



POLUNIN FUNDS

Société d'Investissement à Capital Variable

Annual report including the audited financial statements

as at 31/12/2015

RCS Luxembourg 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 special sections) 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, (since March 13, 2015) 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

Management Report

Fund	POLUNIN FUNDS
Reporting Period	January 1, 2015 until December 31, 2015
Introduction	<p>The Investment Objective of the Sub-fund POLUNIN FUNDS - Developing Countries Fund is to outperform the MSCI EM Total Return (Net) Index in USD over rolling 3 to 5 year time periods. The Investment Objective for the Sub-fund POLUNIN FUNDS - Emerging Markets Small Cap Fund is to outperform the MSCI EM Small Cap Index over rolling 3 to 5 year time periods.</p> <p>At the risk of repetition, the investing environment remains exceptionally challenging for emerging markets. The weakness which the Investment Manager expected and wrote about last year indeed materialised. The POLUNIN FUNDS - Developing Countries Fund's NAV per share of Share Class A fell by 16.65%, compared with a decline of 14.92% for its benchmark. For POLUNIN FUNDS - Emerging Markets Small Cap Fund the results were better, returning a 0.26% increase for Share Class A compared with a decline of 8.76% for the benchmark.</p>
Content	<p>It was notable in 2015 that large cap stocks performed much worse than mid and small cap companies. This reflects several factors. Small cap stocks are less exposed to the cyclical raw material industries which have suffered most in the current environment. Further, small cap stocks in emerging markets are less exposed to foreign investors. It is primarily foreign investors that have been selling down their exposure in emerging markets, worried by the increasing currency losses. Domestic investors, who are more exposed in mid and small caps, have neither the option nor the inclination to sell their domestic securities in favour of other assets, and neither do they have the same currency risk aversion. In prior down cycles such as 2008/2009, the same phenomenon could be observed, and the Investment Manager expects both POLUNIN FUNDS - Developing Countries Fund (due to its heavy small cap component) and POLUNIN FUNDS - Emerging Markets Small Cap Fund to benefit from this trend, at least in relative performance terms.</p> <p>The performance of the Sub-fund POLUNIN FUNDS - Developing Countries Fund was influenced by two or three decisions last year. The first was to remain underweight in Brazil. This contributed 250bps to the Fund's relative performance. There were small additional gains from staying out of other vulnerable markets such as South Africa (+60bps), Mexico (+40bps), Malaysia (+50bps), Colombia (+30bps) and Indonesia (+40bps). Against this there were the losses the Fund sustained in its overweight markets. Taiwan (-260bps) stood out when, after five years of steady outperformance, the market experienced some heavy profit taking. The Fund's remaining gains were eliminated by losses incurred in China (-160bps) and India (-130bps).</p> <p>The POLUNIN FUNDS - Developing Countries Fund's positioning has evolved little over the last twelve months. The portfolio managers have continued to reduce holdings in Frontier Markets (especially Pakistan which has been one of the world's strongest performers in the last five years). They have also been taking profits in the Technology sector in Taiwan after a long period of out-performance. The bulk of the proceeds have been used to continue accumulating shares in downstream Energy, Materials and Industrials companies. It is possible that the news and the fundamentals in all these sectors continue to deteriorate for a while, but the valuations are low, and experience shows that timing the exact low point of the cycle is fraught with difficulty.</p>

POLUNIN FUNDS

Management Report (continued)

Content (continued)

