THE ACTIVE BANKING FUND

Annual Performance Report

July 2013

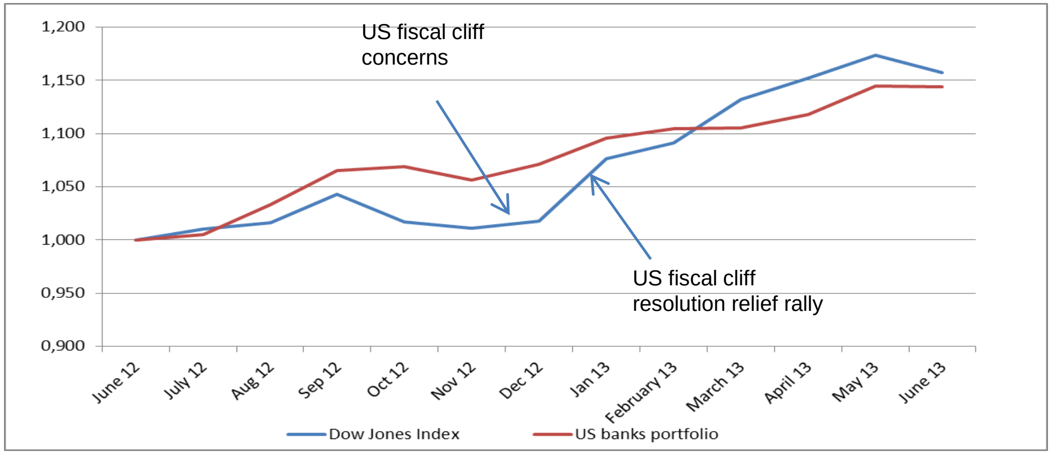
Fund's performance since launch

Fund Launch Date – July 3rd 2012	
Current Fund Size: €4.0mn Fund Size at Launch: €2.9mn	
Fund Gross Return (as at July 15th)	**+8.0%**
Fund sub-portfolios return • US banks • Eurozone banks	 + 16.0% - 1.7%
Charges Recurring (yearly average) • Investment management fee • Administration fee • Performance fee (paid and accrued) • USD/EUR hedging costs* • Money transfer bank charges/other Charges One-Off • Set up Fees	 1.0% 0.8% 1.0% 0.1% 0.05% 0.8%
Dilutive impact of subscriptions on 1/08/2012 (below launching NAV of 1.00) **Net Fund Return**	0.25% **+4.0%**
Net Fund Return (excluding one-off set-up fees)	**+4.8%**

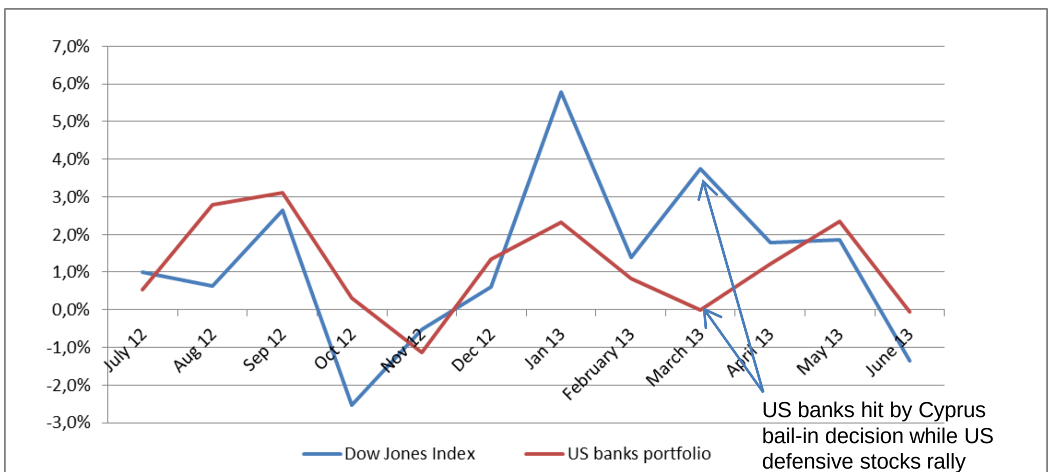
* During the 12 month period, the euro appreciated by 4% vs the US dollar; hedging ensured that the euro value of the Fund's US investments was unaffected

US banks portfolio performance
- steady growth with low volatility

Cumulative performance vs. benchmark



Monthly % change vs. benchmark



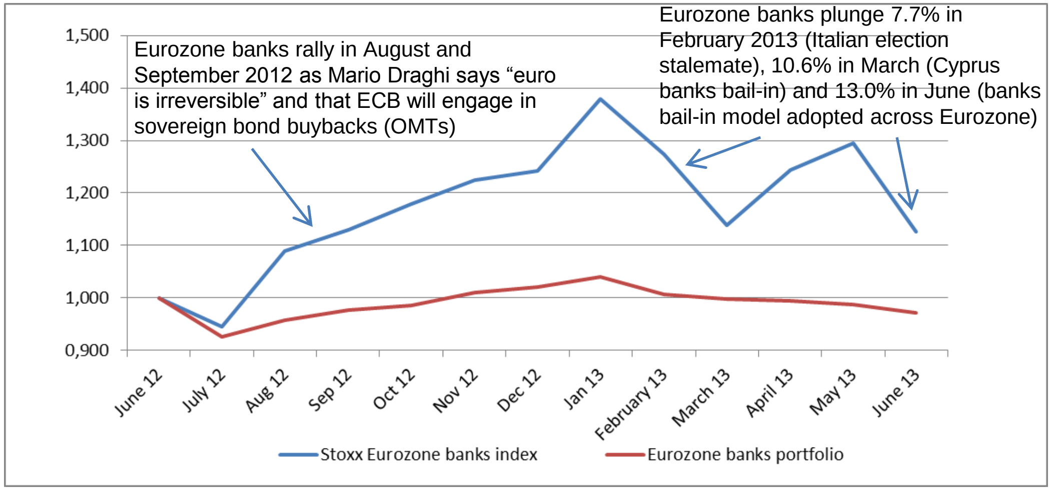
- Fund invested almost exclusively in big cap US banks with a market capitalisation > $50bn
- Fund's US banks portfolio matched US stock market performance (big caps) with lower volatility of returns
- US portfolio security holdings were (on average) 70% of portfolio's total value as Fund increased its cash holdings in months of market distress in line with its objective of capital preservation (December 2012 due to fiscal cliff concerns, March 2013 due to Cyprus banks bail-in, end of May/June 2013 following Fed comments about potential tapering of its accommodative monetary policy)
- Underlying performance of US portfolio security holdings outperformed Dow Jones Index by 5% as big cap US banks performed strongly

