenue growth in the second half of the trading year, soft consumer sentiment in Australia, adverse weather conditions, burgeoning fuel prices and increased ATM competition resulted in Customers downgrading its FY2011 expectations. The company now tips FY2011 net profit before tax to be in the range of A$16-18m, compared with A$24.8m in FY2010. This includes the consolidation of the company's New Zealand investment and assumes no further deterioration in operating conditions over the remainder of the financial year. We significantly reduced our position over the half-year.

The Funds largest holding, liver cancer treatment company **Sirtex** fell 19% over the half-year. The fall came despite news that it had finalised recovery of A$2.6m in legal costs from former director and substantial shareholder, Dr Bruce Gray. Sirtex's underlying business continued to perform admirably over the half-year, highlighted by its core measure of business performance, dose sales, up 21% for the March 2011 quarter. Europe remained the fastest growing market for the company with dose sales up 29%, while a 12% improvement in US dose sales reflected the increased investment in sales and marketing in the region. However, the Australian dollar strength remained a challenge for the company with the A$ up 26% against the US$ and 7% against the Euro over the 2011 financial year, effectively offsetting all the volume gains.

Despite bullish comments from management at the company's AGM in November, 2010, printer **PMP** was unable to continue its impressive price momentum it achieved in the December 2010 half-year, falling 33% to June 2011. The company confirmed an extension to its A$247m debt facility, continued its on-market buy-back, and late in the half-year, the company confirmed it had closed its unsuccessful Scribo book distribution business. We used the price weakness to add to our holding over the half-year.

Gold miner and explorer **St Barbara** underperformed the 1% increase in the price of Gold Bullion in Australian dollars over the half-year. Gold Bullion appreciated 6% in US dollar terms over the half-year. St Barbara downgraded its gold production guidance by 10% for the December half-year citing a number of minor operational issues during the December 2010 half-year. Full-year guidance is likely to now fall at the lower end of the FY2011 production guidance. However the real damage to the share price came when the company announced plans for a mostly scrip based merger with smaller Australian gold miner Catalpa at a premium of 35% at the time of the announcement. With the market concerned that the deal could have been earnings dilutive until the synergies were fully worked through, it came as welcome relief in June when Catalpa terminated discussions with St Barbara.

Technology company **Redflex** fell 27% on the rejection of a takeover bid at A$2.75. While the Redflex Board supported the bid, former Chairman Chris Cooper used his 11.1% blocking stake to reject it, despite the Carlyle Group/Macquarie consortium sweetening the price to A$2.75/per share late in the process. We sold part of our Redflex holding prior to this and used the later fall to buy it back.

Investment Manager's Report (Continued)

Australian Holdings (Continued)

We used the dramatic fall in May of Australian diversified media company **Fairfax** to add the stock to the portfolio. The company reported weaker than anticipated trading, and announced a strategic review of its portfolio of assets to maximise shareholder value. The stock fell 9% from our average entry price.

The largest Australian contributor was telecommunications services reseller **M2 Telecommunications**. While the stock gave back some of its gains late in the period, it closed up 13% over the half-year. The company delivered a record December 2011 half-yearly result. Net profit rose 40% on the previous corresponding period to A$12m; underlying earnings per share rose 23% to A$0.11 per share while the company's fully franked dividend rose 40% to A$0.07 per share. M2 later acquired Austar's mobile assets, which will expand its regional presence, as well as the business assets of Clear Telecoms, the largest privately owned provider of business telecommunications services. These deals are expected to deliver significant earnings per share growth from Fiscal 2012. We used the price strength at A$3.75 to reduce our exposure. The stock closed at A$3.28. In the same space, **Macquarie Telecom** rose 15% over the half-year.

China's demand for commodities continued to benefit our larger exposures to the Australian resource and engineering space. Our largest exposure, engineer service company **RCR Tomlinson** (+11% over the half-year) rallied as its December 2010 half-year results confirmed margin improvements in the company's resources and mining divisions. Management stated it is confident in the strong demand for engineering and mining services in the year ahead. RCR also acquired the business of AE&E Australia over the half-year.

Mining services company **Resource Equipment** rose 25% over the half-year. The firm confirmed it had experienced strong demand for its specialist services with buoyant levels of mining activity and the requirement for large high-capacity dewatering systems. Of late it has gained sales from relief efforts for the natural disasters in both Queensland, where its pumps were used to drain flooded mining pits, and the Fukushima nuclear clean up, where it is providing submersible and land based pumps, pipelines and a water canon capable of firing long distances. With its balance sheet buoyed by its February 2011 capital raising, we see Resource Equipment poised to deliver further financial growth in the 2012 financial year.

Outlook

Late June and early July saw a surge in market sentiment, as various European Union entities and the International Monetary Fund apparently cobbled together yet another rescue package for Greece. Slightly more positive data also emerged from the US and Japan, where the post 'quake recovery seems to be proceeding better than originally expected.

Some emerging markets are also taking comfort from the fall in the price of oil, even if this may itself be a symptom of weaker growth in developed economies.

However, we note that most of Asia has inverted to flat yield curves and that these have traditionally been good indicators of economic slowdowns and often recession.

European political commitment to the Euro project seems increasingly untenable on economic grounds. It seems clear to us that Greece needs a significant restructuring of its debts, as the economy continues to shrink, while government debt spirals despite an unprecedented austerity programme. We doubt the Greek populace will have stomach for much more hardship, especially when it fully grasps that the current multilateral so-called rescues are more focussed on protecting bank lenders from France and Germany than helping the Greeks themselves. The real solution to Greece's problems is a default and withdrawal from the Euro allowing the restoration of the drachma and dirt cheap holidays in Greece for hard-working Northern Europeans.

Investment Manager's Report (Continued)

Outlook (Continued)

We are no more optimistic on the prospects for two other sick small countries in Europe: Portugal and Ireland. The real test of the Euro and the European Central Bank would be bail outs for Italy and Spain, both of which came under attack in the bond markets in late July. Sovereign defaults by these two countries would have systemic impacts on the solvency of most European banks and probably the European Central Bank itself, and would put an end to what many external commentators deride as the current "Extend and Pretend" routine in continental Europe.

Europe's problems do not end at the English Channel. Britain has the balance sheet of "Club Med" but the interest rates of the thrifty Northern Europeans. It looks vulnerable, even before it feels the effects of the long overdue, but still painful impact of cuts in its bloated public sector. Given the shrivelled nature of its manufacturing sector, it is also not clear how much benefit it gets from continued falls in sterling.

The theme of weakening government tax revenues exceeded by rising government spending is evident in most developed economies. This is perhaps most extreme in Japan, but it is increasingly apparent in Australia too, despite well rehearsed, but increasingly unconvincing pledges to bring the Commonwealth budget back to surplus.

Where Australia stands out, and indeed looks more like an emerging market, is its willingness to use monetary policy to offset the fiscal laxity. Like developing Asia, Australia is seeing inflationary pressures. Unlike Asia, these relate more to labour shortages in WA and Queensland and rising government charges than raw material costs. Unfortunately structural inefficiencies in Australia prevent labour in the struggling Brisbane to Melbourne corridor flowing to the growth states as they have in previous resource booms. In the meantime the Reserve Bank of Australia's tough monetary stance is pushing up the Australian dollar, which adds to the pain in the mortgage belts of the large cities of eastern Australia through the destruction of traditional blue collar manufacturing jobs.

Increasing doubts about the sustainability of China's investment intensive economic growth model have seen many raw material prices plateau or dip. While it would be wrong to underestimate the capacity of China's central planners to keep the growth engines firing, signs are emerging that the conflicting need to put a cap on inflation through tougher monetary policy is putting the country's financial system under strain. What is clear is that if China does catch a cold, Australia, most of Africa and much of South America will get influenza.

The potential vulnerability of Australia's position is exacerbated by the increasing frailty of its housing market, which would hurt the country's banks, due to their high dependence on the sector. Australian banks have managed to slightly reduce their reliance on foreign borrowing, but still have high levels of loans compared to their core deposit bases. As well as having a huge traded sector, Australia is connected to the rest of the world's economy through the banking sector's reliance on wholesale funding to bridge the gap between loans and deposits. And as interest rates go up internationally Australian banks may be squeezed. Any uncertainty about their financial strength will hurt the Australian dollar – and put the focus on the effective blank cheque the Commonwealth has written to protect Australian bank deposits.

How equity markets perform in this environment is not clear. We believe the 20 year bull-run in developed country government bonds is close to an end, as the inflationary impacts of lax fiscal and monetary policies in most developed economies reach an inflexion point. Rising costs of doing business in China will also remove the biggest countervailing deflationary factor of this period caused by cheap manufactured goods imports. In our view, long term fixed interest investments are likely to do badly and equities are likely to do less badly.

At the country level we are still nervous about China, and fundamentally more bullish about India, especially if, as we believe, the recent monetary tightening phase is coming to an end, and recent oil price weakness is sustained.

Investment Manager's Report (Continued)

Outlook (Continued)

The paradox of Europe is that great export companies from Germany, France, Scandinavia, the Benelux region and even northern Italy are benefiting from the currency weaknesses caused by the stresses at the heart of the Euro project. Japan contains elements of both the US and Europe so far as the prospects of individual companies are concerned, but seems frozen in even greater apathy at the political level, and in far too many cases companies there still treat shareholders as passengers rather than owners.