The POLUNIN FUNDS - Emerging Markets Small Cap Fund's performance was again driven mainly by stock picking. The biggest gains by far were in Korea where investments in Samyang Holdings (+57%), Jusung Engineering (+115%), Bukwang Pharmaceutical (+41%) and Samyang Genex (+103%) all massively outperformed the broader emerging markets averages. The other country which delivered very significant stock selection gains was India. The leading contributors here were Sterlite Technologies (+48%), Dishman Pharmaceuticals (+55%), Jubilant Pharmaceutical (+48%) and Titagarh Wagons (+33%). The most significant stock selection losses, by contrast, were in Taiwan where a number of companies succumbed to profit taking after very strong returns in recent years. The ostensible cause was a significant slowdown in demand from the large global technology names, for whom Taiwan acts as a major supplier. From a country allocation perspective, the Fund benefited by 200bps from its exposure in non-benchmark countries such as Pakistan (which outperformed the benchmark by over 20% in 2015). Unfortunately this was neutralised by the Fund's excess exposure to Turkey where currency weakness led to a 190bps loss.

There has been little to be positive about in emerging markets equity investing for a number of years. The strong out-performance of the Fund (and especially the Sub-fund POLUNIN FUNDS - Emerging Markets Small Cap Fund) over the last five years has partially masked the dire state of the markets. This year the valuations finally suggest that markets are closer to the low point of the cycle than to the high. With investor outflows from emerging equity funds in 2015 at twice those of 2008, investor positioning is finally reflecting the negative commentary in the research and the press. The last (or capitulation) decline in most market corrections tends to be the most painful and the Investment Manager believes that it still lies ahead of, not behind us. It could easily occur in the next twelve months as global interest rates continue to normalise, economic pressures build up and political survival takes centre stage. Investors will be faced with heightened volatility and significant pressure to reduce emerging markets exposure further. Any buying opportunity will most likely be hidden in the midst of all this noise. Investors in the Fund should be aware that, whether the opportunity arises this year or next, the Investment Manager intends to take full advantage of it.

Luxembourg, January 18, 2016

Report of the *Réviseur d'Entreprises agréé*

To the shareholders of
POLUNIN FUNDS
Société d'Investissement à Capital Variable
5, Allée Scheffer
L-2520 Luxembourg

Following our appointment by the Annual General Meeting of Shareholders of the Fund dated April 24, 2015, we have audited the accompanying financial statements of POLUNIN FUNDS (the “Fund”) and of each of its sub-funds, which comprise the statement of net assets and the securities portfolio as of December 31, 2015 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *Réviseur d'Entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *Réviseur d'Entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Fund, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of POLUNIN FUNDS and of each of its sub-funds as at December 31, 2015, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit, *Cabinet de révision agréé*

Rainer Mahnkopf, *Réviseur d'Entreprises agréé*
Director

Luxembourg, April 21, 2016

POLUNIN FUNDS

Consolidated

POLUNIN FUNDS
Consolidated
Financial Statements as at 31/12/2015

Statement of Net Assets as at 31/12/2015

Expressed in USD

Assets		379,608,946.50
Securities portfolio at market value	Note 2.6	373,976,180.35
<i>Cost price</i>		453,305,384.48
<i>Unrealised loss on the securities portfolio</i>		-79,329,204.13
Cash at bank and liquidities	Note 7	2,294,920.05
Subscriptions receivable		2,799,999.97
Dividends receivable		537,846.13
Liabilities		1,362,217.07
Bank overdraft	Note 7	16,829.12
Redemptions payable		58,661.16
Management fees payable	Note 4	1,131,677.11
Other liabilities	Note 10	155,049.68
Net asset value		378,246,729.43

