



POLUNIN FUNDS

Société d'Investissement à Capital Variable

Unaudited semi-annual report

as at 30/06/2016

RCS Luxembourg N B131.312

POLUNIN FUNDS

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No subscription can be received on the basis of these financial statements. Subscriptions may only be accepted on the basis of the valid Sales Prospectus (including annexes) and the Key Investor Information Document together with the most recent Annual Report and, if the latter was published more than eight months ago, the most recent Semi-Annual Report.

POLUNIN FUNDS

Management and Administration

Registered Office	5, Allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
Chairman of the Board of Directors of the Fund	Michael Sanders, Managing Director, Alceda Fund Management S.A., Senningerberg, Grand-Duchy of Luxembourg
Members of the Board of Directors of the Fund	Julian Garel-Jones, Director, Polunin Capital Partners Limited, London, United Kingdom Serge Dollendorf, Senior Director, Alceda Fund Management S.A., Senningerberg, Grand-Duchy of Luxembourg
Management Company	Alceda Fund Management S.A. 5, Heienhaff L-1736 Senningerberg Grand-Duchy of Luxembourg
Investment Manager	Polunin Capital Partners Limited 10, Cavalry Square London, SW34RB United Kingdom
Investment Adviser	Polunin Capital Partners Pte. Limited 80 Raffles Place #20-01 UOB Plaza Singapore 048624
Central Administration Agent, Domiciliary Agent, Registrar and Transfer Agent	CACEIS Bank Luxembourg 5, Allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
Depository and Paying Agent	CACEIS Bank Luxembourg 5, Allée Scheffer L-2520 Luxembourg Grand-Duchy of Luxembourg
Independent Auditor of the Fund	Deloitte Audit <i>Société à responsabilité limitée</i> <i>Cabinet de révision agréé</i> 560, rue de Neudorf L-2220 Luxembourg Grand-Duchy of Luxembourg
Independent Auditor of the Management Company	PricewaterhouseCoopers, <i>Société coopérative</i> 2 rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Grand Duchy of Luxembourg

POLUNIN FUNDS

Consolidated

POLUNIN FUNDS
Consolidated
Financial Statements as at 30/06/2016

Statement of Net Assets as at 30/06/2016

Expressed in USD

Assets		405,623,821.36
Securities portfolio at market value	Note 2.6	393,929,228.82
<i>Cost price</i>		440,469,986.73
<i>Unrealised loss on the securities portfolio</i>		-46,540,757.91
Cash at bank and liquidities	Note 7	9,406,081.05
Dividends receivable		2,288,511.49
Liabilities		2,618,840.76
Payable on purchase of securities		1,274,265.01
Accrued performance fees	Note 4	91,092.31
Management fees payable	Note 4	1,122,402.23
Other liabilities	Note 10	131,081.21
Net asset value		403,004,980.60

POLUNIN FUNDS
- Developing Countries Fund

POLUNIN FUNDS - Developing Countries Fund

Financial Statements as at 30/06/2016

Statement of net assets as at 30/06/2016

Expressed in USD

Assets		350,535,992.73
Securities portfolio at market value	Note 2.6	340,296,078.49
Cost price		385,764,857.56
Unrealised loss on the securities portfolio		-45,468,779.07
Cash at bank and liquidities	Note 7	8,158,095.00
Dividends receivable		2,081,819.24
Liabilities		2,309,323.05
Payable on purchase of securities		1,274,265.01
Management fees payable	Note 4	925,323.82
Other liabilities	Note 10	109,734.22
Net asset value		348,226,669.68

Key figures relating to the last 3 years

	Period/year ended as at:	30/06/2016	31/12/2015	31/12/2014
Total Net Assets	USD	348,226,669.68	320,843,711.10	419,184,489.16
Class A	USD		USD	USD
Distribution shares				
Number of shares		107,085.921	146,113.656	162,676.150
Net asset value per share		765.88	709.38	851.04
Dividend per share		-	-	-
Class B	USD		USD	USD
Capitalisation shares				
Number of shares		143,120.593	103,278.538	70,209.714
Net asset value per share		781.61	722.36	861.17
Class C	USD		USD	USD
Capitalisation shares				
Number of shares		198,049.618	198,049.618	256,506.894
Net asset value per share		779.34	719.97	858.76

POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			317,828,137.20	91.27
Shares			317,828,137.20	91.27
<i>Brazil</i>			<i>8,345,520.72</i>	<i>2.40</i>
449,340	CEMIG ADR REPR 1 PFD SH	USD	993,041.40	0.29
120,514	EMBRAER ADR REPR.4SHS	USD	2,617,564.08	0.75
935,754	VALE ADR REP 1SH	USD	4,734,915.24	1.36
<i>China</i>			<i>55,819,470.14</i>	<i>16.03</i>
11,337,592	ALUMINUM CORPORATION OF CHINA -H-	HKD	3,551,238.55	1.02
6,534,639	BANK OF CHINA LTD -H-	HKD	2,602,752.24	0.75
5,131,563	BANK OF COMMUNICATIONS -H-	HKD	3,234,530.67	0.93
5,290,935	CH HS TRANSMISS SHS	HKD	4,235,227.81	1.22
5,198,485	CHANGSHA ZOOMLION -H-	HKD	1,782,424.66	0.51
4,272,018	CHINA CONSTRUCTION BANK CORPORATION -H-	HKD	2,819,394.08	0.81
1,466,471	CHINA MERCHANT BANK -H-	HKD	3,277,746.19	0.94
3,483,800	CHINA MINSHENG BANKING CORPORATION -H-	HKD	3,358,981.11	0.96
5,543,231	CHINA RAILWAY GROUP LTD -H-	HKD	4,115,647.87	1.18
2,693,804	CHINA UNICO HK	HKD	2,784,794.23	0.80
5,385,017	CHINA WATER AFFAIRS GROUP LTD	HKD	3,109,695.33	0.89
2,191,431	COSCO PACIFIC LTD -RC-	HKD	2,177,884.92	0.63
2,053,269	DONGFANG ELECTRIC -H-	HKD	1,606,524.27	0.46
6,211,380	FIH MOBILE LTD	HKD	1,993,609.96	0.57
8,315,766	GLORIOUS PROPERTY HOLDINGS LTD	HKD	750,331.28	0.22
13,560,371	GOME ELECTRICAL APP	HKD	1,608,096.65	0.46
2,443,615	GUANGZHOU R&F PROPERTIES COMPANY LTD -H-	HKD	3,077,372.69	0.88
5,701,400	INDUS.AND COMMERCIAL BANK OF CHINA -H-	HKD	3,152,764.65	0.91
10,401,653	MAANSHAN IRON STEEL CO LTD -H-	HKD	2,225,682.44	0.64
779,842	SHANGHAI INDUSTRIAL HOLDINGS LTD -RC-	HKD	1,761,138.34	0.51
2,360,655	SINO-OCEAN GP SHS	HKD	1,019,365.84	0.29
3,656,613	SINOTRUK HK	HKD	1,574,266.36	0.45
<i>Greece</i>			<i>4,760,089.69</i>	<i>1.37</i>
1,617,000	ALPHA BANK AE	EUR	2,910,177.96	0.84
1,383,000	EUROBANK ERGASIAS	EUR	845,044.12	0.24
4,711,000	NATL BANK GREECE	EUR	1,004,867.61	0.29
<i>Hungary</i>			<i>1,919,303.04</i>	<i>0.55</i>
1,222,797	MAGYAR TELEKOM PLC	HUF	1,919,303.04	0.55
<i>India</i>			<i>19,462,057.93</i>	<i>5.59</i>
153,827	ABB SHS	INR	2,789,487.84	0.80
765,610	ADANI PORTS	INR	2,346,342.18	0.67
807,075	BHARAT HEAVY ELECTRICALS LTD	INR	1,526,978.84	0.44
532,446	BHARTI AIRTEL LTD(DEMATERIALIZED)	INR	2,893,564.19	0.84
187,828	CANARA BANK .SHS.DEMATERIALIZED	INR	607,911.85	0.17
792,495	DISH TV INDIA	INR	1,147,147.65	0.33
594,074	DLF SHS	INR	1,319,821.63	0.38
1,332,846	HINDALCO INDUSTRIES LTD	INR	2,425,958.46	0.70
183,269	RELIANCE CAPITAL LTD	INR	1,085,439.72	0.31
272,583	RELIANCE INFRASTRUCTURE DEMATERIALIZED	INR	2,204,046.42	0.63
530,728	UNION BANK OF INDIA DEMATERIALIZED	INR	1,008,850.66	0.29
1,123,249	UNITECH - SHS DEMATERIALIZED	INR	106,508.49	0.03
<i>Jordan</i>			<i>1,311,098.92</i>	<i>0.38</i>
285,139	JORDAN PETROLEUM REFINERY	JOD	1,311,098.92	0.38
<i>Kazakhstan</i>			<i>1,648,259.72</i>	<i>0.47</i>
929,854	KAZAKHMYN PLC	GBP	1,648,259.72	0.47
<i>Malaysia</i>			<i>663,466.91</i>	<i>0.19</i>
6,523,829	KNM GROUP BHD	MYR	663,466.91	0.19
<i>Mexico</i>			<i>1,824,486.51</i>	<i>0.52</i>
5,138,995	CONSORCIO ARA -SHS-	MXN	1,824,486.51	0.52
<i>Pakistan</i>			<i>7,892,332.03</i>	<i>2.27</i>
1,177,566	ARIF HABIB CORPORATION LTD	PKR	443,653.79	0.13
277,115	ATTOCK REFINERY LTD	PKR	741,390.62	0.21
97,337	ICI PAKISTAN	PKR	413,684.66	0.12
3,665,331	JAHANGIR SIDDIQUI	PKR	693,091.10	0.20
4,818,884	NATL BANK PAKISTAN	PKR	2,660,488.41	0.76
819,927	PAKISTAN STATE OIL CO LTD	PKR	2,940,023.45	0.85

