THE ACTIVE BANKING FUND

Annual Performance Report

August 28th 2015

Disclaimer

This communication material is prepared by Global Capital Securities & Financial Services Ltd (hereinafter “Global Capital”), an Investment Firm regulated by the Cyprus Securities and Exchange Commission. This communication material is provided for information and discussion purposes only. Views and opinions in this communication material reflect the views and opinions of Global Capital at the time it was written and may change at any time without prior notice. The information and opinions contained herein have been obtained or are based on generally available information and, although obtained from sources believed to be reliable, its accuracy, completeness or reliability cannot be assured. Global Capital therefore, does not guarantee as to the accuracy or exhaustiveness of this communication material. This communication material does not constitute an investment, legal, accounting or tax advice and does not release readers from the need to form their own opinion. In particular, readers should obtain advice based on their particular circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of their own investment objectives, risk profile, financial situation, needs, experience and resources. This communication material does not constitute an advertisement or recommendation, and should not be construed as an offer, solicitation or recommendation to purchase or sell any financial instrument. Global Capital cannot be held liable for any decision to invest, divest or take no action on the basis of this communication material. Reproducing it in whole or in part or distributing it to any third party without the prior written consent of Global Capital is prohibited. Global Capital will not be liable for any claims or lawsuits from any third parties arising from its use or distribution. This communication material is for distribution only under such circumstances as may be permitted by applicable law. The price and value of financial instruments entail risks, particularly the risk of fluctuating values and returns. Past performance of any financial instrument is no guarantee for its future performance and is not constant over time. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment in financial instruments.

Fund's Performance in last 12 months

Performance review period: August 1st 2014 – July 31st 2015	
Current fund size: €4.6mn Fund size at end July 2014: €4.3mn	
Fund's gross performance (after trading commissions)	**+5.7%**
Fund sub-portfolios return • US banks • European banks	 +6.7% +4.0%
Charges Recurring • Investment management fee • Administration fee • Performance fee* • USD/EUR hedging costs • Other charges Charges One-Off • Fund set-up cost fees (4th instalment paid in September 2014)**	 1.00% 0.70% 0.10% 0.10% 0.10% 0.47%
Net Fund Return	**+3.23%**
Net Fund Return (excluding one-off charges)	**+3.70%**

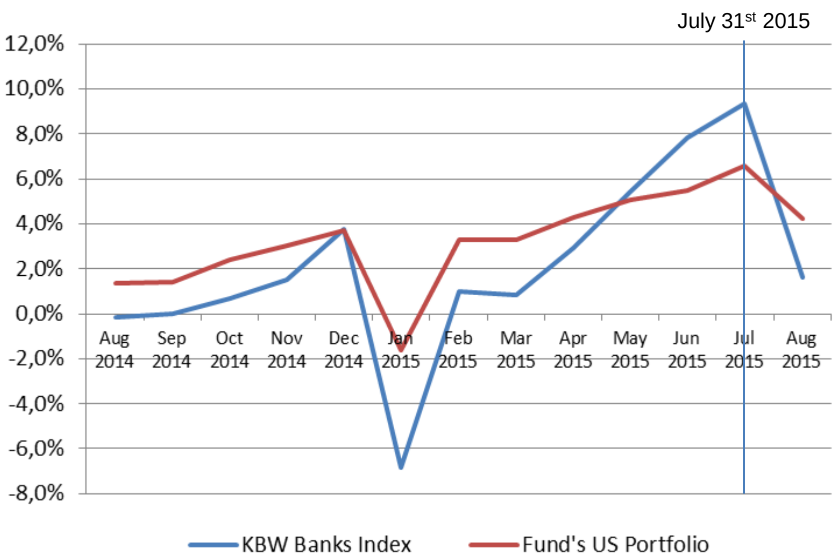
* Accrued only for July 2015 when NAV per share surpassed high watermark

** Fund set-up cost fees have been fully charged/amortised; no one-off charges in 2015

US banks portfolio performance

Underlying/benchmark	Performance Aug 14 – July 15
Fund's US banks portfolio	+6.7%
KBW Bank Index*	+9.4%
Dow Jones Industrials Index	+6.7%