Meanwhile in the US, signs of a recovery in the housing market remain at best tentative, and even record company profits are not prompting much new hiring. At the same time most US governments seem incapable of cutting spending, with the only hurdle to increased indebtedness coming from mandatory debt limits at the federal, state and municipal level, increases in which typically require legislative approval.

Nevertheless, we do feel the US could be a market that provides upside surprise potential. The one level where we have confidence is the ingenuity of corporate management, especially in companies with international sales, which are more likely to profit than lose from a weak currency and a soft labour market.

What if the best place to invest is the US and not Asia as many people think? This is not our base case given the sharp rises already seen in the market, the fiscal incontinence and coming budget issues, but food for thought if these can be addressed in a timely manner.

As our portfolio managers go about their work however the key remit remains unchanged from our inception nearly 20 years ago: to find stocks that are not just cheap, but cheap despite the quality of their businesses and managements and their prospects for growth.

Hunter Hall Investment Management Limited
July 2011

Directors' Report

The Directors present herewith the Annual Report and Audited Financial Statements for the year ended 30 June 2011 of Hunter Hall International Ethical Fund plc (the "Company").

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board ("ASB") and published by Chartered Accountants Ireland.

Irish company law requires the Directors to prepare Financial Statements for each financial year that 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 each of the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) (the "Regulations").

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. The Directors engaged Northern Trust Fiduciary Services (Ireland) as Custodian of the Company with responsibility for the safekeeping of the Company's assets.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2009.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Statement

Statutory Instrument ("SI") 450 of 2009 (SI 450) was published on 18 November 2009 and this transposed the European communities ("EU") Directive 2006/46. This Directive applies to EU domiciled companies and requires certain disclosures to be included in the financial statements/directors' report of listed companies, including a reference to the corporate governance code to which these companies are subject ot or voluntarily adopt. These requirements, through the transposing regulations (SI 450 of 2009) and amended transposing regulations (SI 83 of 2010), apply to Irish listed companies for accounting years beginning on or after 18 November 2009.

The Company complies with the Corporate Governance Code for Irish-domiciled Collective Investment Schemes, as published by the Irish Funds Industry Association (“IFIA”) in September 2010. This publication is available from the IFIA website (www.irishfunds.ie).

Directors' Report (Continued)

Corporate Governance Statement (Continued)

The Company is also subject to corporate governance practices imposed by:

(i) The Irish Companies Acts 1963-2009 (the "Companies Acts") which are available for inspection at the registered office of the Company and may also be obtained at: www.irishstatutebook.ie;

(ii) The Memorandum and Articles of Association of the Company which are available for inspection at the registered office of the Company at Taney Hall, Eglinton Terrace, Dundrum, Dublin 14, Ireland and at the Companies Registration Office in Ireland;

(iii) The Central Bank of Ireland in their UCITS Notices and Guidance Notes which can be obtained from the website at: www.financialregulator.ie/industry-sectors/funds/Pages/default.aspx;

(iv) The Irish Stock Exchange ("ISE") continuing obligations requirements for open ended funds which can be obtained from the ISE website at: www.ise.ie

Internal Control and Risk Management Systems

The Company is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and semi-annual Financial Statements. The Company has appointed Northern Trust Securities Services (Ireland) Limited (the "Administrator") as its administrator consistent with the regulatory framework applicable to investment fund companies such as the Company.

The Administrator has functional responsibility for the preparation of the Company's annual and semi-annual Financial Statements and the maintenance of its books and records. On appointing the Administrator the Board of Directors (the "Board") noted that it is regulated by the Central Bank of Ireland and, in the Board's opinion, has significant experience as an administrator. The Board also noted the independence of the Administrator from the Company's investment manager. Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The annual and semi-annual Financial Statements of the Company are required to be approved by the Board and filed with the Central Bank of Ireland and the relevant Stock Exchange within the relevant respective time periods. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Board on their findings.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. The Board reviews the Financial Statements prior to their approval, though it should be noted that such review does not include verification of information in the Financial Statements to underlying documents. The annual Financial Statements are subject to independent audit by Grant Thornton (the "Auditor") and the Board receives and considers a report from the Auditor as to the audit process. This report includes observations as to the extent to which (i) the annual Financial Statements provide a true and fair view (ii) adjustments were made to the books and records maintained by the Administrator in order to provide Financial Statements giving a true and fair view and (iii) potential control weaknesses identified by the Auditor during the audit process. The Auditor presents this report at the board meeting at which the Financial Statements are presented to the Board for approval. The Board also invites the Auditor to attend the board meeting prior to the commencement of the audit, at which the Auditor presents the audit plan to the Board.

Directors' Report (Continued)

Corporate Governance Statement (Continued)

Internal Control and Risk Management Systems (Continued)

The annual and semi-annual Financial Statements of the Company are required to be approved by the Board and filed with the Central Bank of Ireland and the relevant Stock Exchange within the relevant respective time periods. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Board on their findings.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. The Board reviews the Financial Statements prior to their approval, though it should be noted that such review does not include verification of information in the Financial Statements to underlying documents. The annual Financial Statements are subject to independent audit by Grant Thornton (the “Auditor”) and the Board receives and considers a report from the Auditor as to the audit process. This report includes observations as to the extent to which (i) the annual Financial Statements provide a true and fair view (ii) adjustments were made to the books and records maintained by the Administrator in order to provide Financial Statements giving a true and fair view and (iii) potential control weaknesses identified by the Auditor during the audit process. The Auditor presents this report at the board meeting at which the Financial Statements are presented to the Board for approval. The Board also invites the Auditor to attend the board meeting prior to the commencement of the audit, at which the Auditor presents the audit plan to the Board.

Shareholders’ Meetings

The convening and conduct of shareholders’ meetings are governed by the Memorandum and Articles of Association of the Company and the Companies Acts. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within eighteen months of incorporation and fifteen months of the date of the previous annual general meeting thereafter.

Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a shareholders’ meeting. Not less than twenty one clear day’s notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders and fourteen clear days’ notice must be given in the case of any other general meeting unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.

Two shareholders present either in person or by proxy constitutes a quorum at a general meeting. Every holder of shares present in person or by proxy who votes on a show of hands is entitled to one vote and the holders of Subscriber shares shall have one vote in respect of all of the Subscriber shares in issue. On a poll, every holder of shares present in person or by proxy is entitled to one vote in respect of each share held by him.

Every holder of a Subscriber share present in person or by proxy shall have one vote in respect of his holding of Subscriber shares. The chairman of a general meeting of the Company or at least two shareholders present in person or by proxy having the right to vote at the meeting or any holder or holders of shares present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a shareholders’ meeting. An ordinary resolution of the Company or of the shareholders of a particular fund or class requires a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company or of the shareholders of a particular fund or class requires a majority of not less than 75% of the shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Memorandum and Articles of Association.

Directors' Report (Continued)

Board of Directors

Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than two, however there is no maximum limit. Currently the board of Directors of the Company is composed of five Directors, being those listed on page 1.

The business of the Company is managed by the Directors who exercise all such powers of the Company as permitted by the Companies Acts and the Articles of Association.

A Director may, and the company secretary of the Company on the requisition of a Director can, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the chairman has a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

Principal Activities

The Company has been approved by the Central Bank of Ireland as an open ended investment company pursuant to the Companies Acts, 1963 to 2009.

The objective of the Company is to outperform the MSCI World Total Return Index, Net Dividends Reinvested (the "Index") in US Dollars over the medium to long term without incurring significant risk to capital.

The Investment Manager's Report contains a review of the factors which contributed to the performance for the year. The Directors do not anticipate any changes in the structure or investment objective.

Risk Management objectives and policies

The main risks arising from the Company's financial instruments are market risk (including market price risk, interest rate risk and currency risk), liquidity and counterparty credit risks as detailed in Note 2 to the Financial Statements.

Dividends

Although the Articles empower the Directors to declare annual and interim dividends, the Directors have determined for the time being to accumulate all net income and net realised capital gains attributable to the Shares. In the event that the Directors determine to change the Company's distribution policy, full details will be provided in an updated supplement and Shareholders will be notified of the change in advance.

Events since the year end

There have been no events since the year end which, in the opinion of the Directors of the Company, may have impacted on the Financial Statements.

Directors and Secretary

The Directors who held office during the year under review were:

Peter Hall (Australian)
James McDonald (Australian) (Alternative Director to Peter Hall)
William Wayne Hawkins (Australian)
Michael Jackson (Irish)
Brian Wilkinson (British)

Directors' Report (Continued)

Directors’ Interests in Shares and Contracts

None of the Directors above who held office at the year end had any interests in the Shares of the Company at that date or at any time during the financial year.

Transactions Involving Directors

Michael Jackson is a Partner in Matheson Ormsby Prentice the legal advisors to the Company. Fees paid to Matheson Ormsby Prentice during the year ended 30 June 2011 amounted to USD11,718 (30 June 2010: USD9,821).

Wayne Hawkins is a Director of Hunter Hall Investment Management Limited (the “Investment Manager”) and of Hunter Hall International Limited, the parent company of the Investment Manager.

Peter Hall and James McDonald are also Directors of Hunter Hall International Limited, the parent company of the Investment Manager.

Other than these transactions, there are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or Company Secretary had any interest as defined in the Companies Act, 1990, at any time during the financial year.

Details of amounts paid to the Directors during the year are disclosed in Note 5 on page 36, the outstanding fees payable at the year end are disclosed in Note 9 on page 37.