Securities have been grouped to reflect geographic exposure. Geographic exposure relates principally to the domicile of the issuers of the securities held in the Fund, however, in some instances it can reflect the country where the issuer of the securities carries out much of their business.

The accompanying notes form an integral part of these financial statements.

POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>Peru</i>				
329,403	BUENAVENTURE SP ADR-SHS-	USD	3,936,365.85	1.13
			3,936,365.85	1.13
<i>Poland</i>				
77,027	CIECH	PLN	7,222,368.82	2.07
90,708	KGHM POLSKA MIEDZ SA (PLN)	PLN	973,973.25	0.28
225,198	POLSKI KONCERN NAFTOWY ORLEN SA	PLN	1,511,271.67	0.43
1,132,270	TAURON POLSKA ENERGIA S.A	PLN	3,925,375.66	1.13
			811,748.24	0.23
<i>Russia</i>				
2,449,106,204	FSK EES	RUB	48,589,215.59	13.95
385,690,223	FSK EES	USD	6,000,311.51	1.72
			944,941.05	0.27
1,178,968	GAZPROM ADR REPR. 2 SHS	USD	5,081,352.08	1.46
545,376	GAZPROM PJSC ADR REPR 2 SHS	USD	2,361,478.08	0.68
70,613,795	INTER RAO UES	RUB	2,790,170.49	0.80
61,938,590	INTER RAO UES - SHS	USD	2,447,379.51	0.70
143,871	LUKOIL ADR REP 1 SH	USD	6,009,491.67	1.72
438,000	MOBILE TELESYSTEMS	RUB	1,666,562.38	0.48
251,653	NOVOLIPETSK STEEL - GDR - REPR SHS REG S	USD	3,271,489.00	0.94
305,171	ROSTELECOM	USD	440,480.16	0.13
135,786,632	RUSHYDRO	RUB	1,309,451.95	0.38
53,678,500	RUSHYDRO	USD	517,621.78	0.15
1,878,614	SBERBANK	USD	3,911,481.00	1.12
1,974,415	SURGUTNEFTEGAZ	RUB	1,026,345.93	0.29
298,389	SURGUTNEFTEGAZ JSC ADR -REPR.10SHS	USD	1,520,291.96	0.44
53,798,821	UAC	USD	442,172.51	0.13
3,666,171	UNITED COMPANY RUSAL LTD	HKD	1,091,634.99	0.31
1,508,690,071	VNESHTORGBANK	RUB	1,606,056.36	0.46
890,000,000	VNESHTORGBANK	USD	947,850.00	0.27
435,831	VNESHTORGBANK-GDR-REPR 2000 SHS REG-S	USD	895,196.87	0.26
3,161	VSMPO-AVISMA	USD	586,401.31	0.17
170,300	YANDEX N.V.	USD	3,721,055.00	1.07
<i>Singapore</i>				
450,242	SINGAPORE AIRLINES LTD	SGD	3,566,021.13	1.02
			3,566,021.13	1.02
<i>South Africa</i>				
182,691	ANGLO AMERICAN PLATINUM LIMITED	ZAR	10,667,210.26	3.06
679,739	IMPALA PLATINUM HOLDINGS LTD	ZAR	4,581,562.05	1.32
427,903	LONMIN GBP PLC	GBP	2,190,761.76	0.63
598,775	SAPPI LTD	GBP	1,095,422.03	0.31
		ZAR	2,799,464.42	0.80
<i>South Korea</i>				
25,850	GREEN CROSS	KRW	29,213,603.76	8.39
147,118	GS ENGINEERING & CONSTRUCTION CORP	KRW	4,219,125.28	1.21
35,875	HYUNDAI HEAVY INDUSTRIES CO LTD	KRW	3,544,319.17	1.02
108,307	LG DISPLAY	KRW	3,285,854.99	0.94
61,426	LG ELECTRONICS INC	KRW	2,482,358.36	0.71
29,940	LG LIFE SCIENCES LTD	KRW	2,874,385.58	0.83
15,233	LOTTE CHEMICAL CORPORATION	KRW	1,871,493.47	0.54
32,229	SK INNOVATION	KRW	3,742,621.45	1.07
49,638	S-OIL CORP	KRW	3,931,218.46	1.13
			3,262,227.00	0.94
<i>Taiwan</i>				
6,586,282	ACER INC	TWD	66,030,028.59	18.97
1,100,195	ARDENTEC -SHS-	TWD	3,082,947.99	0.89
8,004,506	AU OPTRONICS	TWD	644,585.31	0.19
6,180,307	CHINA PETROCHEMICAL DEVELOPMENT CORP	TWD	2,717,049.70	0.78
2,054,881	CHINA SYNTHETIC	TWD	1,385,151.50	0.40
5,588,746	CHINATRUST FINANCIAL HLDGS	TWD	1,477,826.98	0.42
4,514,908	COMPAL ELECTRONICS	TWD	2,919,195.67	0.84
4,717,821	COMPEQ MANUFACRURING CO	TWD	2,834,150.20	0.81
2,231,729	CORETRONIC CORPORATION	TWD	2,500,843.41	0.72
2,059,918	EPISTAR CORP	TWD	2,033,938.03	0.58
2,506,202	ETRON TECHNOLOGY	TWD	1,452,714.47	0.42
5,068,200	EVERGREEN MARINE CORP	TWD	978,893.73	0.28
728,109	EVERLIGHT ELECTRONICS CO LTD	TWD	1,877,459.51	0.54
6,514,500	FIRST FINANCIAL HOLDING COMPANY	TWD	1,180,448.43	0.34
1,309,702	FOXCONN TECHNOLOGY CO LTD	TWD	3,412,846.24	0.98
2,339,996	GIGA-BYTE TECHNOLOGY CO	TWD	3,061,207.48	0.88
1,191,048	HIGH TECH COMPUTER CORP	TWD	2,774,568.71	0.80
7,220,129	INNOLUX DISPLAY	TWD	3,821,365.19	1.10
			2,417,228.14	0.69

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The accompanying notes form an integral part of these financial statements.

POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
901,338	MICRO-STAR INTERNATIONAL	TWD	1,651,292.82	0.47
614,421	PAN INTERNATIONAL INDUSTRIAL CORP	TWD	234,271.84	0.07
1,181,608	PAN JIT INTERNATIONAL	TWD	600,711.85	0.17
3,216,002	PRIME VIEW INTERNATIONAL CO LTD	TWD	1,774,537.75	0.51
7,753,279	QISDA CORP	TWD	2,739,928.27	0.79
1,589,879	REALTEK SEMICONDUCTOR CORP	TWD	4,923,551.57	1.42
9,668,799	TAISHIN FINANCIAL HOLDINGS	TWD	3,716,577.10	1.07
2,803,480	TAIWAN TEA	TWD	1,294,889.35	0.37
3,607,684	UNIMICRON TECHNOLOGY CORP	TWD	1,576,872.33	0.45
7,940,867	UNITED MICROELECTRONICS CORP	TWD	3,101,611.49	0.89
4,030,680	WISTRON CORP	TWD	2,798,821.93	0.80
631,009	YAGEO CORPORATION	TWD	1,044,541.60	0.30
<i>Thailand</i>			<i>12,970,608.10</i>	<i>3.72</i>
3,294,309	BANGCHAK PETROLEUM PUBLIC CO -F- REG	THB	2,999,938.59	0.86
5,339,708	ESSO (THAILAND) PUBLIC CO LTD FOR REGD	THB	919,328.95	0.26
27,428,273	IRPCP FOREIGN	THB	3,715,381.98	1.07
14,413,249	ITALIAN-THAI DEV.PUBLIC CO -F- REG	THB	2,727,605.70	0.78
1,527,626	THAI OIL-FOREIGN REG	THB	2,608,352.88	0.75
<i>Turkey</i>			<i>21,657,770.17</i>	<i>6.22</i>
929,894	ALARKO HOLDING	TRY	1,070,350.14	0.31
7,639,244	DOGAN SIRKETLER GRUBU HOLDINGS	TRY	1,222,004.05	0.35
2,304,977	EREGLI DEMIR VE CELIK	TRY	3,254,296.07	0.93
715,121	KORDSA GLOBAL	TRY	1,504,524.75	0.43
3,996,303	PETKIM PETROKIMYA HOLDING AS	TRY	5,336,469.91	1.54
1,886,198	TRAKYA CAM SANAYII	TRY	1,495,500.49	0.43
133,980	TUPRAS TURKIYE PETROL RAFINELERI	TRY	2,970,192.48	0.85
1,295,234	TURCAS PETROL AS	TRY	657,605.63	0.19
1,521,890	TURK SISE CAM	TRY	1,878,780.52	0.54
1,009,613	VESTEL ELEKTRONIK SANAYI TICARET AS	TRY	2,268,046.13	0.65
<i>Ukraine</i>			<i>189,995.37</i>	<i>0.05</i>
200,000	CENTERENERGO (see note 8)	UAH	61,860.74	0.02
170,000	LUGANSTEPLOVOZ (see note 8)	UAH	636.73	0.00
500	MOTOR SICH JSC (see note 8)	UAH	40,475.29	0.01
5,000,000	RAIFFEISEN BANK AVAL JSC (see note 8)	USD	14,095.00	0.00
15,300	STIROL CONCERN (see note 8)	UAH	955.10	0.00
4,000,000	UKRSOTSBANK (see note 8)	UAH	10,149.03	0.00
10,500,000	UKRTELECOM (see note 8)	UAH	61,317.04	0.02
2,500	YENAKIEV METALL (see note 8)	UAH	506.44	0.00
<i>United Arab Emirates</i>			<i>1,936,763.89</i>	<i>0.56</i>
12,934,317	DANA GAS	AED	1,936,763.89	0.56
<i>Vietnam</i>			<i>8,202,100.06</i>	<i>2.36</i>
411,710	BAOVIET HLDGS	VND	1,089,084.48	0.31
2,291,256	BECAMEX INFRASTRUCTURE DEVELOPMENT JOINT	VND	904,012.49	0.26
714,414	GEMADEPT	VND	861,629.14	0.25
3,688,526	ITACO	VND	711,114.36	0.20
1,886,105	KINHBAC CITY	VND	1,310,737.45	0.39
3,823,841	SAI GON - HANOI	VND	1,045,797.99	0.30
1,347,801	SONG DA URB AND INDUSTRIAL ZONE	VND	1,293,176.16	0.37
1,880,677	VNDIRECT SECURITIES CORPORATION	VND	986,547.99	0.28
Other transferable securities			20,206,187.71	5.80
Shares			308,186.63	0.09
<i>Zimbabwe</i>			<i>308,186.63</i>	<i>0.09</i>
209,214	AFRASIA ZIMBABWE HOLDINGS LTD (see note 8)	USD	0.00	0.00
1,055,310	ECONET WIRELESS ZIMBABWE LIMITED	USD	221,615.10	0.07
400,000	HIPPO VALLEY ESTATES LTD (see note 8)	USD	80,000.00	0.02
93,879	MEIKLES LIMITED	USD	6,571.53	0.00
Warrants			19,898,001.08	5.71
<i>Bahamas</i>			<i>1,438,350.91</i>	<i>0.41</i>
356,429	CS (DAR AL ARK) 18.10.16 WAR	USD	612,927.07	0.18
480,000	CS NASSAU (DAR ALARKAN) 15.10.18 WAR	USD	825,423.84	0.23
<i>Hong Kong</i>			<i>3,096,307.09</i>	<i>0.89</i>
1,968,889	BOCI FINANCIAL (HUALIAN HYP)04.10.17 WAR	USD	1,846,315.82	0.53
1,637,958	BOCI FINANCIAL (SHANDONG H) 10.04.17 WAR	USD	1,249,991.27	0.36

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POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>The Netherlands</i>			<i>3,077,900.71</i>	<i>0.88</i>
125,000	JP MORGAN (CANARA BANK) 16.02.17 WAR	USD	404,375.00	0.12
772,600	JP MORGAN (DISH TV INDIA) 23.04.18 WAR	USD	1,116,407.00	0.32
193,500	JP MORGAN (RELIANCE CAP) 10.08.17 WAR	USD	1,139,715.00	0.32
241,609	MORGAN STANLEY(DAR AL AKAN) 15.12.15 WAR	USD	417,403.71	0.12
<i>United Kingdom</i>			<i>12,285,442.37</i>	<i>3.53</i>
2,286,706	UBS LDN (BJ CAPTL) 17.01.17 WAR	USD	3,073,332.86	0.88
2,665,799	UBS LDN (SHENZHEN AIRPORT) 02.03.17 WAR	USD	3,411,156.40	0.99
1,505,251	UBS LDN (TANGSHAN JI-A-) 02.03.17 WAR	USD	2,469,213.74	0.71
1,866,239	UBS LONDON (NANSHAN ALUM) 22.06.17 WAR	USD	2,069,659.05	0.59
2,075,790	UBS LONDON (RIZHAO PORT) 22.06.17 WAR	USD	1,262,080.32	0.36
Shares/Units of UCITS/UCIS			2,261,753.58	0.65
Shares/Units in investment funds			2,261,753.58	0.65
<i>Romania</i>			<i>2,261,753.58</i>	<i>0.65</i>
12,681,865	FONDUL PROPRIETATEA SA	RON	2,261,753.58	0.65
Total securities portfolio			340,296,078.49	97.72

Securities have been grouped to reflect geographic exposure. Geographic exposure relates principally to the domicile of the issuers of the securities held in the Fund, however, in some instances it can reflect the country where the issuer of the securities carries out much of their business.