POLUNIN FUNDS

Consolidated

Statement of Operations and Changes in Net Assets from 01/01/2015 to 31/12/2015

Expressed in USD

Income		11,198,832.79
Net dividends	Note 2.9	10,014,473.63
Other income	Note 2.10	1,184,359.16
Expenses		7,811,150.29
Management Company fees	Note 5	366,659.15
Management fees	Note 4	5,029,208.66
Depositary fees & sub-custodian fees	Note 6	665,572.94
Taxe d'abonnement	Note 3	120,566.75
Central administration fees	Note 6	514,277.60
Domiciliation fees		16,946.26
Professional fees		36,376.12
Bank interest on overdrafts		7,853.63
Legal fees		23,085.08
Transaction fees	Note 2.12	821,358.17
Other expenses	Note 11	209,245.93
Net income from investments		3,387,682.50
Net realised profit / loss on:		
- sales of securities portfolio	Note 2.11	17,812,088.50
- foreign exchange	Note 2.8	-3,451,366.44
Net realised profit		17,748,404.56
Movement in net unrealised appreciation / depreciation on:		
- securities portfolio		-72,857,545.37
Decrease in net assets as a result of operations		-55,109,140.81
Subscription capitalisation shares		115,888,648.87
Subscription distribution shares		160,293,775.44
Redemption capitalisation shares		-125,483,535.64
Redemption distribution shares		-174,249,695.65
Decrease in net assets		-78,659,947.79
Net assets at the beginning of the year		456,906,677.22
Net assets at the end of the year		378,246,729.43

POLUNIN FUNDS
- Developing Countries Fund

POLUNIN FUNDS - Developing Countries Fund

Financial Statements as at 31/12/2015

Statement of net assets as at 31/12/2015

Expressed in USD

Assets		321,963,921.16
Securities portfolio at market value	Note 2.6	317,253,091.74
<i>Cost price</i>		393,257,683.82
<i>Unrealised loss on the securities portfolio</i>		-76,004,592.08
Cash at bank and liquidities	Note 7	1,499,018.22
Subscriptions receivable		2,799,999.97
Dividends receivable		411,811.23
Liabilities		1,120,210.06
Bank overdraft	Note 7	76.49
Redemptions payable		58,661.16
Management fees payable	Note 4	930,685.16
Other liabilities	Note 10	130,787.25
Net asset value		320,843,711.10

POLUNIN FUNDS - Developing Countries Fund

Statement of Operations and Changes in Net Assets from 01/01/2015 to 31/12/2015

Expressed in USD

Income		9,820,381.96
Net dividends	Note 2.9	8,944,289.64
Other income	Note 2.10	876,092.32
Expenses		6,692,087.55
Management Company fees	Note 5	309,287.23
Management fees	Note 4	4,325,924.12
Depositary fees & sub-custodian fees	Note 6	593,563.04
Taxe d'abonnement	Note 3	112,541.49
Central administration fees	Note 6	460,140.46
Domiciliation fees		9,994.17
Professional fees		33,964.50
Bank interest on overdrafts		6,972.64
Legal fees		10,775.06
Transaction fees	Note 2.12	662,745.38
Other expenses	Note 11	166,179.46
Net income from investments		3,128,294.41
Net realised profit / loss on:		
- sales of securities portfolio	Note 2.11	13,574,014.48
- foreign exchange	Note 2.8	-3,342,359.53
Net realised profit		13,359,949.36
Movement in net unrealised appreciation / depreciation on:		
- securities portfolio		-67,408,843.48
Decrease in net assets as a result of operations		-54,048,894.12
Subscription capitalisation shares		55,887,502.73
Class B		34,038,042.54
Class C		21,849,460.19
Subscription distribution shares		160,293,775.44
Class A		160,293,775.44
Redemption capitalisation shares		-86,223,466.46
Class B		-11,271,729.81
Class C		-74,951,736.65
Redemption distribution shares		-174,249,695.65
Class A		-174,249,695.65
Decrease in net assets		-98,340,778.06
Net assets at the beginning of the year		419,184,489.16
Net assets at the end of the year		320,843,711.10

POLUNIN FUNDS - Developing Countries Fund

Changes in number of shares outstanding from 01/01/2015 to 31/12/2015

	Shares outstanding as at 01/01/2015	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2015
Class A				
Distribution shares	162,676.150	184,854.507	201,417.001	146,113.656
Class B				
Capitalisation shares	70,209.714	45,278.538	12,209.714	103,278.538
Class C				
Capitalisation shares	256,506.894	25,189.011	83,646.287	198,049.618