Accounting Records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990, with regard to the books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The Books of Account of the Company are maintained at:

Northern Trust Securities Services (Ireland) Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

Auditors

Grant Thornton (the “Auditors”) have expressed their willingness to continue in office in accordance with the provisions of Section 160 (2) of the Companies Act, 1963.

Approved on behalf of the Board of Directors by:

Director

Director

11 October 2011

Custodian's Report to the Shareholders of Hunter Hall International Ethical Fund plc (the "Company")

We have enquired into the conduct of Hunter Hall International Ethical Fund (the “Company”) for the period from 1 July 2010 to 31 May 2011, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank of Ireland UCITS Notice 4, 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.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company’s Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company’s constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, (‘the Regulations’); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

For and on behalf of

The Governor and Company of the Bank of Ireland

Bank of Ireland Securities Services was acquired by Northern Trust on 1 June 2011. As a result of that transaction the Governor and Company of the Bank of Ireland resigned as Custodian and was replaced with Northern Trust Fiduciary Services (Ireland) Limited with effect from 1 June 2011.

11 October 2011

Custodian's Report to the Shareholders of Hunter Hall International Ethical Fund plc (the "Company")

We have enquired into the conduct of Hunter Hall International Ethical Fund (the "Company") for the period from 1 June 2011 to 30 June 2011, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank of Ireland UCITS Notice 4, 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.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, ('the Regulations'); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

For and on behalf of

Northern Trust Fiduciary Services (Ireland) Limited

Northern Trust acquired the Securities Services businesses of the Bank of Ireland Group on 1 June 2011. As a result of that transaction Northern Trust Fiduciary Services (Ireland) Limited was appointed as Custodian to the Company with effect from 1 June 2011.

11 October 2011

Independent Auditors' Report to the Shareholders of Hunter Hall International Ethical Fund plc (the "Company")

We have audited the Company's Financial Statements for the year ended 30 June 2011 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the Schedule of Investments and the related notes on pages 22 to 44. These Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990, 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, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Financial Statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account; and,
- whether the Directors' report is consistent with the Financial Statements.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and where practicable, include such information in our report.

We read the other information contained in the Annual Report, namely, the Directors' Report, Custodian's Report and Investment Manager's Report, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the Shareholders of Hunter Hall International Ethical Fund plc (the "Company") (Continued)

Basis of audit opinion (Continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion, the Financial Statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 30 June 2011 and of its results for the year then ended; and,
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company’s Financial Statements are in agreement with the books of account.

In our opinion, the information given in the Directors' report is consistent with the Financial Statements.

Grant Thornton
Chartered Accountants and Registered Auditors
24 - 26 City Quay
Dublin 2

11 October 2011

Profit and Loss Account

For the year ended 30 June 2011

	Notes	Year ended 30 June 2011 USD	Year ended 30 June 2010 USD
Income			
Operating income	3	651,114	516,712
Net gains on financial assets and liabilities at fair value through profit or loss	4	6,088,164	2,618,416
Total investment gain		6,739,278	3,135,128
Operating expenses	5	(665,679)	(678,852)
Net gain		6,073,599	2,456,276
Finance costs			
Interest expense		(483)	(162)
Gain for the year before tax		6,073,116	2,456,114
Non-reclaimable withholding tax		(40,791)	(27,766)
Gain for the year after tax		6,032,325	2,428,348
Increase in Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices		6,032,325	2,428,348
Adjustment from bid prices to last traded prices	1	(44,832)	(1,837)
Reported increase in Net Assets Attributable to Holders of Redeemable Participating Shares at last traded prices		5,987,493	2,426,511

There are no recognised gains or losses arising in the year other than the reported increase in Net Assets Attributable to Holders of Redeemable Participating Shares of the Company. In arriving at the results of the financial year, all amounts above relate to continuing operations.

The accompanying notes form an integral part of the Financial Statements.

Approved on behalf of the Board of Directors by:

Director

Director

11 October 2011

Balance Sheet

As at 30 June 2011

	Notes	As at 30 June 2011 USD	As at 30 June 2010 USD
Assets			
Cash and Bank Balances	6	3,758,834	4,209,972
Debtors	7	319,110	305,751
Financial assets at fair value through profit or loss (Cost: US$18,451,619; 30 June 2010: US$20,506,802)	1, 2	19,903,681	20,400,946
Total Assets		23,981,625	24,916,669
Liabilities			
Bank Overdraft	8	(62,428)	-
Creditors (amounts falling due within one year)	9	(2,267,767)	(401,476)
Total Liabilities		(2,330,195)	(401,476)
Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices		21,651,430	24,515,193
Adjustment from bid prices to last traded prices	1	96,164	140,996
Reported Net Assets Attributable to Holders of Redeemable Participating Shares at last traded prices	11	21,747,594	24,656,189

The accompanying notes form an integral part of the Financial Statements.

Approved on behalf of the Board of Directors by:

Director

Director

11 October 2011

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

For the year ended 30 June 2011

	Year ended 30 June 2011 USD	**Year ended 30 June 2010 USD**
Net Assets Attributable to Holders of Redeemable Participating Shares at beginning of year at last traded prices	24,656,189	15,403,147
Increase in Net Assets resulting from operations	5,987,493	2,426,511
Amounts received on issue of Redeemable Participating Shares	51,735	8,070,709
Amounts paid on redemption of Redeemable Participating Shares	(8,947,823)	(1,244,178)
(Decrease)/increase in Net Assets resulting from Share transactions	(8,896,088)	6,826,531
Net (decrease)/increase in shareholders' funds	(2,908,595)	9,253,042
Reported Net Assets Attributable to Holders of Redeemable Participating Shares at end of year at last traded prices	21,747,594	24,656,189

The accompanying notes form an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2011

1. Significant Accounting Policies

a) Basis of preparation

These Financial Statements have been prepared in accordance with Generally Accepted Accounting Policies in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended. Accounting standards generally accepted in Ireland in preparing Financial Statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB").

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through the profit or loss.

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies have been applied consistently by the Company and are consistent with those in the previous period.

The information required by Financial Reporting Standard (FRS) No. 3 "Reporting Financial Performance", to be included in a Statement of Total Recognised Gains and Losses, and a Reconciliation of Movements in Shareholders Funds is, in the opinion of the Directors, contained in the Profit and Loss Account and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a Cash Flow Statement.

Amendments adopted by the Company

The Company has adopted the following amendment: FRS 25 "Financial Instruments: Disclosure and Presentation". The amendment is effective for annual accounting periods commencing on or after 1 January 2010, with early application permitted. The Company has adopted this amendment for the year ended 30 June 2011.

The amendment to FRS 25 requires entities to classify puttable financial instruments or components of instruments that impose on the entity an obligation to deliver to another party at a pro rate share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments that have identical features. The adoption has not resulted in any change in the classification of the Company's redeemable participating shares.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

1. Significant Accounting Policies (Continued)

b) Financial Assets at Fair Value through Profit or Loss

(i) Classification and Recognition

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold.

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets, and the exposure to the risks inherent in those benefits, are transferred to the Company. The Company derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the Company.

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.

Realised gains or losses on disposal of investments during the year and unrealised gains and losses on valuation of investments held at the year end are dealt with in the Profit and Loss Account.

(ii) Measurement

Financial instruments are measured initially at fair value (transaction price). 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 or loss are measured at fair value with changes in their fair value recognised in the Profit and Loss Account.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the Balance Sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/ dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Fair values for unquoted equity investments are estimated, if possible, using applicable price/ earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

1. Significant Accounting Policies (Continued)

b) Financial Assets at Fair Value through Profit or Loss (Continued)

(iii) Fair value measurement principles (Continued)

The fair value of derivatives, that are not exchange traded, is estimated at the amount that the Company would receive or pay to terminate the contract at the Balance Sheet date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Realised gains and losses on investment disposals are calculated using the average cost method.

As at 30 June 2011, there were investments valued at fair value by the Directors on the advice of the Investment Manager, see note 2 on pages 34 and 35 (30 June 2010: nil).

c) Income

Dividends, gross of foreign withholding taxes, where applicable, are included as income when the security is declared to be ex-dividend. Bank interest income is accounted for on an accrual basis. Interest income on fixed and floating rate securities is accounted for on an effective yield basis.

d) Fees and charges

In accordance with the Prospectus, management fees, administration fees, custody fees, sub-custody fees and other operating expenses are charged to the Profit and Loss Account on an accruals basis.

e) Derivative Instruments

Changes in the value of the derivatives are recognised as gains and losses by marking to market on a daily basis to reflect the value of the derivative at the end of each day's trading. They are valued at the settlement price established each day on which they are traded, and the Company's investment therein, representing unrealised gain or loss on the contracts, is included in the Profit and Loss Account.

f) Redeemable Participating Shares

Redeemable Participating Shares are redeemable at the Shareholder’s option and are classified as financial liabilities. Under FRS 25, subscriber shares are classified as equity as they are the most subordinate share class. Any distributions on these preference shares are recognised in the Profit and Loss Account as finance costs.