The accompanying notes form an integral part of these financial statements.

POLUNIN FUNDS
- Emerging Markets Small Cap Fund

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Financial Statements as at 30/06/2016

Statement of net assets as at 30/06/2016

Expressed in USD

Assets		55,087,828.63
Securities portfolio at market value	Note 2.6	53,633,150.33
Cost price		54,705,129.17
Unrealised loss on the securities portfolio		-1,071,978.84
Cash at bank and liquidities	Note 7	1,247,986.05
Dividends receivable		206,692.25
Liabilities		309,517.71
Accrued performance fees	Note 4	91,092.31
Management fees payable	Note 4	197,078.41
Other liabilities	Note 10	21,346.99
Net asset value		54,778,310.92

Key figures relating to the last 3 years

	Period/year ended as at:	30/06/2016	31/12/2015	31/12/2014
Total Net Assets	USD	54,778,310.92	57,403,018.33	37,722,188.06
Class A	USD		USD	USD
Capitalisation shares				
Number of shares		14,729.739	14,729.739	27,237.070
Net asset value per share		1,472.79	1,388.63	1,384.96
Class B	USD		USD	USD
Capitalisation shares				
Number of shares		22,697.624	26,586.324	-
Net asset value per share		1,457.62	1,389.77	-

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			51,302,112.52	93.65
Shares			51,259,122.30	93.57
<i>Bangladesh</i>			<i>340,396.89</i>	<i>0.62</i>
146,747	JAMUNA OIL CO LTD	BDT	340,396.89	0.62
<i>Brazil</i>			<i>732,426.22</i>	<i>1.34</i>
234,266	GAFISA SA -ADR- REPR 2 SHS	USD	297,517.82	0.54
205,242	INDUSTRIAS ROMI SA ROMI	BRL	133,251.37	0.24
171,963	MARFRIG FRIGORIFICO SHS	BRL	301,657.03	0.56
<i>Canada</i>			<i>570,630.29</i>	<i>1.04</i>
178,500	CALEDONIA MINING CORPORATION PLC	CAD	171,805.32	0.31
119,345	PLATINUM GROUP METALS LTD	CAD	398,824.97	0.73
<i>China</i>			<i>5,388,875.21</i>	<i>9.84</i>
1,616,000	FLAT GLASS GROUP -H- REGS	HKD	312,453.48	0.57
2,654,000	INSPUR INTL	HKD	475,519.65	0.87
1,145,500	KINGBOARD LAMINATES	HKD	701,360.74	1.27
38,221	KONGZHON ADR (40 SHS)	USD	193,398.26	0.35
601,829	LIANHUA SUPERMARKET -H-	HKD	233,502.94	0.43
1,687,000	PEAK SPORT PRODUCTS CO LTD	HKD	504,493.78	0.92
1,098,500	QINGDAO PT INTL CO LTD	HKD	497,004.05	0.91
183,559	RENREN INC ADR TRPT 3 SHS -A-	USD	328,570.61	0.60
3,784,000	SAMSON HOLDING LTD	HKD	409,716.23	0.75
2,041,000	SINOFERT HOLDINGS -RC-	HKD	249,930.56	0.46
554,000	TCL MULTIMEDIA	HKD	315,634.73	0.58
667,000	TEXHONG TEXTILE GROUP LTD	HKD	628,486.51	1.15
92,869	THE9 LTD ADR	USD	157,877.30	0.29
1,981,563	VICTORY CITY INTERNATIONAL HDGS	HKD	99,615.12	0.18
4,960,000	YUANSHENGTAI DAIRY FARM LTD	HKD	281,311.25	0.51
<i>Cyprus</i>			<i>247,685.20</i>	<i>0.45</i>
63,185	GLOBALTRANS INV -GDR- REP 1 SH REG -S	USD	247,685.20	0.45
<i>Germany</i>			<i>869.87</i>	<i>0.00</i>
9,000	FIRSTTEXTILE AG	EUR	869.87	0.00
<i>Ghana</i>			<i>387,194.37</i>	<i>0.71</i>
1,000,000	PERSEUS MINING LTD	AUD	387,194.37	0.71
<i>Greece</i>			<i>474,953.34</i>	<i>0.87</i>
47,500	HELLENIC EXCHANGES SA REG SHS	EUR	224,800.73	0.41
23,000	MOTOR OIL HELLAS CORINTH REFIN.REG SHS	EUR	250,152.61	0.46
<i>Hungary</i>			<i>546,800.23</i>	<i>1.00</i>
348,369	MAGYAR TELEKOM PLC	HUF	546,800.23	1.00
<i>India</i>			<i>4,477,041.40</i>	<i>8.17</i>
328,537	BALRAMPUR CHINI DEMATERIALISED	INR	611,853.98	1.11
23,554	CEAT	INR	292,736.72	0.53
57,776	CESC LTD DEMATERIALISED	INR	510,905.87	0.93
211,000	DISHMAN PHARMACEUTICALS & CHEMICALS LTD	INR	435,317.26	0.79
277,985	HOUSING DEVELOPMENT INFRASTRUCTURE	INR	425,245.42	0.78
263,000	JAIN IRRIGATION SYSTEMS	INR	290,295.46	0.53
69,000	JUBILANT ORGANOSYS DEMATERIALISED	INR	321,001.43	0.59
160,440	KPIT CUMMINS INFOSYSTEMS DEMATERIALISED	INR	438,092.90	0.80
47,500	MPHASIS BFL LTD (DEMATERIALISED)	INR	403,568.62	0.74
302,124	TITAGARH WAGONS	INR	403,533.12	0.74
24,443	VARDHMAN TEXTILES DEMATERIALISED	INR	344,490.62	0.63
<i>Indonesia</i>			<i>1,279,316.51</i>	<i>2.34</i>
24,698,900	KAWASAN INDUSTRI JABABEKA	IDR	530,897.81	0.97
5,125,400	LIPPO KARAWACI	IDR	444,168.99	0.81
8,136,831	MULTIPOLAR TBK	IDR	227,862.05	0.42
2,600,000	PT POLYCHEM INDONESIA TBK	IDR	23,614.00	0.04
170,900	SAMUDERA INDONESIA TBK PT (see note 8)	IDR	52,773.66	0.10
<i>Jordan</i>			<i>272,819.33</i>	<i>0.50</i>
59,333	JORDAN PETROLEUM REFINERY	JOD	272,819.33	0.50
<i>Malaysia</i>			<i>1,884,000.09</i>	<i>3.44</i>
1,553,600	CUSCAPI BERHAD	MYR	36,609.66	0.07
129,300	ESSO MALAYSIA BERHAD	MYR	119,630.03	0.22
1,195,100	ISKANDAR WATERFRONT CITY BHD	MYR	278,653.78	0.51
3,046,900	KNM GROUP BHD	MYR	309,866.70	0.57