Key figures relating to the last 3 years

	<i>Year ended as at:</i>	31/12/2015	31/12/2014	31/12/2013
Total Net Assets	USD	320,843,711.10	419,184,489.16	212,473,769.51
Class A		USD	USD	USD
Distribution shares				
Number of shares		146,113.656	162,676.150	177,190.775
Net asset value per share		709.38	851.04	813.75
Class B		USD	USD	USD
Capitalisation shares				
Number of shares		103,278.538	70,209.714	-
Net asset value per share		722.36	861.17	-
Class C		USD	USD	USD
Capitalisation shares				
Number of shares		198,049.618	256,506.894	83,640.071
Net asset value per share		719.97	858.76	816.41

POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 31/12/2015

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			291,200,703.76	90.76
Shares			291,200,703.76	90.76
<i>Brazil</i>			<i>4,376,874.24</i>	<i>1.36</i>
464,501	CEMIG ADR REPR 1 PFD SH	USD	696,751.50	0.22
124,581	EMBRAER ADR REPR.4SHS	USD	3,680,122.74	1.14
<i>China</i>			<i>72,140,944.30</i>	<i>22.49</i>
11,819,247	ALUMINUM CORPORATION OF CHINA -H-	HKD	3,919,356.62	1.22
3,276,859	ANGANG STEEL COMPANY -H-	HKD	1,327,636.71	0.41
6,755,497	BANK OF CHINA LTD -H-	HKD	3,015,957.75	0.94
5,304,798	BANK OF COMMUNICATIONS -H-	HKD	3,737,260.26	1.16
5,469,675	CH HS TRANSMISS SHS	HKD	4,403,905.19	1.38
5,373,955	CHANGSHA ZOOMLION -H-	HKD	2,003,935.40	0.62
5,068,987	CHINA CONSTRUCTION BANK CORPORATION -H-	HKD	3,473,022.11	1.08
1,516,322	CHINA MERCHANT BANK -H-	HKD	3,580,423.30	1.12
3,981,103	CHINA MINSHENG BANKING CORPORATION -H-	HKD	3,945,086.08	1.23
16,264,659	CHINA MOLYBDENUM CO LTD -H-	HKD	3,043,020.05	0.95
5,730,457	CHINA RAILWAY GROUP LTD -H-	HKD	4,355,082.66	1.37
2,786,697	CHINA UNICO HK	HKD	3,397,922.02	1.06
5,567,703	CHINA WATER AFFAIRS GROUP LTD	HKD	2,672,457.76	0.83
2,056,727	COSCO PACIFIC LTD -RC-	HKD	2,266,346.81	0.71
2,122,614	DONGFANG ELECTRIC -H-	HKD	2,160,925.91	0.67
6,421,601	FIH MOBILE LTD	HKD	2,452,600.87	0.76
8,603,275	GLORIOUS PROPERTY HOLDINGS LTD	HKD	999,075.17	0.31
14,018,000	GOME ELECTRICAL APP	HKD	2,333,284.07	0.73
2,526,356	GUANGZHOU R&F PROPERTIES COMPANY LTD -H-	HKD	3,113,076.33	0.97