To determine the Net Asset Value of the Company for subscriptions and redemptions, investments have been valued based on the last traded prices as of the close of business on the relevant trading day and results in an increase in the value of investments of USD96,164 as of 30 June 2011 (30 June 2010: USD140,996). The amount of the adjustment recognised in the income statement, for the year ended 30 June 2011, is USD(44,832) (year ended 30 June 2010: USD(1,837)).

g) Foreign Exchange

The functional currency of the Company is US Dollars. The Directors have determined that this reflects the Company's primary economic environment, as the majority of investors subscribe in US Dollars.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

1. Significant Accounting Policies (Continued)

g) Foreign Exchange (Continued)

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit and loss are recognised together with other changes in the fair value. Net currency losses as set out in Note 4, are net foreign exchange gains and losses on monetary financial assets and liabilities other than those classified at fair value through profit or loss.

Assets and liabilities denominated in foreign currencies, other than the functional currency of the Company, have been translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into US Dollars at the exchange rate ruling at the date of the transaction. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the year.

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company: 1 USD =

	As at 30 June 2011	**As at 30 June 2010**
Australian Dollar	0.9341	1.1839
Brazilian Real	1.5622	1.8025
Canadian Dollar	0.9651	1.0626
Euro	0.6897	0.8164
Japanese Yen	80.7600	88.4900
New Zealand Dollar	1.2108	1.4542
Norwegian Krona	5.3654	6.5032
Pound Sterling	0.6229	0.6684
Singapore Dollar	1.2276	1.3961
South Korean Won	1,067.6501	1,221.9651
Switzerland Franc	0.8420	1.0784
Swedish Krona	6.3101	7.7820
Taiwan Dollar	28.7235	32.1315
Thailand Baht	30.7250	32.3900

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management

Strategy in using Financial Instruments

The Hunter Hall International Ethical Fund plc (the "Company") consists of one fund, the Hunter Hall International Ethical No. 1 Fund (the "Fund").

The investment objective of the Fund, is to outperform the MSCI World Return Index, Net Dividends Reinvested (the "Index") in US Dollars over the medium to long term without incurring significant risk to capital. The Fund seeks to achieve its objective by investing in a portfolio of quality growth stocks that are valued at substantially less than the Investment Manager's assessment of their intrinsic value.

In pursuing its investment objective, the Fund is exposed to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk that could result in a reduction in the Fund's net assets. The Fund's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The nature and extent of the financial instruments outstanding at the Balance Sheet date and the risk management policies employed by the Fund are discussed below.

Procedures for risk assessment, mitigation and management

Day-to-day risk management is undertaken by the Investment Manager, through daily monitoring of portfolio securities and weekly meetings of the investment team. The investment team is made up of eight portfolio managers, the weekly meeting is a forum for the portfolio managers to discuss performance of the portfolio, research progress, and prospective changes in portfolio composition and structure. The meetings function to ensure greater accountability for investment decisions, and ensure weekly monitoring of fluctuations in performance.

The Investment Manager provides a quarterly report to the Directors, highlighting any material risk management issues. If any material risk issues arise within the quarter, the Investment Manager will bring these to the attention of the Directors. Additionally, risk management issues are reported separately to the Directors by the Administrator and Custodian quarterly.

The Custodian performs an oversight role in respect of the activities of the Investment Manager and provides the Investment Manager and Directors of the Investment Manager on a monthly basis with written details of any breaches of investment restrictions and borrowing compliance reviews as well as providing quarterly reports for board meetings.

The Fund is subject to a number of investment restrictions imposed by external regulators or self-imposed by its prospectus. These restrictions are intended to reduce the risks associated with the Fund's financial instruments. Compliance by the Fund with the investment restrictions imposed by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended, and the prospectus, is monitored weekly and reported to the Directors quarterly by the Investment Manager. If there are any material breaches of these restrictions within the quarter they are reported immediately to the Directors.

The policies for managing risk, as stated in the following sections, have been applied throughout the year.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Investment Manager moderates market risk through a careful selection of securities and other financial instruments within specified limits. The Fund's overall market positions are monitored regularly by the Company's Investment Manager, this includes daily review of securities market price and more detailed assessment at weekly investment team meetings. Furthermore, the Directors review the overall market positions on a monthly basis through the monthly performance report provided by the Investment Manager.

At 30 June 2011, the Company's market risk is affected by three main components:
(a) market price movements;
(b) foreign currency movements; and,
(c) interest rate movements.

(a) Market Price Risk
The Fund's equity and debt securities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Directors of the Company manage the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Investment Manager monitors the investment performance of the Fund and its overall market position on a daily basis and provides the Directors of the Company with monthly investment performance reports which includes commentary on securities that have materially impacted on the value of the Fund. The Directors meet regularly and at each meeting reviews investment performance and overall market positions. They also monitor the Investment Manager's compliance with the Fund's objectives on a monthly basis.

There were no material changes to the Company's policies and processes for managing market risk and the methods and assumptions used to measure risk during the year.

The geographical breakdown of the Fund's investment portfolio at the Balance Sheet date is disclosed in the Schedule of Investments on pages 45 to 54.

Market Price Risk - Sensitivity Analysis
Based on an analysis of the movement in prices of the portfolio, for the last five days of each financial year, the average of the day to day variance in prices are within the +/-5% band.

If the MSCI World Total Return Index, Net Dividends Reinvested (the 'Index') had increased by 5%, at 30 June 2011 (30 June 2010: same), with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating shares and the change in net assets attributable to holders of redeemable participating shares, per the profit and loss account, of the Hunter Hall International Ethical No. 1 Fund by USD995,184 (30 June 2010: USD1,020,047). Conversely, if the Index had decreased by 5%, this would have decreased net assets attributable to holders of redeemable participating shares of the Fund by an equal and opposite amount, all other variables remaining constant.

The sensitivity analysis, above, assumes a change in the market prices of the Fund while holding all other variables constant. In practice, this is unlikely to occur, and changes in some of the variables may be correlated. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those of an extreme nature.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Market Risk (Continued)

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Certain of the Fund's assets, liabilities and income are denominated in currencies other than US Dollars ("USD"), the Fund's functional currency. They are, therefore, exposed to currency risk as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Income denominated in foreign currencies is converted to US Dollars on receipt.

The Investment Manager monitors the Fund's currency positions on a weekly basis, at the weekly investment team meetings and executes any necessary adjustments accordingly. There were no material changes to the Investment Manager's processes for managing foreign currency risk since the prior year end.

The tables below document the Fund's exposure to currency risks. All amounts are stated in the base currency of the Fund (US Dollars).

As at 30 June 2011	**AUD**	**BRL**	**CAD**	**CHF**	**EUR**	**GBP**	**JPY**	**NOK**	**NZD**	**SEK**	**SGD**	**SKW**	**TWD**	**Total USD**
Non-Monetary Assets														
Financial assets at fair value through profit or loss	5,707,333	90,911	608,121	104,551	2,092,671	942,036	1,858,417	405,668	77,346	197,140	274,267	994,137	123,762	13,476,360
Monetary Assets														
Cash and bank balances	69,562	-	32,796	-	-	-	2,102	-	-	-	-	-	53,709	158,169
Debtors	642	49,599	12,315	-	3	12,807	-	-	-	7	-	-	29,595	104,968
	5,777,537	140,510	653,232	104,551	2,092,674	954,843	1,860,519	405,668	77,346	197,147	274,267	994,137	207,066	13,739,497
Monetary Liabilities														
Bank Overdraft	(32,546)	-	(29,880)	-	-	-	(447)	-	-	-	-	-	-	(62,873)
Creditors	(84,715)	-	-	-	-	-	-	(6)	-	-	(5)	-	-	(84,726)
	5,660,276	140,510	623,352	104,551	2,092,674	954,843	1,860,072	405,662	77,346	197,147	274,262	994,137	207,066	13,591,898

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Market Risk (Continued)

(b) Foreign Currency Risk (Continued)

As at 30 June 2010	**AUD**	**BRL**	**CAD**	**CHF**	**EUR**	**GBP**	**INR**	**JPY**	**KRW**	**NOK**	**NZD**	**THB**	**TWD**	**Total USD**
Non-Monetary Assets														
Financial assets at fair value through profit or loss	7,008,045	192,452	443,494	756,222	1,010,371	2,244,815	111,754	1,802,912	1,849,387	171,009	209,297	46,746	-	15,846,504
Monetary Assets														
Cash and bank balances	-	-	-	-	521	-	-	92	-	-	-	-	8,135	8,748
Debtors	1,082	481	4,006	-	-	5,750	-	-	-	3,598	-	-	-	14,917
	7,009,127	192,933	447,500	756,222	1,010,892	2,250,565	111,754	1,803,004	1,849,387	174,607	209,297	46,746	8,135	15,870,169

NB: The above year end amounts are not representative of the exposure to risk during each year because the levels of monetary foreign currency exposure change significantly throughout the year.

There was no significant foreign currency exposure on financial liabilities as at 30 June 2010.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Market Risk (Continued)

(b) Foreign Currency Risk (Continued)

Foreign Currency Risk - Sensitivity Analysis

Had the US Dollar strengthened by 5% in relation to all currencies above, with all other variables held constant, net assets attributable to holders of redeemable participating shares and the change in net assets attributable to holders of redeemable participating shares, per the profit and loss account, would have decreased by the amounts shown below:

Currency	**As at 30 June 2011 USD**	**As at 30 June 2010 USD**
Australian Dollar	283,014	350,456
Brazilian Real	7,026	9,647
Canadian Dollar	31,168	22,375
Euro	104,634	50,545
Indian Rupee	-	5,588
Japanese Yen	93,004	90,150
New Zealand Dollar	3,867	10,465
Norwegian Krona	20,283	8,730
Pound Sterling	47,742	112,528
Singapore Dollar	13,713	-
South Korean Won	49,707	92,469
Swedish Krona	9,857	-
Switzerland Franc	5,228	37,811
Taiwan Dollar	10,353	407
Thailand Baht	-	2,337
	679,596	793,508

A 5% weakening of the US Dollar, against the above currencies, would have resulted in an equal but opposite effect on the Financial Statements by the amounts shown above, on the basis that all other variables remain constant.