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POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
890,300	KUMPULAN PERANGSANG SELANGOR BHD	MYR	220,835.67	0.40
227,541	MALAYSIA AIRPORTS HOLDINGS	MYR	345,417.18	0.63
308,000	MALAYSIA PACIFIC INDUSTRIES	MYR	572,987.07	1.04
	<i>Mexico</i>		237,868.68	0.43
670,000	CONSORCIO ARA -SHS-	MXN	237,868.68	0.43
	<i>Nigeria</i>		33,330.68	0.06
1,265,000	CEMENT COMPANY OF NORTHERN NIGERIA PLC	NGN	33,330.68	0.06
	<i>Pakistan</i>		5,480,375.22	9.99
1,888,963	ASKARI COMMERCIAL BANK LTD	PKR	336,986.31	0.62
2,044,500	BANK AL-FALAH	PKR	499,263.45	0.91
66,236	ICI PAKISTAN	PKR	281,504.64	0.51
4,881,200	LOTTE CHEMICAL PAKISTAN LTD	PKR	280,164.44	0.51
101,600	MARI PETROLEUM COMPANY LTD	PKR	881,245.07	1.60
174,800	NATIONAL REFINERY LTD	PKR	793,619.88	1.44
1,191,700	NATL BANK PAKISTAN	PKR	657,933.26	1.20
608,040	NETSOL TECHNOLOGIES	PKR	290,925.51	0.53
124,000	PAK SUZUKI MOTORS CO LTD	PKR	452,550.95	0.83
146,500	PAKISTAN STATE OIL CO LTD	PKR	525,307.05	0.96
1,387,500	SUI NORTHERN GAS PIPELINES LTD	PKR	480,874.66	0.88
	<i>Peru</i>		1,116,357.05	2.04
93,419	BUENAVENTURE SP ADR-SHS-	USD	1,116,357.05	2.04
	<i>Philippines</i>		496,944.77	0.91
1,400,000	XURPAS INC	PHP	496,944.77	0.91
	<i>Poland</i>		1,823,267.70	3.33
39,684	ASSECO POLAND	PLN	523,024.64	0.95
167,106	BIOTON S.A.	PLN	342,110.11	0.62
296,410	BORYSZEW S.A.	PLN	413,781.43	0.76
22,990	EMPERIA HOLDG SA	PLN	321,515.38	0.59
221,238	J W CONSTRUCTION HOLDING SA	PLN	222,836.14	0.41
	<i>Romania</i>		300,301.15	0.55
2,437,076	BC COMMERCIALA CARPATIA	RON	55,078.54	0.10
3,670	TRANSGAZ	RON	245,222.61	0.45
	<i>Russia</i>		5,126,385.83	9.36
146,500	ETALON GRP GDR REPR 1SHS REG S	USD	358,192.50	0.65
288,855,668	FSK EES	RUB	707,696.54	1.30
76,886	GK PIK	USD	300,911.89	0.55
26,446	GROUP LSR OJSC	RUB	340,731.01	0.62
37,900,000	IDGC HOLDING	RUB	367,860.14	0.67
12,281,794	INTER RAO UES	RUB	485,291.85	0.89
541,839	KAMAZ JSC	RUB	296,886.29	0.54
23,373,519	MOSCOW POWER	RUB	590,946.91	1.08
151,404	O KEY GROUP SA GDR REP.1 SH REG-S	USD	348,229.20	0.64
3,920,696	PETROPAVLOVSK PLC	GBP	384,703.90	0.70
72,000	PROTEK	USD	90,059.90	0.16
156,260	PROTEK OJSC	RUB	195,454.84	0.36
18,000	ROSINTER RESTAURANTS HOLDING OJSC	USD	15,498.41	0.03
37,447	SOLLERS JSC	RUB	253,838.07	0.46
34,640,946	UAC	USD	284,713.94	0.52
568	VSMPO-AVISMA	USD	105,370.44	0.19
	<i>Slovakia</i>		59,139.93	0.11
12,389	ASSECO SLOVAKIA A.S.	PLN	59,139.93	0.11
	<i>South Africa</i>		614,223.77	1.12
97,775	AFRICAN RAINBOW MINERALS LTD	ZAR	614,223.77	1.12
	<i>South Korea</i>		2,649,129.88	4.84
46,220	FT ENE	KRW	235,945.28	0.43
82,626	INFRAWARE CO LTD	KRW	406,010.42	0.74
38,794	INTERLARK HOLDING	KRW	200,731.18	0.37
74,630	JUSUNG ENGINEERING CO	KRW	541,656.23	0.99
24,161	SAMJIN PHARMACEUTICAL	KRW	740,446.42	1.35
56,445	SUNG SHIN CEMENT CO LTD	KRW	524,340.35	0.96
	<i>Taiwan</i>		8,670,185.77	15.82
1,031,645	ACER INC	TWD	482,898.83	0.88
1,140,000	ARIMA COMMUNICATION	TWD	211,680.38	0.39
825,000	CATHAY CONSTRUCTION CO LTD	TWD	372,105.31	0.68
412,000	CHIA CHANG CO LTD	TWD	273,951.35	0.50

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POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
46,000	CHINA MOTOR CO LTD	TWD	34,722.08	0.06
1,422,000	CHINA PETROCHEMICAL DEVELOPMENT CORP	TWD	318,703.49	0.58
707,089	CHUNG HWA PULP CORP	TWD	208,450.78	0.38
1,047,000	DYNAMIC ELECTRONICS CO LTD	TWD	291,455.29	0.53
398,000	ELITEGROUP COMPUTER SYSTEMS	TWD	236,265.76	0.43
342,000	ENE TECHNOLOGY	TWD	169,627.01	0.31
577,050	EPISIL HOLDINGS INC	TWD	218,233.90	0.40
591,515	ETRON TECHNOLOGY	TWD	231,038.97	0.42
1,186,000	EVEREST TEXTILE	TWD	568,018.01	1.04
944,000	FORHOUSE CORP	TWD	346,768.21	0.63
349,000	FORMOSA ADVANCED TECHNOLOGIES CO LTD	TWD	245,584.08	0.45
547,000	GAMANIA DIGITAL ENTERTAINMENT	TWD	544,303.70	0.99
1,557,927	GIANTPLUS TECHNOLOGY	TWD	941,739.19	1.72
1,931,000	MACRONIX INTERNATIONAL CO	TWD	169,401.65	0.31
276,000	MICRO-STAR INTERNATIONAL	TWD	505,644.74	0.92
329,000	NAN YA PRINTED CIRCUIT BOARD	TWD	296,782.18	0.54
1,268,000	OPTO TECH CORP	TWD	473,647.48	0.86
737,000	PRINCETON TECHNOLOGY CORP	TWD	173,175.17	0.32
481,000	PROFILIC TECHNOLOGY INC	TWD	163,270.65	0.30
125,500	SCIENCE CORP	TWD	271,937.96	0.50
773,000	UNIZYX HOLDINGS	TWD	377,406.16	0.69
923,168	WAFER WORKS CORP	TWD	284,456.63	0.52
156,412	YAGEO CORPORATION	TWD	258,916.81	0.47
<i>Thailand</i>			<i>1,973,916.63</i>	<i>3.60</i>
11,926,400	BETTER WORLD FOREIGN REGISTERED	THB	821,339.65	1.50
3,947,196	ITALIAN-THAI DEV.PUBLIC CO -F- REG	THB	746,979.00	1.36
3,510,522	KHON KAEN SUGAR INDUSTRY PUBLIC FOR REG	THB	405,597.98	0.74
<i>Turkey</i>			<i>3,761,536.60</i>	<i>6.87</i>
32,380	ALARKO GAYRIMENKUL	TRY	340,054.26	0.62
233,493	ALARKO HOLDING	TRY	268,761.03	0.49
147,551	ARENA BILGISAYAR AS	TRY	210,886.32	0.38
351,842	BANVIT BANDIRMA VITAM INLI	TRY	270,398.57	0.49
92,120	DESPEC BILGISAYAR PAZARLAMA VE TICARET	TRY	133,583.99	0.24
568,849	DEVA HOLDING AS	TRY	729,941.06	1.34
1,053,184	DOGAN SIRKETLER GRUBU HOLDINGS	TRY	168,471.53	0.31
16,889	GOLTAS CIMENTO	TRY	414,054.48	0.76
812,223	MEND TEKS SANA VE TI	TRY	166,644.78	0.30
12	TAT GIDA SANAYI A.S.	TRY	22.83	0.00
500,551	TURK SISE CAM	TRY	617,932.61	1.14
196,214	VESTEL ELEKTRONIK SANAYI TICARET AS	TRY	440,785.14	0.80
<i>Ukraine</i>			<i>115,588.83</i>	<i>0.21</i>
293,000	AZOVSTAL IRON AND STEEL WORKS (see note 8)	UAH	2,655.06	0.00
185,000	CENTERENERGO (see note 8)	UAH	57,221.18	0.10
35,000	KRUKIVSKY CARRIAGE WORKS (see note 8)	UAH	10,289.99	0.02
5,633	MOTOR SICH GDR 1/10TH REG-S (see note 8)	EUR	41,915.95	0.08
9,400	STIROL CONCERN (see note 8)	UAH	586.79	0.00
500,000	UKRTELECOM (see note 8)	UAH	2,919.86	0.01
<i>United Arab Emirates</i>			<i>763,132.97</i>	<i>1.39</i>
2,898,419	DANA GAS	AED	434,004.61	0.79
2,247,049	DRAKE AND SCULL INTERNATIONAL	AED	329,128.36	0.60
<i>Vietnam</i>			<i>1,434,427.89</i>	<i>2.62</i>
71,700	BAOVIET HLDGS	VND	189,665.92	0.35
230,000	BECAMEX INFRASTRUCTURE DEVELOPMENT JOINT	VND	90,746.24	0.17
5	HOA PHAT GROUP JOINT STOCK COMPANY	VND	8.88	0.00
582,600	ITACO	VND	112,320.00	0.21
282,700	KINHBAC CITY	VND	196,460.68	0.35
60,000	NAM LONG INVESTMENT CORP	VND	60,527.39	0.11
137,425	PETROVIETNAM DRILLING AND WELL SERVICES	VND	191,005.37	0.35
214,700	PVFCCO	VND	266,642.86	0.48
622,312	SAI GON - HANOI	VND	170,198.67	0.31
299,010	VNDIRECT SECURITIES CORPORATION	VND	156,851.88	0.29
Warrants			42,990.22	0.08
<i>Thailand</i>			<i>42,990.22</i>	<i>0.08</i>
1,987,733	BETTER WORLD 24.05.19 WAR	THB	42,990.22	0.08