* Index comprises the 24 leading national and regional banks in the US



- Fund's US banks portfolio now accounts for more than 75% of the Fund's total net asset value
- US portfolio performed strongly during the last 12 months despite extremely high volatility in US banks share prices during the period, particularly in January/February 2015 and June/July 2015; volatility was driven by earnings and by rapidly changing expectations about the timing of a hike in interest rates by the US Federal Reserve
- US banks earnings improved substantially in Q1 and Q2 2015 vs Q4 2014, which led to a mid-2015 rally in share prices (following a very poor share price performance in early 2015)
- Although the Fund's US banks portfolio underperformed the KBW Bank Index for the specific 12-month period, it significantly outperformed its benchmark on a volatility adjusted basis (ratio of return/standard deviation); Fund's US portfolio cumulative returns during the 12-month period were much smoother than the cumulative returns of the KBW Bank Index due to Fund's relatively conservative strategy (30% average cash holdings in periods of extreme volatility and/or market turmoil) and policy of investing in lower beta bank stocks; the outperformance in risk/return terms is captured in the chart showing the cumulative monthly performance of Fund's US portfolio vs its benchmark during the reporting period (calculations starting point is July 31st 2014)
- Due to the Fund's relatively conservative strategy, the US banks portfolio was significantly insulated from the major global stock market correction in the 3rd and 4th week of August; for the period August 1st – August 28th, the Fund's US portfolio was down 2.2% vs -7.9% for the KBW Bank Index (performance for August 1st-28th is included in the chart for reference purposes only)

European banks portfolio performance

Underlying/benchmark	Performance Aug 14 – July 15
Fund's European banks portfolio	+4.0%
Basket of major European banks in non-peripheral countries*	+4.5%

* Arithmetic average of the last 12 months performance of the top banks (by market capitalisation) in the UK, Germany, France, Spain and Sweden. These are countries where the Fund is allowed to invest. Basket excludes state-owned banks with problematic balance sheets (Royal Bank of Scotland and Commerzbank). Fund does not invest in banks in peripheral countries (Italy, Portugal and Greece) which are still considered to be high risk. As Spanish economy recovers and with Spanish banks profitability improving substantially in the last 12 months, we have added the two biggest Spanish banks to our list of potential European investments

- The Fund's European banks portfolio has been reduced in size over the last 12 months as European stock markets continue to be highly volatile and Eurozone growth remains anaemic despite the launch of the ECB's massive quantitative easing program in early 2015
- European portfolio now accounts for less than 25% of the Fund's total net asset value. The objective is to provide some diversification and to exploit any opportunities that may arise in case Eurozone growth unexpectedly picks up
- There are already clear indications of a rebound in lending by the big Eurozone banks and an ongoing improvement in European banks non-performing loans
- The Fund's European banks portfolio performance in the last 12 months has exhibited a substantial improvement compared to the previous 12 months (when the portfolio's performance was negative)
- Strategy remains unchanged ie. investing in a small number of Eurozone, UK and Scandinavian banks that are very well capitalised and highly profitable
- The Fund's European portfolio continues to hold a substantial amount of cash during periods of extreme volatility (eg. during the Greek bailout negotiations in June/early July) as the objective is not to track highly volatile European banks indices but to deliver consistent positive returns by investing in extremely solid institutions

Fund's biggest holdings in the US

Security	% of total Fund NAV	Investment rationale
Wells Fargo	5.3%	World's largest bank by market capitalisation; very well managed commercial bank with 35% market share in the US mortgage market; pays one of the highest dividend yields amongst the top 30 US banks (2.8%); their CEO was recently voted by Bloomberg as the world's best CEO in banking amongst megabanks
Citigroup	5.2%	Very impressive turnaround in last 2 years by new CEO; Q2 2015 earnings were its highest quarterly earnings since the 2008-9 financial crisis; recently allowed by Federal Reserve to resume dividend payments and share buybacks; currently the cheapest US megabank, trades at a forward P/E of 8.5 and share price is >10% below tangible book value per share
Discover Financial Services	4.3%	A very profitable and fast growing company focused on credit card loans and other consumer loans; still undervalued given its growth prospects (current P/E of 10.5)
Bank of America	3.9%	Q2 2015 earnings were its highest quarterly earnings since the 2008-9 financial crisis as the bank has finally put all its litigation and huge fines problems behind it; expected to resume dividend payments and share buybacks later this year which should boost the share price; currently the second cheapest US megabank after Citigroup, trading at a forward P/E of 9; stands to benefit substantially from an increase in US interest rates as it has a big interest rate sensitive loans and deposits book
Capital One Financial Corp.	3.0%	A very profitable bank focused on consumer lending; ranked as one of the cheapest financial stocks in the US with a current P/E of 10.5

* Historically, the average P/E of US banks has been 13 to 15; high growth financial stocks with stable earnings can command a P/E > 15; banks with volatile earnings, including investment banking activities typically have lower average P/Es