(c) Interest Rate Risk

The Fund's interest bearing financial assets and liabilities exposes it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk is managed, in part, by the security selection process of the Investment Manager which includes predictions of future events and their impact on interest rates, diversification and duration. The Investment Manager monitors the Fund's overall interest sensitivity on a monthly basis. The Directors rely on the Investment Manager to keep them informed of any material event. There were no material changes to the Investment Manager's processes for managing interest rate risk since the prior year end.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Market Risk (Continued)

(c) Interest Rate Risk (Continued)

The majority of the financial assets of the Fund are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the Fund is not exposed to significant interest rate risk from unfavourable fluctuations in interest rates payable on these holdings.

Excess cash is invested in instantly accessible accounts at prevailing interest rates. As at 30 June 2011, the Fund had USD3,696,406 of cash on deposit (30 June 2010: USD4,209,972). The table below details the extent of the Fund's interest rate risk exposure:

	Less than one year USD	More than one year USD	Total USD
As at 30 June 2011			
Exposure to floating interest rates:			
Financial assets at fair value through profit or loss	62,575	-	62,575
Cash and bank balances	3,758,834	-	3,758,834
Bank Overdraft	(62,428)	-	(62,428)
	3,758,981	-	3,758,981
As at 30 June 2010			
Exposure to floating interest rates:			
Financial assets at fair value through profit or loss	-	127,460	127,460
Cash and bank balances	4,209,972	-	4,209,972
	4,209,972	127,460	4,337,432

Interest Rate Risk - Sensitivity Analysis

Had interest rates increased by 1%, with all other variables held constant, net assets attributable to holders of redeemable participating shares and the change in net assets attributable to holders of redeemable participating shares, per the profit and loss account, would have decreased by the amounts shown below:

	As at 30 June 2011 USD	As at 30 June 2010 USD
Effect of 1% interest rate movement on the Fund’s profit	37,590	43,374

Conversely, if interest rates had decreased by 1%, this would have increased net assets attributable to holders of redeemable participating shares of the Fund by an equal amount, all other variables remaining constant.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty or an issuer will be unable to pay amounts in full when due.

The Fund will be exposed to credit risk on parties with whom it trades, which will include counterparties, and may also bear the risk of settlement default. The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date.

All transactions in listed securities are settled/ paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

There were no significant concentrations of credit risk to counterparties as at 30 June 2011 or 30 June 2010. The Company does not hold any collateral as security.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. Third party financial instrument counterparties, with the exception of the Custodian, are required to be rated AA or better, and the Company's exposure to them is subject to financial limits.

The Company's Custodian is Northern Trust Fiduciary Services (Ireland) Limited. At the reporting date, all cash and securities were held in a segregated account with Northern Trust Securities Services (Ireland) Limited. Northern Trust is rated AA (as at 30 June 2010, Bank of Ireland Securities Services Limited was rated A-) for long term debt, by Standard & Poor's, and the risk of it defaulting is considered negligible.

The Company's Directors also rely on the risk management controls the Investment Manager has in place for assessing and managing counterparty risk. The Investment Manager manages counterparty risk by:

- Maintaining an approved list of counterparties – entering into a contract with a counterparty not on the approved list requires authorisation by the Chief Executive Officer or the Chief Investment Officer;
- Conducting due diligence checks prior to appointment of a new counterparty;
- The credit rating of counterparties on the approved list are reviewed periodically by the investment team; and,
- Counterparty documentation are reviewed and maintained by the Investment Manager Company Secretary, who ensures contracts are enforceable and that the counterparty is legally entitled to enter into the contract.

The Directors rely on the Investment Manager to keep them informed of any material event. There were no material changes to the Investment Manager's processes for managing credit risk since the prior year end.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is subject to daily cash redemptions of redeemable participating shares.

The Investment Manager monitors the Fund's liquidity position on a regular basis ensuring that sufficient liquidity can be made available should any redemptions be notified. The Custodian provides the Investment Manager with cash flow reports as and when applications or redemptions are received to assist the Investment Manager with its cash flow projections. The strategy for this Fund is to have no hedging.

The Investment Manager maintains up to 10% of the net assets of the Fund in cash (or cash equivalents) and the remainder of the assets are generally held in liquid securities to ensure on-going redemptions from the Fund can be met.

The Directors rely on the Investment Manager to keep them informed of any material event. There were no material changes to the Investment Manager's processes for managing liquidity risk since the prior year end.

With the exception of redeemable participating shares, which are redeemable on demand, all financial liabilities of the Fund are payable in less than one month (2010: same).

In accordance with the objectives listed in the Directors' Report and in the risk management policies, above, the Company strives to invest the subscriptions of redeemable participating shares in appropriate investments, while maintaining sufficient liquidity to meet shareholder redemptions. The Company also invests in short-term commercial paper and debt and disposes of listed securities, when necessary, to meet liquidity needs.

Fair Value Disclosure

FRS 29 "Financial Instruments: Disclosures" requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities in the Balance Sheet.

The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

The fair value of financial assets and liabilities traded in an active market (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the year end date.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Fair Value Disclosure (Continued)

The fair value hierarchy has the following levels:

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

The following is a summary of the fair valuations according to the inputs as at 30 June 2011 and 30 June 2010 in valuing the Company's assets and liabilities:

As at 30 June 2011

Financial Assets	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets designated at fair value through profit and loss at inception				
Debt securities	14,637	62,575	29,741	106,953
Equity securities	17,213,345	185,086	76,473	17,474,904
Time deposits	-	1,000,034	-	1,000,034
Warrants	-	1,321,790	-	1,321,790
Total financial assets	17,227,982	2,569,485	106,214	19,903,681

As at 30 June 2010

Financial Assets	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets designated at fair value through profit and loss at inception				
Debt securities	-	127,460	-	127,460
Equity securities	18,473,374	323,112	-	18,796,486
Warrants	113,288	1,363,712	-	1,477,000
Total financial assets	18,586,662	1,814,284	-	20,400,946

Investments whose values are based on quoted market prices in active markets and, therefore, classified within Level 1, include active listed equities and warrants. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. The Level 2 amounts above represent bonds, equity securities and warrants.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

2. Financial Risk Management (Continued)

Fair Value Disclosure (Continued)

There were no significant transfers between Level 1 and Level 2 during the year (2010: same). There were Level 3 securities held during the year (2010: Nil).

The Level 3 amounts above represent a debt security valued at fair value by the Directors on the advice of the Investment Manager and an equity valued using stale prices. The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the year ended 30 June 2011:

	Equity securities USD	Debt securities USD	Total USD
Opening balance	-	-	-
Purchases	43,243	128,800	172,043
Sales	(118,635)	-	(118,635)
Transfers into level 3	216,477	-	216,477
Gains and losses recognised in profit and loss	(64,612)	(99,059)	(163,671)
Closing balance	76,473	29,741	106,214

3. Operating Income

	Year ended 30 June 2011 USD	Year ended 30 June 2010 USD
Bond interest	2,240	22,706
Deposit interest	374	216
Dividend income	489,199	302,464
Rebate from investment manager	159,301	188,400
Sundry income	-	2,926
	651,114	516,712

4. Net Gains on Financial Assets and Liabilities at Fair Value Through Profit or Loss

	Year ended 30 June 2011 USD	Year ended 30 June 2010 USD
Realised gains/(losses) on sale of investments	4,668,833	(144,712)
Net currency losses	(138,587)	(190,752)
Net change in unrealised appreciation on investments	1,557,918	2,953,880
	6,088,164	2,618,416

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

5. Operating Expenses

	Year ended 30 June 2011 USD	Year ended 30 June 2010 USD
Administration fees	94,351	91,073
Auditors' fees	16,784	20,998
Custody fees	53,925	40,047
Directors' fees	26,099	24,451
Investment management fees	405,853	381,809
Legal - administrative and general legal support	24,768	35,000
Other expenses	41,949	67,028
Performance fees	-	10,030
Professional fees	-	5,642
Transfer agency fees	1,950	2,774
	665,679	678,852

6. Cash and Bank Balances

	As at 30 June 2011 USD	As at 30 June 2010 USD
Northern Trust Fiduciary Services (Ireland) Limited (formerly the Governor and Company of the Bank of Ireland)	3,758,834	4,209,972
	3,758,834	4,209,972

Cash comprises current deposits with banks. The measurement of deposits are amortised cost. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

7. Debtors

	As at 30 June 2011 USD	As at 30 June 2010 USD
Rebate receivable	72,876	86,037
Accrued income and other receivables	9,143	12,732
Sale of securities awaiting settlement	237,091	206,982
	319,110	305,751

8. Bank Overdraft

	As at 30 June 2011 USD	As at 30 June 2010 USD
Northern Trust Fiduciary Services (Ireland) Limited	62,428	-

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

9. Creditors (amounts falling due within one year)

	As at 30 June 2011 USD	As at 30 June 2010 USD
Administration fees	15,925	7,545
Auditors' fees	16,566	24,830
Custody fees	10,083	2,853
Directors' fees	13,092	11,820
Investment management fees	198,935	215,894
Legal - administrative and general legal support	31,200	32,299
Other expenses	4,723	31,203
Purchase of securities awaiting settlement	84,713	74,789
Redemptions of Shares awaiting settlement	1,891,969	-
Transfer agency fee	561	243
	2,267,767	401,476

10. Share Capital

The authorised share capital of the Company is 500,000,000,002 (five hundred billion and two) Shares of no par value designated as unclassified shares divided into two Subscriber Shares of no par value and 500,000,000,000 redeemable participating shares ("Shares") of no par value. Hunter Hall International Limited and Hunter Hall Investment Management Limited each hold one subscriber share.

The Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. The Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different classes of Shares) in the profits and assets of the Company on the terms and conditions set out in the Relevant Supplement.

The Company currently offers two classes of Shares in respect of the Fund – Class A Shares and Class B Shares. Class A Shares are denominated in the Base Currency (being US Dollars) and Class B Shares are denominated in Euro.

Shares in Issue	**Year ended 30 June 2011**	**Year ended 30 June 2010**	**Year ended 30 June 2009**
Number of Class A (USD) Shares Issued and Fully Paid			
Balance at beginning of year	94,101	93,694	97,213
Issued during year	200	6,316	992
Redeemed during year	(34,296)	(5,909)	(4,511)
Total number of Class A (USD) Shares in issue at end of year	60,005	94,101	93,694

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

10. Share Capital (Continued)

Shares in Issue	**Year ended 30 June 2011**	**Year ended 30 June 2010**	**Year ended 30 June 2009**
Number of Class B (EUR) Shares Issued and Fully Paid			
Balance at beginning of year	44,190	68	-
Issued during year	-	44,122	68
Redeemed during year	(5,000)	-	-
Total number of Class B (EUR) Shares in issue at end of year	39,190	44,190	68

11. Net Asset Value

	As at 30 June 2011 USD	**As at 30 June 2010 USD**	**As at 30 June 2009 USD**
Total Net Asset Value			
Class A (USD) Shares	15,137,846	18,763,452	15,395,538
Class B (EUR) Shares	6,609,748	5,892,737	7,609
Net Asset Value per Share			
Class A (USD) Shares	252.28	199.40	164.32
Class B (EUR) Shares	168.66	133.35	111.90

The total NAV of the Company for dealing purposes on 30 June 2011 was USD21,747,594. (2010: USD24,542,016) The following table is a reconciliation between the total NAV of the Company for dealing purposes and the total NAV of the Company as disclosed in the Financial Statements:

Reconciliation of Net Assets Attributable to Redeemable Participating Shares

As at 30 June 2011

	Class A (USD) Shares USD	**Class B (EUR) Shares USD**	**Total USD**
Published Net Asset Value	15,137,846	6,609,748	21,747,594
Reported Net Asset Value	15,137,846	6,609,748	21,747,594

	Class A (USD) Shares USD	**Class B (EUR) Shares USD**
Published Net Asset Value per Share	252.28	168.66
Reported Net Asset Value per Share	252.28	168.66

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

11. Net Asset Value (Continued)

Reconciliation of Net Assets Attributable to Redeemable Participating Shares (Continued)

As at 30 June 2010

	Class A (USD) Shares USD	Class B (EUR) Shares USD	Total USD
Published Net Asset Value	18,763,452	5,778,564	24,542,016
Adjustment re: performance fee liability*	-	114,173	114,173
Reported Net Asset Value	18,763,452	5,892,737	24,656,189

	Class A (USD) Shares USD	Class B (EUR) Shares USD
Published Net Asset Value per Share	199.40	130.77
Adjustment re: performance fee liability*	-	2.58
Reported Net Asset Value per Share	199.40	133.35

* The adjustment arises as a result of the Investment Manager waiving the performance fee payable by the Fund, subsequent to the Fund publishing its year end NAV as at 30 June 2010.

12. Fees

The Investment Manager is entitled to the following management and performance fees payable out of the Net Asset Value of the Company:

Management Fees

Management fees are calculated by the Administrator and accrue daily at a rate of 1/365 of 1.60% of the Net Asset Value as of the Valuation Point on each Dealing Day. The management fee is payable semi-annually. Management fees for the year amounted to USD405,853 (year ended 30 June 2010: USD381,809).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

12. Fees (Continued)

Performance Fees

The Investment Manager is entitled to receive a performance fee from the Fund, calculated at share class level, which will be equal to the aggregate of accrued performance fees for an Accrual Period. An Accrual Period is a period of six months ending on either 30 June or 31 December. Where a Performance Fee has become payable, the aggregate performance fee will revert to zero thereafter.

Performance fees are accrued at the end of the period between each Valuation Point (each a "Calculation Period") as a liability of the Fund, provided that the aggregate performance fee is a positive amount. The performance fee will be verified by the custodian and is calculated using the following formula:

P = 15% x (A - B)

where P = is the Performance Fee for the Calculation Period,

A = is the Investment Return of the Fund for the Calculation Period, as defined below, and,

B = is the Benchmark Return for the Calculation Period, as defined below.

The Investment Return for each Calculation Period is the amount by which the Net Asset Value of the Fund at the end of that Calculation Period, exceeds or is less than the Net Asset Value of the Fund at the end of the previous Calculation Period, excluding any additions to or withdrawals from Fund assets by way of subscription for or redemption of Shares during the Calculation Period.

The Benchmark Return for each Calculation Period, is an amount equal to the prescribed proportion of the Net Asset Value of the Fund at the end of the Calculation Period immediately preceding that Calculation Period. For this purpose, prescribed proportion means the percentage by which the MSCI World Total Return Index Net Dividends Reinvested, in US Dollars, increases or decreases over the course of that Calculation Period.

The Performance Fee is normally payable to the Investment Manager in arrears within 14 calendar days of the end of each Accrual Period.

Performance fees for the year amounted to USD Nil (year ended 30 June 2010: USD10,030). The Investment Manager waived the performance fee payable by the Fund as at 30 June 2010.

Custodian Fees

Northern Trust Fiduciary Services (Ireland) Limited (the "Custodian"), is entitled to receive out of the assets of the Company an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the Net Asset Value of the Company, up to a maximum fee of 0.15% of the Net Asset Value of the Company (plus VAT, if any), subject to a minimum annual fee of USD18,000. In addition to such remuneration, the Custodian is entitled to be repaid all of its reasonable disbursements, including the fees and expenses of any sub-custodian (which are at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the sub-custodian and which are payable by the Company. Custodian fees for the year amounted to USD53,925 (year ended 30 June 2010: USD40,047).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

12. Fees (Continued)

Administration Fees

Northern Trust Securities Services (Ireland) Limited (the "Administrator"), is entitled to receive out of the assets of the Company an annual fee, accrued daily and payable monthly in arrears, of up to a maximum of 0.15% of the Net Asset Value of the Company subject to a minimum monthly fee of USD5,500 (reduced from USD6,500 effective 1 May 2009). The Administrator also receives a monthly fee of USD2,000 (reduced from USD3,000 effective 1 May 2009), accrued daily and payable monthly in arrears, in respect of each Class of Shares in the Company (other than the A Class Shares) which calculates and publishes its Net Asset Value per Share on each Business Day.

This minimum fee may be waived by the Administrator for such period or periods of time as may be agreed between the Investment Manager and the Administrator from time to time. An account opening fee per shareholder, a maintenance fee per shareholder account, per annum, a fee per transaction noted on the register and a fee for financial statements preparation, each of which shall be charged at normal commercial rates, are also payable by the Company.

The Administrator is also entitled to be reimbursed by the Company for all reasonable and vouched disbursements and out-of-pocket expenses incurred by it for the benefit of the Company in the performance of its duties under the Administration Agreement. Administration fees for the year amounted to USD94,351 (year ended 30 June 2010: USD91,073).

Directors' Fees

The Directors are entitled to a fee and remuneration in consideration for the performance of their duties as Directors. Each Director is entitled to receive EUR7,500 per annum or such other sum as the Directors may from time to time determine and disclose to Shareholders in the latest annual or semi-annual report. Directors are entitled to be paid any travelling, hotel or other expenses properly incurred by them in attending Directors or Shareholders meetings or any other meetings in connection with the business of the Company. All Directors' fees are paid semi-annually in arrears following year end commencing from the date of their appointment.

Peter Hall and James McDonald have waived their entitlement to any remuneration as Directors. Directors' fees and expenses for the year amounted to USD26,099 (year ended 30 June 2010: USD24,451).

Fee Rebate

The total annual fees and expenses payable (other than the performance fees payable to the Investment Manager or any non recurring, extraordinary or exceptional costs and expenses, if any) is to be limited to 2% of the average net asset value of the Company. The Investment Manager's policy is to waive such part of its own management fees and pay such part of the Custodian's and Administrator's fees as will be necessary to keep the management expense ratio at or below 2%.

The rebate for the year amounted to USD159,301 (year ended 30 June 2010: USD188,400).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

13. Efficient Portfolio Management

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank of Ireland under the UCITS Regulations and described herein. The Company may not leverage a Fund through the use of derivative instruments, i.e., the total exposure of a Fund, including but not limited to, its exposure from the use of any derivative instruments, must not exceed the total Net Asset Value of the Fund.