5,894,370	INDUS.AND COMMERCIAL BANK OF CHINA -H-	HKD	3,559,386.07	1.11
12,894,896	MAANSHAN IRON STEEL CO LTD -H-	HKD	2,761,962.52	0.86
37,220,637	SEMICONDUCTOR MANUFACTURING INTL CORP	HKD	3,794,047.31	1.18
1,052,168	SHANGHAI INDUSTRIAL HOLDINGS LTD -RC-	HKD	2,762,748.50	0.86
2,440,333	SINO-OCEAN LAND -RC-	HKD	1,564,938.70	0.49
3,780,355	SINOTRUK HK	HKD	1,497,486.13	0.47
<i>Hungary</i>			<i>1,764,200.03</i>	<i>0.55</i>
1,264,055	MAGYAR TELEKOM PLC	HUF	1,764,200.03	0.55
<i>India</i>			<i>16,802,003.81</i>	<i>5.24</i>
168,703	ABB SHS	INR	2,842,053.23	0.89
791,442	ADANI PORTS	INR	3,121,206.50	0.98
257,075	BHARAT HEAVY ELECTRICALS LTD	INR	657,296.28	0.20
550,411	BHARTI AIRTEL LTD(DEMATERIALISED)	INR	2,832,083.06	0.88
174,828	CANARA BANK .SHS.DEMATERIALISED	INR	615,606.27	0.19
753,682	DISH TV INDIA	INR	1,156,904.21	0.36
1,377,817	HINDALCO INDUSTRIES LTD	INR	1,765,064.48	0.55
168,269	RELIANCE CAPITAL LTD	INR	1,114,820.42	0.35
164,348	RELIANCE INFRASTRUCTURE DEMATERIALISED	INR	1,351,302.98	0.42
548,635	UNION BANK OF INDIA DEMATERIALISED	INR	1,232,757.78	0.38
1,123,249	UNITECH - SHS DEMATERIALISED	INR	112,908.60	0.04
<i>Jordan</i>			<i>1,382,473.12</i>	<i>0.43</i>
230,648	JORDAN PETROLEUM REFINERY	JOD	1,382,473.12	0.43
<i>Kazakhstan</i>			<i>1,448,580.25</i>	<i>0.45</i>
961,228	KAZAKHMYN PLC	GBP	1,448,580.25	0.45
<i>Malaysia</i>			<i>807,845.52</i>	<i>0.25</i>
6,800,981	KNM GROUP BHD	MYR	807,845.52	0.25
<i>Mexico</i>			<i>1,839,372.98</i>	<i>0.57</i>
5,312,389	CONSORCIO ARA -SHS-	MXN	1,839,372.98	0.57
<i>Pakistan</i>			<i>8,646,219.16</i>	<i>2.69</i>
1,347,596	ARIF HABIB CORPORATION LTD	PKR	657,618.27	0.20
288,888	ATTOCK REFINERY LTD	PKR	584,423.60	0.18
97,337	ICI PAKISTAN	PKR	449,831.16	0.14
3,821,046	JAHANGIR SIDDIQUI	PKR	763,954.02	0.24
5,823,605	NATL BANK PAKISTAN	PKR	3,004,799.69	0.93
883,760	PAKISTAN STATE OIL CO LTD	PKR	2,748,866.85	0.86
2,773,829	PAKISTAN TELECOMUNICATION -A-	PKR	436,725.57	0.14
<i>Poland</i>			<i>8,355,465.41</i>	<i>2.60</i>
160,800	CIECH	PLN	3,501,929.14	1.09
232,796	POLSKI KONCERN NAFTOWY ORLEN SA	PLN	3,999,891.63	1.24