Fund’s biggest holdings in Europe

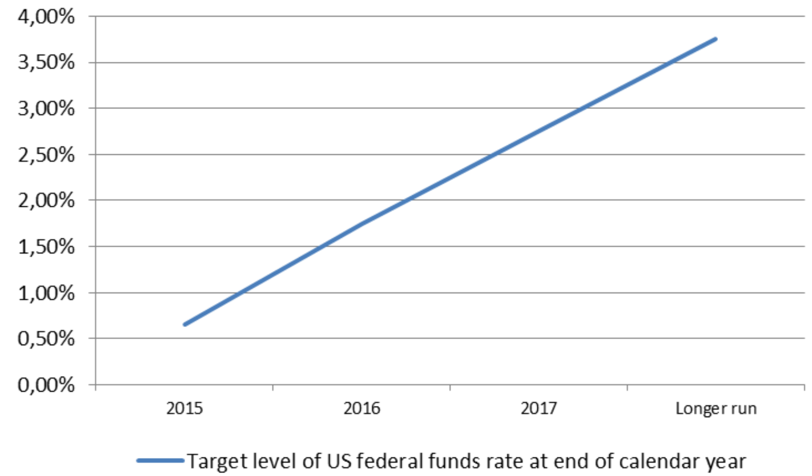
Security	% of total Fund NAV	Investment rationale
BNP Paribas (France)	2.5%	Eurozone’s second largest bank by market capitalisation and currently the eurozone’s most profitable bank in terms of total annual profit over the last 4 quarters; reported very impressive Q2 2015 earnings in all business areas and geographies; it is currently the cheapest bank in the eurozone (amongst mid and big capitalisation banks) with a current P/E of 10
KBC (Belgium)	2.5%	KBC is one of the most well capitalised banks in the Eurozone, having divested many non-core businesses in Eastern Europe in the last few years; it also resumed dividend payments in 2015 for the first time since the 2008-9 financial crisis; highly profitable with a relatively low risk business
Societe Generale (France)	1.9%	Societe Generale was added to our Buy and Hold list after it reported very impressive Q2 2015 earnings; despite the potential risks that may arise from its sizeable Russian subsidiary, it is performing extremely well in all other business areas and geographies and the share price does not yet fully capture the bank’s profit generation ability; it is one of the cheapest banks in the eurozone with a current P/E of 10.5
SEB (Sweden)	1.9%	SEB is Europe’s second best capitalised major bank with a core tier 1 capital ratio of 16% (Sweden has the strictest bank capital ratio requirements in Europe); highly profitable with a dividend yield of 4.5% (returning surplus capital to investors)

Future outlook and strategy

Active Banking Fund

US banks

- Expected to continue to outperform as US GDP growth has accelerated to almost 3% and unemployment has dropped to a new multi-year low of 5.2%
- Only major downside risks for US banks are global geopolitical factors and the slowdown of China's economy; Fund is currently overweight in US banks with zero activities outside the US, hence they are likely to be insulated from any potentially negative international developments
- The US Federal Reserve is expected to start increasing interest rates either in September or December 2015; the pace and speed of the interest rate hikes (see chart) will determine the magnitude of the positive impact on US banks net interest margins and profits; it is estimated that for every 1% increase in the US federal funds rate, the operating profits of US commercial banks (before credit losses) will increase by 8%-10%



Federal funds rate projections as released by Federal Reserve in June 2015

European/UK banks

- Eurozone remains vulnerable to anaemic growth and geopolitical factors
- The Fund continues to maintain a cautious investment strategy vis-à-vis European banks
- The Fund continues to avoid investments in high risk banks in Italy and Greece but has recently added Spain's two biggest and highly diversified banks (Banco Santander and BBVA) to its list of potential investments as the Spanish economy has started to grow again and non-performing loans in Spain keep dropping
- The Fund will maintain and possibly increase Scandinavian banks holdings if Eurozone growth continues to stall
- UK banks continue to underperform despite the strength of the UK economy due to ongoing litigation and restructuring issues and little visibility as to when the Bank of England will begin increasing UK interest rates. The Fund has recently scaled back its holdings of UK banks and will consider reentering only when there is more visibility and clarity about UK interest rate hikes

Fund’s charges substantially reduced

Year	Annual recurring charges (excl. performance fee)	One-off charges	Total annual charges
2012 (6 months)	2.25%	0.75%	3.00%
2013	2.15%	1.05%	3.20%
2014	1.85%	0.75%	2.60%
2015 (7 months)	1.65%	0.0%	1.65%

- Fund’s one-off charges (mainly Fund set up cost fees) have now been fully charged; there are no one-off charges in 2015
- Funds annual recurring charges have been reduced due to Fund’s net asset value growth and the recent renegotiation and reduction of annual administration and audit fees