14. Related Party Transactions

Financial Reporting Standard 8 "Related Party Transactions" (FRS 8) requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

Hunter Hall International Limited and Hunter Hall Investment Management Limited each hold one subscriber share.

Investment Manager

Related parties include the Investment Manager. Amounts earned by the Investment Manager are disclosed in Note 5.

Michael Jackson is a Partner in Matheson Ormsby Prentice, the legal advisors to the Company. Amounts paid to the legal advisors, during the year, are disclosed on page 15 of these Financial Statements.

Wayne Hawkins is a Director of Hunter Hall Investment Management Limited (the “Investment Manager”) and of Hunter Hall International Limited, the parent company of the Investment Manager.

Hunter Hall Investment Management Limited, which is a wholly owned subsidiary of the parent company, Hunter Hall International Limited (the "Parent"), owns 28,343 (28.57%), redeemable participating shares (30 June 2010: 45,026 (32.56%)) in the Hunter Hall International Ethical No.1 Fund, at the balance sheet date.

Peter Hall and James McDonald are also Directors of Hunter Hall International Limited, the parent company of the Investment Manager.

Secretary

Chartered Corporate Services Limited is the Company Secretary for Hunter Hall International Ethical No. 1 Fund - they held 77 shares at 30 June 2011 (30 June 2010: 77 shares). The fee for the provision of corporate secretarial services to the Company is USD7,500 per annum. Any additional work that is carried out at the request of the Company will be at normal commercial rates based on time and charges and will be disclosed in any reports issued by the Company.

Directors' Fee

The total Directors' fee is disclosed in Note 5.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

15. Taxation

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On this basis it is not chargeable to Irish tax on its income and gains.

However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellations or transfer of shares.

Any tax arising on a chargeable event is a liability of the Shareholder, albeit it is paid by the Company (although if the Company fails to deduct the tax or the correct amount of tax it becomes ultimately the liability of the Company).

No tax will arise on the Company in respect of chargeable events in respect of:

(i) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and,

(ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividend income, interest and capital gains (if any), received by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its Shareholders.

16. Auditors Remuneration

The remuneration for all work carried out by the statutory audit firm in respect of the financial year is as follows:

	Year ended 30 June 2011 USD	**Year ended 30 June 2010 USD**
Statutory audit of Company accounts	16,784	20,998
	16,784	20,998

17. Soft Commission Arrangements

There are no soft commission arrangements affecting the Company during the year (2010: none).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2011

18. Significant Events During the Year

On 23 February, 2011, Bank of Ireland Group agreed to sell its fund administration and investment operations outsourcing business (operating through Bank of Ireland Securities Services Limited) and its custody business (operating through its business division “BOISS”) to Northern Trust. The transaction was subject to the fulfilment of certain conditions.

On 1 June 2011, Northern Trust completed the acquisition, resulting in Bank of Ireland Securities Services Limited becoming a subsidiary of Northern Trust (Ireland) Limited and changing its name to Northern Trust Securities Services (Ireland) Limited. Also effective 1 June 2011, the BOISS custody business transferred from The Governor and Company of the Bank of Ireland to Northern Trust Fiduciary Services (Ireland) Limited.

19. Post Balance Sheet Events

On 7 July 2011, it was agreed by the Directors of Hunter Hall International Ethical Fund plc to change the name of the fund from the Hunter Hall International Ethical No. 1 Fund to the Hunter Hall Global Opportunities Fund.

20. Approval of Financial Statements

The Financial Statements were approved by the Directors on 11 October 2011.

Schedule of Investments

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Liquid Instruments		
	Time Deposits		
1,000,034	0.067% Barclays Deposit 20/07/2011	1,000,034	4.60
	Total Time Deposits	**1,000,034**	**4.60**
	Total Liquid Instruments	**1,000,034**	**4.60**
	Bonds		
	Jersey		
	Commodity Fund		
100	Gold Bullion Securities Ltd 0% secured undated NTS USD0.001	14,637	0.07
	Total Jersey	**14,637**	**0.07**
	United Kingdom		
	Corporate Bonds		
13,100	Barclays Bank Plc FRN 15/03/2012	62,575	0.29
	Total United Kingdom	**62,575**	**0.29**
	United States		
	Undated Loan Stock		
2,974,140	CPT Manager Ltd 3.50 % Undated Reg. Nts. USD106	29,741	0.14
	Total United States	**29,741**	**0.14**
	Total Bonds	**106,953**	**0.50**
	Equities		
	Australia		
	Agriculture		
80,000	Webster Ltd NPV	31,261	0.14
	Banks		
5,970	Bank of Queensland Ltd Com NPV	52,026	0.24

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Australia (Continued)		
	Biotechnology		
262,180	Fluorotechnics Ltd Com NPV	5,614	0.03
	Commercial Services		
513,669	CBD Energy Ltd Com NPV	57,742	0.27
963,586	PMP Ltd Com NPV	639,593	2.94
191,820	Resource Equipment Ltd Com NPV	148,886	0.68
42,120	Spotless Group Ltd Com NPV	101,459	0.47
	Engineering & Construction		
106,730	RCR Tomlinson Ltd Com NPV	186,250	0.86
446,447	VDM Group Ltd Com NPV	76,473	0.35
	Insurance		
935,700	Calliden Group Ltd Com NPV	210,367	0.97
	Internet		
127,600	Customers Ltd Com NPV	102,455	0.47
	Media		
321,530	Fairfax Media Ltd Com NPV	335,620	1.54
	Mining		
363,061	St Barbara Ltd Com NPV	754,054	3.47
	Oil & Gas		
209,720	Po Valley Energy Ltd Com NPV	46,027	0.21
	Packaging & Containers		
106,220	National Can Industries Ltd Com NPV	115,992	0.53
	Pharmaceuticals		
344,015	Biota Holdings Ltd Com NPV	351,724	1.62
228,600	Sirtex Medical Ltd Com NPV	1,199,206	5.51
	Real Estate Investment Trusts		
8,023	Aspen Group NPV	3,736	0.02

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Australia (Continued)		
	Retail		
442,200	Kresta Holdings Ltd Com NPV	123,087	0.57
12,659	RCG Corp Ltd Com NPV	7,996	0.04
	Software		
105,087	Redflex Holdings Ltd Com NPV	197,446	0.91
543,167	UXC Ltd Com NPV	322,736	1.48
	Telecommunications		
139,981	M2 Telecommunications Group Ltd Com NPV	491,546	2.26
13,374	Macquarie Telecom Group Ltd Com NPV	146,044	0.67
	Total Australia	**5,707,340**	**26.25**
	Bermuda		
	Food		
30,100	PureCircle Ltd Com USD0.10	42,042	0.19
	Total Bermuda	**42,042**	**0.19**
	Brazil		
	Commercial Services		
7,080	Kroton Educacional SA NPV	90,911	0.42
	Total Brazil	**90,911**	**0.42**
	Canada		
	Airlines		
41,180	Air Canada Class 'A' Com NPV	98,140	0.45
42,560	Chorus Aviation Inc Com NPV	222,703	1.02
	Computers		
2,610	Research In Motion Ltd Com NPV	75,210	0.35
	Media		
5,895	Yellow Media Inc Com NPV	14,660	0.07
	Total Canada	**410,713**	**1.89**

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Cayman Islands		
	Apparel		
1,279,000	QingMei Group Holdings Ltd Com SGD0.10	197,955	0.91
	Electronics		
488,500	Catch The Wind Ltd Com NPV	197,407	0.91
	Pharmaceuticals		
5,740	Herbalife Ltd Com USD0.002	331,026	1.52
	Total Cayman Islands	**726,388**	**3.34**
	Denmark		
	Agriculture		
108,200	Trigon Agri A/S Com EUR1.00	167,185	0.77
	Total Denmark	**167,185**	**0.77**
	France		
	Computers		
1,132	Ingenico Com EUR1.00	55,179	0.25
	Telecommunications		
97,490	Alcatel-Lucent/France Com EUR2.00	563,698	2.59
	Total France	**618,877**	**2.84**
	Germany		
	Electronics		
2,570	LPKF Laser & Electronics AG Com NPV	49,894	0.23
	Miscellaneous Manufacturing		
27,300	Balda AG Com NPV	359,006	1.65
	Telecommunications		
17,560	Freenet AG Com NPV	241,843	1.11
	Total Germany	**650,743**	**2.99**

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Ireland		
	Computers		
5,650	Seagate Technology Plc Com USD0.00001	91,134	0.42
	Total Ireland	**91,134**	**0.42**
	Isle Of Man		
	Agriculture		
986,985	Landkom International Plc Com GBP0.001	91,112	0.42
	Total Isle Of Man	**91,112**	**0.42**
	Italy		
	Electrical Components & Equipment		
660	Prysmian SpA Com EUR0.10	13,272	0.06
	Total Italy	**13,272**	**0.06**
	Japan		
	Auto Parts & Equipment		
6,630	Imasen Electric Industrial Com NPV	93,342	0.43
	Chemicals		
4,710	C Uyemura & Co Ltd Com NPV	207,331	0.95
	Distribution/Wholesale		
19,800	Toba Inc Com NPV	378,299	1.74
	Diversified Financial Services		
8,260	Century Tokyo Leasing Corp Com NPV	147,485	0.68
	Internet		
14,490	Proto Corp Com NPV	496,995	2.29
	Leisure Time		
24,470	Daiichikosho Co Ltd Com NPV	393,289	1.81