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The accompanying notes form an integral part of these financial statements.

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 30/06/2016

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Other transferable securities			2,331,037.81	4.26
Shares			38,719.44	0.07
<i>Ghana</i>			<i>38,719.44</i>	<i>0.07</i>
100,000	PERSEUS MINING	AUD	38,719.44	0.07
Warrants			2,292,318.37	4.19
<i>Bahamas</i>			<i>96,430.63</i>	<i>0.18</i>
644,000	CS NASSAU (SHS) 06.09.18 WAR	USD	96,430.63	0.18
<i>Hong Kong</i>			<i>291,019.01</i>	<i>0.53</i>
242,850	BOCI FINANCIAL 19.08.16 WAR	USD	225,903.68	0.41
70,000	BOCI FINANCIAL (JIANGXI WA) 10.04.17 WAR	USD	65,115.33	0.12
<i>Malaysia</i>			<i>8,502.53</i>	<i>0.02</i>
285,650	KNW WARRANT 21.04.20 WAR	MYR	8,502.53	0.02
<i>Thailand</i>			<i>527.95</i>	<i>0.00</i>
19,325	LOXLEY (SHS) 31.12.16 WAR	THB	527.95	0.00
<i>United Kingdom</i>			<i>1,895,838.25</i>	<i>3.46</i>
344,300	UBS LDN (BJ HUALIAN) 17.01.17 WAR	USD	322,953.40	0.59
471,009	UBS LDN (SHS) 17.01.17 WAR	USD	346,191.62	0.63
290,125	UBS LONDON (GX LIUGONG) 17.01.17 WAR	USD	283,162.00	0.52
300,436	UBS LONDON (WH CONCH) 17.01.17 WAR	USD	517,651.23	0.94
236,600	UBS (RAINBOW DEPARTMENT-A-) 17.01.17 WAR	USD	425,880.00	0.78
Total securities portfolio			53,633,150.33	97.91

Securities have been grouped to reflect geographic exposure. Geographic exposure relates principally to the domicile of the issuers of the securities held in the Fund, however, in some instances it can reflect the country where the issuer of the securities carries out much of their business.

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POLUNIN FUNDS
Notes to the financial statements

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016

NOTE 1 – General

POLUNIN FUNDS (the “Fund”) is an open-ended investment fund organised under the laws of Luxembourg as a *société d’investissement à capital variable* (SICAV). The Fund was incorporated on August 30, 2007 as a *société d’investissement à capital variable - fonds d’investissement spécialisé* subject to the law of February 13, 2007 (the “2007 Law”), as amended, relating to specialised investment funds. Following resolutions of its shareholders at the extraordinary general meeting held on June 15, 2012, the Fund was converted into an investment company with variable capital authorised under part I of the amended law of December 17, 2010 (the “2010 Law”) relating to undertakings for collective investment, and Alceda Fund Management S.A. has been appointed as Management Company governed by Part IV, Chapter 15 of the 2010 Law.

The Fund is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B131312. The deed of incorporation, including the Articles were published in the *Mémorial C, Recueil des Sociétés et Associations*.

As at June 30, 2016, two sub-funds are open to investors:

- POLUNIN FUNDS - Developing Countries Fund
- POLUNIN FUNDS - Emerging Markets Small Cap Fund

Several Classes of Shares reserved to institutional investors can be issued within each sub-fund with different fee structures, distribution, marketing targets, currency or other specific features. As at June 30, 2016, the following classes of shares are open :

- Class A, Class B and Class C shares in POLUNIN FUNDS - Developing Countries Fund
- Class A and Class B shares in POLUNIN FUNDS - Emerging Markets Small Cap Fund

Julian Garell-Jones is a Director of the Fund and a Director of the Investment Manager Polunin Capital Partners Limited.

The 31 Founder Shares in the Fund were allotted and issued to the Investment Manager.

NOTE 2 – Significant accounting policies

The financial statements of the Fund are prepared in accordance with generally accepted accounting principles and Luxembourg regulations relating to undertakings for collective investment in transferable securities. The consolidated financial statements of the Fund are prepared in USD and are the sum of the sub-funds' net assets. The reference currency of each sub-fund is USD.

2.1 The Fund, each sub-fund and each Class in a Sub-fund have a Net Asset Value determined in accordance with the Articles. The Reference Currency of the Fund is the USD. The Net Asset Value of each sub-fund and Class is calculated in the Reference Currency of the sub-fund or Class, as it is stipulated in the relevant Special Section of the prospectus, and is determined by the Central Administration for each Transaction Day as at each NAV Calculation Day as stipulated in the relevant Special Section of the prospectus, by calculating the aggregate of:

- (a) the value of all assets of the Fund which are allocated to the relevant sub-fund in accordance with the provisions of the Articles; less
- (b) all the liabilities of the Fund which are allocated to the relevant sub-fund and Class in accordance with the provisions of the Articles, and all fees attributable to the relevant sub-fund and Class, which fees have accrued but are unpaid on the relevant Transaction Day.

2.2 The Net Asset Value per Share for a Transaction Day is calculated in the Reference Currency of the relevant sub-fund and is calculated by the Central Administration as at the NAV Calculation Day of the relevant sub-fund by dividing the Net Asset Value of the relevant sub-fund by the number of shares which are in issue on such Transaction Day in the relevant sub-fund (including Shares in relation to which a shareholder has requested redemption on such Transaction Day in relation to such NAV Calculation Day).