Underlying/benchmark	Performance July 12 – June 13
Fund's US banks portfolio	+14.5%
Fund's US banks portfolio underlying performance of security holdings	+20.7%
Dow Jones Index	+15.7%
Credit Suisse US hedge funds index*	+9.2%

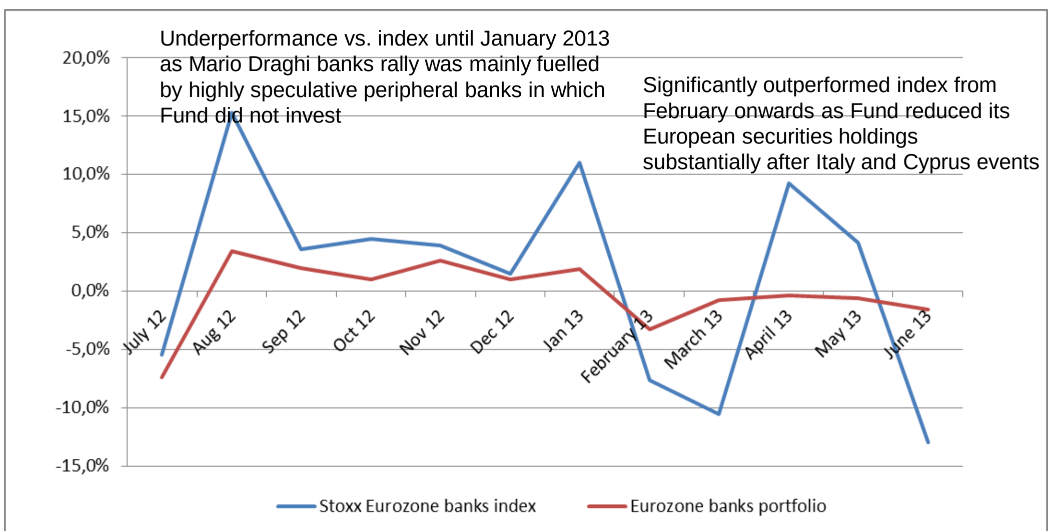
* Despite its long bias, the Fund can short stocks and use leverage, hence it shares certain hedge fund features

Eurozone banks portfolio performance - low volatility in a tumultuous environment

Cumulative performance vs. benchmark



Monthly % change vs. benchmark



- Fund invested in a small number of Eurozone banks with a relatively strong capital base and consistent profitability
- Fund avoided weak and highly speculative banks in peripheral/struggling Eurozone countries (Greece, Portugal, Spain and Italy)
- Eurozone banks portfolio dropped 7.4% in July 2012 due to Spain concerns causing havoc in Eurozone markets. After July, the Fund tightened its European stop-loss limits and gradually reduced its securities holdings as a percentage of the portfolio's total value, in line with its objective of capital preservation. Despite the phenomenal volatility in Eurozone banks share prices throughout the period, the portfolio **was up 5.0%** in the 11 months from August 2012 to June 2013
- Eurozone banks portfolio significantly underperformed the Eurozone banks index from August 2012 to January 2013 as the Mario Draghi "relief" rally was mainly driven by weak and volatile banks in peripheral countries in which the Fund did not invest
- Eurozone banks portfolio significantly outperformed the Eurozone banks index from February to June 2013 as Fund increased its cash holdings after events in Italy and Cyprus; during this period, the Eurozone portfolio dropped by just 6% while the Eurozone banks index dropped by almost 20%

Investment split strategic shift

- US portfolio has outperformed European portfolio by almost 18% driven by consistently strong underlying performance of US banks
- US economy much more resilient than Eurozone with better prospects over next 12-18 months
- US banks have been consistently more profitable than Eurozone banks, a trend expected to continue over the next 12-18 months
- US banks multiples remain attractive by historical standards
- Eurozone banks share prices are hugely volatile and continue to be driven exclusively by political developments and statements made by Mario Draghi; currently impossible for a fund manager to differentiate across financial institutions based on fundamentals or to predict market movements
- No signs of economic recovery in the Eurozone
- The Fund has changed its US/Eurozone banks investment split since the Fund's launch and in view of current market conditions we are further increasing our US banks vs. Eurozone banks split ratio

Time period	US banks portfolio allocation	Eurozone banks portfolio allocation
July 2012 – February 2013	55%	45%
March 2013 – June 2013	62%	38%
July 2013 onwards (effective as from July 24th)	80%	20%