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 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
1,170,474	TAURON POLSKA ENERGIA S.A	PLN	853,644.64	0.27
	<i>Russia</i>		33,590,800.53	10.47
457,181	AEROFLOT	USD	351,172.16	0.11
23,500	AKRON OJSC	USD	1,215,944.40	0.38
16,687	AKRON OJSC	RUB	863,423.69	0.27
95,516	CTC MEDIA INC	USD	176,704.60	0.06
2,429,393,151	FSK EES	RUB	1,975,845.81	0.62
501,120,000	FSK EES	USD	407,410.56	0.13
1,237,149	GAZPROM ADR REPR. 2 SHS	USD	4,568,172.68	1.42
545,376	GAZPROM PJSC ADR REPR 2 SHS	USD	2,001,529.92	0.62
75,515,359	INTER RAO UES	RUB	1,143,560.70	0.36
61,938,590	INTER RAO UES - SHS	USD	937,936.07	0.29
148,726	LUKOIL ADR REP 1 SH	USD	4,788,977.20	1.48
260,145	NOVOLIPETSK STEEL - GDR - REPR SHS REG S	USD	2,213,833.95	0.69
305,171	ROSTELECOM	USD	378,356.19	0.12
142,179,311	RUSHYDRO	RUB	1,321,828.11	0.41
53,678,500	RUSHYDRO	USD	499,049.01	0.16
1,942,000	SBERBANK	USD	2,692,503.38	0.84
1,758,415	SURGUTNEFTEGAZ	RUB	817,993.12	0.25
340,389	SURGUTNEFTEGAZ JSC ADR -REPR.10SHS	USD	1,570,214.46	0.49
53,798,821	UAC	USD	349,907.53	0.11
3,663,464	UNITED COMPANY RUSAL LTD	HKD	1,120,294.29	0.35
1,371,690,071	VNESHTORGBANK	RUB	1,496,866.67	0.47
890,000,000	VNESHTORGBANK	USD	970,990.00	0.30
565,831	VNESHTORGBANK-GDR-REPR 2000 SHS REG-S	USD	1,193,337.58	0.37
3,161	VSMPO-AVISMA	USD	534,948.45	0.17
	<i>Singapore</i>		3,493,084.03	1.09
442,458	SINGAPORE AIRLINES LTD	SGD	3,493,084.03	1.09
	<i>South Africa</i>		5,558,295.75	1.73
138,743	ANGLO AMERICAN PLATINUM LIMITED	ZAR	1,659,491.17	0.52
408,900	ANGLOGOLD ASHANTI LTD-REG.SHS	ZAR	2,804,023.37	0.87
557,457	IMPALA PLATINUM HOLDINGS LTD	ZAR	900,824.95	0.28
157,603	LONMIN GBP PLC	GBP	193,956.26	0.06
	<i>South Korea</i>		24,640,213.92	7.68
28,829	GREEN CROSS	KRW	4,499,345.04	1.40
29,060	HYUNDAI HEAVY INDUSTRIES CO LTD	KRW	2,175,999.33	0.68
111,962	LG DISPLAY	KRW	2,344,179.02	0.73
72,334	LG LIFE SCIENCES LTD	KRW	3,738,382.52	1.17
17,948	LOTTE CHEMICAL CORPORATION	KRW	3,727,208.24	1.16
34,703	SK INNOVATION	KRW	3,847,503.32	1.20
63,613	SSANGYONG OIL REFINING CO LTD	KRW	4,307,596.45	1.34
	<i>Taiwan</i>		63,355,615.05	19.76
1,055,024	ARDENTEC -SHS-	TWD	766,046.20	0.24
8,274,886	AU OPTRONICS	TWD	2,451,201.99	0.76
6,389,519	CHINA PETROCHEMICAL DEVELOPMENT CORP	TWD	1,542,572.53	0.48
2,124,568	CHINA SYNTHETIC	TWD	1,494,124.74	0.47
5,777,389	CHINATRUST FINANCIAL HLDGS	TWD	2,972,504.74	0.93
4,667,309	COMPAL ELECTRONICS	TWD	2,628,709.07	0.82
4,877,154	COMPEQ MANUFACRURING CO	TWD	3,274,004.74	1.02
2,230,151	CORETRONIC CORPORATION	TWD	1,853,536.56	0.58
2,129,962	EPISTAR CORP	TWD	1,653,545.98	0.52
2,612,673	ETRON TECHNOLOGY	TWD	1,113,569.52	0.35
5,239,694	EVERGREEN MARINE CORP	TWD	2,113,615.79	0.66
727,767	EVERLIGHT ELECTRONICS CO LTD	TWD	1,057,961.77	0.33
7,499,298	FIRST FINANCIAL HOLDING COMPANY	TWD	3,493,142.34	1.09
1,309,048	FOXCONN TECHNOLOGY CO LTD	TWD	2,773,761.09	0.86
2,419,130	GIGA-BYTE TECHNOLOGY CO	TWD	2,684,485.00	0.84
1,231,471	HIGH TECH COMPUTER CORP	TWD	2,924,307.46	0.91
7,464,420	INNOLUX DISPLAY	TWD	2,258,846.36	0.70
3,390,349	MICRO-STAR INTERNATIONAL	TWD	4,846,009.31	1.52
614,421	PAN INTERNATIONAL INDUSTRIAL CORP	TWD	243,172.04	0.08
1,181,608	PAN JIT INTERNATIONAL	TWD	528,804.32	0.16
3,325,098	PRIME VIEW INTERNATIONAL CO LTD	TWD	1,584,247.51	0.49
7,689,025	QISDA CORP	TWD	2,563,242.13	0.80
1,623,122	REALTEK SEMICONDUCTOR CORP	TWD	3,888,930.10	1.21
9,995,561	TAISHIN FINANCIAL HOLDINGS	TWD	3,469,095.59	1.08