2.3 If the sub-fund has more than one Class in issue, the Central Administration will calculate the Net Asset Value per Share of each Class for a Transaction Day by dividing the portion of the Net Asset Value of the relevant sub-fund attributable to a particular Class by the number of Shares of such Class in the relevant sub-fund which are in issue on such Transaction Day (including Shares in relation to which a Shareholder has requested redemption on such Transaction Day in relation to such NAV Calculation Day).

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 2 – Significant accounting policies (continued)

2.4 The Net Asset Value per Share may be rounded up or down to the nearest whole hundredth share of the currency in which the Net Asset Value of the relevant Shares are calculated.

2.5 The allocation of assets and liabilities of the Fund between sub-funds (and within each sub-fund between the different Classes) will be effected so that:

- (a) The subscription price received by the Fund on the issue of Shares, and reductions in the value of the Fund as a consequence of the redemption of Shares, will be attributed to the Sub-fund (and within that sub-fund, the Class) to which the relevant Shares belong.
- (b) Assets acquired by the Fund upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific sub-fund (and within a sub-fund, to a specific Class) will be attributed to such sub-fund (or Class in the sub-fund).
- (c) Assets disposed of by the Fund as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Fund and other operations of the Fund, which relate to a specific sub-fund (and within a sub-fund, to a specific Class) will be attributed to such sub-fund (or Class in the sub-fund).
- (d) Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific sub-fund (and within a sub-fund, to a specific Class) the consequences of their use will be attributed to such sub-fund (or Class in the sub-fund).
- (e) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one sub-fund (or within a sub-fund, to more than one Class), they will be attributed to such sub-funds (or Classes, as the case may be) in proportion to the extent to which they are attributable to each such sub-fund (or each such Class).
- (f) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular sub-fund they will be divided equally between all sub-funds or, in so far as is justified by the amounts, will be attributed in proportion to the relative Net Asset Value of the sub-funds (or Classes in the sub-fund) if the Fund, in its sole discretion, determines that this is the most appropriate method of attribution.
- (g) Upon payment of dividends to the Shareholders of a sub-fund (and within a sub-fund, to a specific Class) the net assets of this sub-fund (or Class in the sub-fund) are reduced by the amount of such dividend.

2.6 The assets of the Fund will be valued as follows:

- (a) Transferable Securities or Money Market Instruments quoted or traded on an official stock exchange or any other Regulated Market, are valued on the basis of the last known price, and, if the securities or money market instruments are listed on several stock exchanges or Regulated Markets, the last known price of the stock exchange which is the principal market for the security or Money Market Instrument in question, unless these prices are not representative.
- (b) For Transferable Securities or Money Market Instruments not quoted or traded on an official stock exchange or any other Regulated Market, and for quoted Transferable Securities or Money Market Instruments, but for which the last known price is not representative, valuation is based on the probable sales price estimated prudently and in good faith by the Board of Directors of the Fund.
- (c) Units and shares issued by UCITS (Undertakings for Collective Investment In Transferable Securities) or other UCIs (Undertakings for Collective Investment) will be valued at their last available net asset value.
- (d) The liquidating value of forward or options contracts that are not traded on exchanges or on other Regulated Markets will be determined pursuant to the policies established in good faith by the Board of Directors of the Fund, on a basis consistently applied. The liquidating value of futures or options contracts traded on exchanges or on other Regulated Markets will be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Business Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract will be such value as the Board of Directors of the Fund may, in good faith and pursuant to verifiable valuation procedures, deem fair and reasonable.

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 2 – Significant accounting policies (continued)

- (e) Liquid assets and Money Market Instruments with a maturity of less than twelve months may be valued at nominal value plus any accrued interest or using an amortised cost method (it being understood that the method which is more likely to represent the fair market value will be retained). This amortised cost method may result in periods during which the value deviates from the price the relevant Company would receive if it sold the investment. The Board of Directors of the Fund may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as determined in good faith pursuant to procedures established by the Board of Directors of the Fund. If the Board of Directors of the Fund believes that a deviation from the amortised cost per Share may result in material dilution or other unfair results to Shareholders, the Board of Directors of the Fund will take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.
- (f) The swap transactions will be consistently valued based on a calculation of the net present value of their expected cash flows. For certain sub-funds using OTC Derivatives as part of their main Investment Policy, the valuation method of the OTC Derivative will be further specified in the relevant Special Section of the prospectus.
- (g) Accrued interest on securities will be included if it is not reflected in the Share price.
- (h) Cash will be valued at nominal value, plus accrued interest.
- (i) All assets denominated in a currency other than the Reference Currency of the respective sub-fund/Class will be converted at the mid-market conversion rate between the Reference Currency and the currency of denomination.
- (j) All other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their probable realisation value, will be valued at probable realisation value, as determined with care and in good faith pursuant to procedures established by the Board of Directors of the Fund.

2.7 Warrants are valued with the last available price of the underlying security on the valuation date and, if this security is traded on several markets, on the basis of the last price known on the market considered to be the main market for trading this security.

If the last known price is not representative, the valuation will be based on the probable realisation value estimated by the Board of Directors of the Fund with prudence and in good faith.

2.8 Securities expressed in a currency other than USD are converted on the basis of exchange rates prevailing in Luxembourg on the relevant valuation date.

Assets and liabilities expressed in currencies other than USD are translated into USD at the period-end exchange rates.

As at June 30, 2016, the following exchange rates are used:

AED/USD	0.272252	INR/USD	0.014816	SGD/USD	0.742986
AUD/USD	0.744605	JOD/USD	1.410461	THB/USD	0.0284576
BDT/USD	0.012760	KRW/USD	0.000868	TRY/USD	0.347748
BRL/USD	0.312135	MXN/USD	0.054203	TWD/USD	0.030999
CAD/USD	0.769996	MYR/USD	0.248046	UAH/USD	0.040274
CNY/USD	0.150521	NGN/USD	0.003537	VND/USD	0.000045
EUR/USD	1.110950	PHP/USD	0.021255	ZAR/USD	0.068283
GBP/USD	1.336803	PKR/USD	0.009550		
HKD/USD	0.128900	PLN/USD	0.252437		
HUF/USD	0.003519	RON/USD	0.245655		
IDR/USD	0.000076	RUB/USD	0.015655		

2.9 Dividends are recognised as income on the date securities are first quoted ex-dividend. Dividends are recorded net of any eventual withholding taxation. Interest is accrued for each net asset valuation.

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 2 – Significant accounting policies (continued)

2.10 The Investment Manager needs to undertake transactions in order to maintain the desired asset allocation as a result of subscriptions or redemptions, which may generate additional costs for the Fund and its shareholders. As a consequence, in order to protect the existing investors' interest from these capital movements, an adjustment of the NAV per share used is applied. This adjustment reflects the estimated tax and dealing costs that may be incurred by the Fund as a result of these transactions, and the estimated bid-offer spread of the assets in which the Fund invests. A periodic review is undertaken in order to verify the appropriateness of the swing factor being applied.

The NAV per share as disclosed in the statistical information is the published NAV per share whereas the total net assets disclosed in the statement of net assets is the total net asset value excluding any period end swing adjustment.

As at period end, swing pricing was applied on the NAV per share of both POLUNIN FUNDS - Developing Countries Fund and POLUNIN FUNDS - Emerging Markets Small Cap Funds.

2.11 The net realised profit or loss on sales of securities portfolio is the difference between the historical average cost of the investment and the sales proceeds and is recorded in the statement of operations and changes in net assets.

2.12 The transaction fees, i.e. fees charged by the brokers for securities transactions and similar transactions, are recorded separately in the statement of operations and changes in net assets.