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Japan (Continued)		
	Pharmaceuticals		
14,320	Toho Holdings Co Ltd Com NPV	141,675	0.65
	Total Japan	**1,858,416**	**8.55**
	Luxembourg		
	Oil & Gas Services		
5,439	Subsea 7 SA Com USD2.00	139,790	0.64
	Total Luxembourg	**139,790**	**0.64**
	Netherlands		
	Metal Fabricate/Hardware		
26,240	AMG Advanced Metallurgical Group NV Com EUR0.02	491,539	2.26
	Total Netherlands	**491,539**	**2.26**
	New Zealand		
	Electronics		
334,471	Wellington Drive Technologies Ltd Com NPV	77,346	0.36
	Total New Zealand	**77,346**	**0.36**
	Norway		
	Chemicals		
1,990	Yara International ASA Com NOK1.70	112,566	0.52
	Pharmaceuticals		
18,910	PhotoCure ASA Com NOK0.50	153,312	0.70
	Total Norway	**265,878**	**1.22**

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Republic Of South Korea		
	Environmental Control		
6,730	Woongjin Coway Co Ltd Com KRW500.00	238,275	1.10
	Gas		
2,122	Samchully Co Ltd Com KRW5000.00	204,717	0.94
	Media		
36,100	Woongjin Thinkbig Co Ltd Com KRW500.00	551,145	2.53
	Total Republic Of South Korea	**994,137**	**4.57**
	Singapore		
	Food		
374,720	Consciencefood Holding Ltd Com NPV	76,311	0.35
	Total Singapore	**76,311**	**0.35**
	Spain		
	Commercial Services		
2,270	Prosegur Cia de Seguridad SA Com EUR0.60	120,689	0.55
	Metal Fabricate/Hardware		
7,440	Tubacex SA Com EUR0.45	30,366	0.14
	Total Spain	**151,055**	**0.69**
	Sweden		
	Telecommunications		
13,640	Telefonaktiebolaget LM Ericsson Class 'B' Com NPV	197,140	0.91
	Total Sweden	**197,140**	**0.91**

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	Switzerland		
	Electronics		
11,700	TE Connectivity Ltd Com CHF1.37	430,092	1.98
	Engineering & Construction		
230	Flughafen Zuerich AG Com CHF50.00	104,551	0.48
	Equity Linked Notes		
30,580	UBS AG London 07/01/2013 Mclr lb Equity	185,086	0.85
13,670	UBS AG London 15/10/2013 Alds lb Equity	12,608	0.06
	Total Switzerland	**732,337**	**3.37**
	Taiwan		
	Telecommunications		
3,680	HTC Corp Com TWD10.00	123,762	0.57
	Total Taiwan	**123,762**	**0.57**
	United Kingdom		
	Chemicals		
76,890	Symphony Environmental Technologies Plc Com GBP0.01	18,516	0.08
	Commercial Services		
1,250	Xchanging Plc Com GBP0.05	2,092	0.01
	Diversified Financial Services		
2,180	Record Plc Com GBP0.00025	1,137	0.01
	Home Furnishings		
58,180	Pace Plc Com GBP0.05	99,476	0.46
	Housewares		
49,500	Colefax Group Plc Com GBP0.10	194,701	0.89
	Oil & Gas		
1,630	Ensco Plc ADR USD0.10	86,895	0.40

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Equities (Continued)		
	United Kingdom (Continued)		
	Pharmaceuticals		
109,662	BTG Plc Com GBP0.10	492,959	2.27
	Total United Kingdom	**895,776**	**4.12**
	United States		
	Apparel		
870	Maidenform Brands Inc Com USD0.01	24,021	0.11
	Commercial Services		
5,970	Monster Worldwide Inc Com USD0.001	87,460	0.40
	Computers		
10,820	Lexmark International Inc Class 'A' Com USD0.01	316,593	1.46
	Distribution/Wholesale		
7,380	Brightpoint Inc Com USD0.01	59,778	0.27
	Internet		
1	AOL Inc Com USD0.01	20	-
	Media		
16,264	Comcast Corp Class 'A' Com USD1.00	411,967	1.89
	Oil & Gas Services		
3,160	Superior Energy Services Inc Com USD0.001	117,362	0.54
	Semiconductors		
1,720	Analog Devices Inc Com USD0.17	67,321	0.31
2,280	Veeco Instruments Inc Com USD0.01	110,283	0.51
	Telecommunications		
1,800	Cisco Systems Inc Com USD0.001	28,080	0.13
20,560	InterDigital Inc/PA Com USD0.01	839,465	3.86
14,550	JDS Uniphase Corp Com USD0.001	242,256	1.11
23,410	Oclaro Inc Com USD0.01	157,081	0.72
13,365	Virgin Media Inc Com USD0.01	400,014	1.84
	Total United States	**2,861,701**	**13.15**
	Total Equities	**17,474,905**	**80.35**

Schedule of Investments (Continued)

As at 30 June 2011

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Assets
	Warrants		
	Australia		
18,700	Allied Digital Services Ltd 14/12/2015	17,193	0.08
83,200	Shree Ganesh Jewellery House Ltd 10/10/2013	516,356	2.37
38,776	Tulip Telecom Ltd 18/06/2013	140,385	0.65
	Total Australia	**673,934**	**3.10**
	Canada		
138,000	Catch The Wind Ltd Warrants	-	-
200,000	Catch The Wind Pw 20/04/2012	-	-
	Total Canada	**-**	**-**
	United States		
63,150	3i Infotech Ltd 24/10/2012	63,908	0.29
88,690	Allahabad Bank 24/10/2012	387,841	1.78
12,000	Indian Bank 24/10/2012	57,468	0.26
10,500	McLeod Russel India Ltd 24/10/2010	63,231	0.29
21,700	Tulip Telecom Ltd 24/10/2012	75,407	0.35
	Total United States	**647,855**	**2.97**
	Total Warrants	**1,321,789**	**6.07**
	Total Value of Investments (Cost: USD 18,451,619)	**19,903,681**	**91.52**
	Cash*	**3,696,406**	**17.00**
	Redemptions Payable	**(1,891,969)**	**(8.70)**
	Other Net Liabilities	**(56,688)**	**(0.26)**
	Net Assets Attributable to Holders of Redeemable Participating Shares at bid prices	**21,651,430**	**99.56**
	Adjustment from bid to last traded prices	96,164	0.44
	Net Assets Attributable to Holders of Redeemable Participating Shares at last traded prices	**21,747,594**	**100.00**

*All cash holdings are held with Northern Trust Fiduciary Services (Ireland) Limited.

Schedule of Portfolio Changes (Unaudited)

For the year ended 30 June 2011

Largest Purchases		Cost USD
20,560	Interdigital Inc Com Stk USD0.01	1,114,794
138,100	Shree Ganesh Jewellery House Ltd 10/10/2013	573,008
1,090,962	UXC Ltd Com NPV	481,790
97,490	Alcatel-Lucent/France Com EUR2.00	472,405
16,264	Comcast Corp Class 'A' Com USD1.00	401,955
321,530	Fairfax Media Ltd Com NPV	369,343
34,890	Balda AG Com NPV	330,955
10,820	Lexmark International Inc Class 'A' Com USD0.01	310,419
141,210	Spotless Group Ltd Com NPV	303,394
80,600	Epistar Corp Com TWD10.00	296,904
440,251	PMP Ltd Com NPV	293,851
23,410	Oclaro Inc Com USD0.01	293,395
30,620	ING Groep NV EUR0.24	290,575
1,279,000	QingMei Group Holdings Ltd Com SGD0.10	263,091
22,600	JDS Uniphase Corp Com USD0.001	235,894
6,740	Proto Corp Com NPV	228,871
4,710	C Uyemura & Co Ltd Com NPV	209,259
53,630	Tulip Telecom Ltd 18/06/2013	201,129
17,560	Freenet AG Com NPV	195,276
13,640	Telefonaktiebolaget LM Ericsson Class 'B' Com NPV	182,684

Largest Sales		Proceeds USD
40,370	JDS Uniphase Corp Com USD0.001	888,510
33,135	Virgin Media Inc Com USD0.01	862,307
360,000	Velosi Ltd Com USD0.02	773,130
199,750	Sky Deutschland AG Com NPV	765,568
197,100	BTG Plc Com GBP0.10	697,578
1,046,595	UXC Ltd Com NPV	591,854
541,000	Southern Cross Electrical Engineering Ltd Com NPV	586,600
83,770	NKSJ Holdings Inc Com NPV	561,804
16,500	Western Digital Corp Com USD0.01	547,550
1,675,438	Legend Corp Ltd Com NPV	530,153
176,000	Atlas Iron Ltd Com NPV	529,881
296,972	Wattyl Ltd Com NPV	468,873
48,141	Birla Corp Ltd NPV 24/10/2012	429,967
74,000	Sirtex Medical Ltd Com NPV	422,144
248,770	RCR Tomlinson Ltd Com NPV	403,624
2,726,641	CBD Energy Ltd Com NPV	385,039
78,060	Allahabad Bank 24/10/2012	384,714
30,620	ING Groep NV EUR0.24	377,183
109,203	M2 Telecommunications Group Ltd Com NPV	374,085
821,700	China Lumena New Materials Corp Com USD0.00001	369,553