NOTE 3 – Subscription tax

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are dividends (if any) paid by the Fund liable to any Luxembourg withholding tax. The Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its net assets attributable to the shares of each sub-fund (except for sub-funds or classes which are reserved to Institutional Investors or UCIs which are subject to a tax at a reduced rate of 0.01% per annum of its net assets). Such tax is payable quarterly and calculated on the net asset value of the relevant class at the end of the relevant quarter. To the extent that the assets of the Fund are invested in underlying investment funds which are collective investment undertakings established in Luxembourg, no such tax is payable, if already taxed elsewhere.

NOTE 4 – Management and Performance fees

The Fund pays a management fee quarterly in arrears to the Investment Manager and the Investment Adviser applied on each sub-fund's net assets. This management fee includes the following maximum annual rates:

	Class A Shares	Class B Shares	Class C Shares
POLUNIN FUNDS - Developing Countries Fund	1.50%	1.00%	0.90%
<i>Investment Manager Fee</i>	<i>0.90%</i>	<i>0.60%</i>	<i>0.54%</i>
<i>Investment Advisory Fee</i>	<i>0.60%</i>	<i>0.40%</i>	<i>0.36%</i>
POLUNIN FUNDS - Emerging Markets Small Cap Fund	1.50%	1.375%	Not active
<i>Investment Manager Fee</i>	<i>0.90%</i>	<i>0.825%</i>	-
<i>Investment Advisory Fee</i>	<i>0.60%</i>	<i>0.55%</i>	-

In addition, the Investment Manager is entitled to receive performance fees which correspond to 10% of any excess return over the Hurdle Rate. The Hurdle Rate is the calendar quarter return of the following:

- the MSCI Emerging Markets Free Index in USD for Class A shares of the sub-fund POLUNIN FUNDS - Developing Countries Fund, the MSCI Emerging Markets Index in USD for Class B shares of the sub-fund POLUNIN FUNDS - Developing Countries Fund, and
- the MSCI Emerging Markets Small Cap Index in USD for Class A Shares and Class B Shares for the sub-fund POLUNIN FUNDS - Emerging Markets Small Cap Fund.

There is no performance fee calculated for Class C shares of the sub-fund POLUNIN FUNDS - Developing Countries Fund.

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 4 – Management and Performance fees (continued)

The Investment Manager is only entitled to receive a performance fee in years when the return is positive in accordance with the high watermark principle.

No performance fee was paid by the sub-funds POLUNIN FUNDS - Developing Countries Fund during the period ended June 30, 2016.

The performance fee paid by the Sub-Fund POLUNIN FUNDS - Emerging Markets Small Cap Fund during the period ended June 30, 2016 was USD 91,092.31.

NOTE 5 – Management Company fee

The Management Company is entitled to an annual Management Company fee payable monthly and applied on each sub-fund's average net assets according to the following rates:

Assets under management:	Annual rates
Up to USD 100 million	0.12%
Between USD 100 and 200 million	0.10%
Above USD 200 million	0.08%

NOTE 6 – Depositary and Central administration fees

Depositary fees:

A variable safekeeping fee is applied on each sub-fund's average net assets according to the following rates and payable monthly in arrears:

Assets under management:	Annual rates
Up to EUR 100 million	0.04%
Above EUR 100 million	0.03%
Minimum monthly fee per sub-fund	1,500 EUR

The above fees include an annual commission of 0.005% of the net assets of each sub-fund, in connection with the supervisory services supplied by the Depositary Bank.

Sub-custody fees, correspondents transaction fees, corporate actions, if any, as well as out-of-pocket expenses, such as – but not limited to – mail, telex, facsimile and other communication expenses, are not included in this annual rate, but will be charged separately.

The VAT applies whenever applicable.

Central Administration fees:

A variable Central Administration fee is applied on each sub-fund's average net assets according to the following annual rates and payable monthly in arrears:

Assets under management:	For a daily Net Asset Value calculation	For a weekly Net Asset Value calculation
Up to EUR 50 million	0.15%	0.11%
Between EUR 50 and 100 million	0.13%	0.09%
Above EUR 100 million	0.11%	0.07%
Minimum monthly fee per sub-fund	EUR 5,000	EUR 3,500

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 7 – Cash at bank and liquidities and bank overdraft

As at June 30, 2016, the bank accounts' positions were the following :

POLUNIN FUNDS - Developing Countries Fund

Cash at bank	Currency	Total (USD)
-0.09	EUR	-0.09
0.02	GBP	0.02
47,373,924.74	INR	701,887.63
-1.03	TRY	-0.35
7,456,204.89	USD	7,456,204.89
64,900.00	VND	2.90
	Total	8,158,095.00

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Cash at bank	Currency	Total (USD)
-0.02	EUR	-0.02
0.001	JOD	0.00
751,113.00	PKR	7,173.27
-0.01	PLN	0.00
1,112,314.34	USD	1,112,314.34
2,866,023,731.00	VND	128,498.46
	Total	1,247,986.05

NOTE 8 – Valuation of specific assets

Due to delisting from the Zimbabwe Stock Exchange, it has been decided by the Board of Directors that the security AfrAsia Zimbabwe Holdings Ltd (ZW0009011314), held in the sub-fund POLUNIN FUNDS - Developing Countries Fund, had to be valued at USD 0.00. As a result of the uncertainty concerning potential re-listing of the company, the security remains valued at USD 0.00.

The sub-fund POLUNIN FUNDS - Developing Countries Fund holds following thinly traded securities:

- Centerenergo (UA4000079081): 0.02% of net asset value as at June 30, 2016,
- Hippo Valley Estates Ltd. (ZW0009011272) : 0.02% of net asset value as at June 30, 2016,
- Stirol Concern (UA4000136626) : 0.00% of net asset value as at June 30, 2016,
- Lugansteplovoy (UA4000121321): 0.00% of net asset value as at June 30, 2016,
- Motor Sich JSC (UA4000143135): 0.01% of net asset value as at June 30, 2016,
- Raiffeisen Bank Aval JSC (UA4000069603): 0.00% of net asset value as at June 30, 2016,
- Ukrspotsbank (UA1002231009): 0.00% of net asset value as at June 30, 2016,
- Ukrtelecom (UA4000137244): 0.02% of net asset value as at June 30, 2016,
- Yenakiev Metall (UA4000079966): 0.00% of net asset value as at June 30, 2016.

The shares are being traded on the local stock exchanges. Since the trade volumes are low, the larger trades may lead to price changes beyond the normal range. Potential sale price may diverge from the recently observed market price.

The sub-fund POLUNIN FUNDS - Emerging Markets Small Cap Fund holds following thinly traded securities:

- Azovstal Iron and Steel works (UA4000075758) : 0.00% of net asset value as at June 30, 2016,
- Centerenergo (UA4000079081) : 0.10% of net asset value as at June 30, 2016,
- Samudera Indonesia Tbk, PT (ID1000075906) : 0.10% of net asset value as at June 30, 2016,
- Stirol Concern (UA4000136626) : 0.00% of net asset value as at June 30, 2016,
- Krukovsky Carriage Works (UA4000074058) : 0.02% of net asset value as at June 30, 2016,
- Motor Sich GDR 1/10TH REG-S (US6200501046) : 0.08% of net asset value as at June 30, 2016,
- Ukrtelecom (UA4000137244): 0.01% of net asset value as at June 30, 2016.

The shares are being traded on the local stock exchanges. Since the trade volumes are low, the larger trades may lead to price changes beyond the normal range. Potential sale price may diverge from the recently observed market price.

POLUNIN FUNDS

Notes to the financial statements as at June 30, 2016 (continued)

NOTE 9 – Changes in the securities portfolio statement

The report on the changes in the securities portfolio statement is available free of charge upon request at the registered office of the Fund.

NOTE 10 – Other liabilities

Other liabilities account includes mainly accruals and payables.

NOTE 11 – Stock Exchange Listing

The share class A of POLUNIN FUNDS - Developing Countries Fund is listed at the Luxembourg Stock Exchange and has been since December 31, 2015.