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POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
2,803,480	TAIWAN TEA	TWD	1,258,907.22	0.39
3,729,522	UNIMICRON TECHNOLOGY CORP	TWD	1,583,914.09	0.49
7,213,236	UNITED MICROELECTRONICS CORP	TWD	2,657,172.52	0.83
4,625,679	WISTRON CORP	TWD	2,619,344.84	0.82
652,519	YAGEO CORPORATION	TWD	1,056,839.50	0.33
	<i>Thailand</i>		<i>13,085,123.49</i>	<i>4.08</i>
3,291,667	BANGCHAK PETROLEUM PUBLIC CO -F- REG	THB	3,018,619.60	0.94
5,566,555	ESSO (THAILAND) PUBLIC CO LTD FOR REGD	THB	773,455.02	0.24
28,353,766	IRPCP FOREIGN	THB	3,388,112.02	1.06
14,899,563	ITALIAN-THAI DEV.PUBLIC CO -F- REG	THB	3,105,369.97	0.97
1,526,400	THAI OIL-FOREIGN REG	THB	2,799,566.88	0.87
	<i>Turkey</i>		<i>20,586,008.30</i>	<i>6.42</i>
962,498	ALARKO HOLDING	TRY	1,005,744.01	0.31
7,896,998	DOGAN SIRKETLER GRUBU HOLDINGS	TRY	1,542,143.05	0.48
2,382,749	EREGLI DEMIR VE CELIK	TRY	2,481,645.01	0.77
739,250	KORDSA GLOBAL	TRY	1,190,356.29	0.37
2,754,095	PETKIM PETROKIMYA HOLDING AS	TRY	4,330,912.21	1.36
1,949,839	TRAKYA CAM SANAYII	TRY	1,209,108.03	0.38
138,501	TUPRAS TURKIYE PETROL RAFINELERI	TRY	3,302,554.00	1.03
1,396,944	TURCAS PETROL AS	TRY	713,104.28	0.22
1,573,240	TURK SISE CAM	TRY	1,719,386.22	0.54
372,640	TURKCELL ILETISIM HIZMET	TRY	1,263,899.22	0.39
1,043,679	VESTEL ELEKTRONIK SANAYI TICARET AS	TRY	1,827,155.98	0.57
	<i>Ukraine</i>		<i>174,476.34</i>	<i>0.05</i>
200,000	CENTERENERGO (see note 8)	UAH	37,289.78	0.01
170,000	LUGANSTEPLOVOZ (see note 8)	UAH	3,183.78	0.00
500	MOTOR SICH JSC (see note 8)	UAH	40,910.55	0.01
5,000,000	RAIFFEISEN BANK AVAL JSC (see note 8)	USD	15,630.00	0.00
15,300	STIROL CONCERN (see note 8)	UAH	2,578.86	0.00
4,000,000	UKRSOTSBANK (see note 8)	UAH	15,681.68	0.00
10,500,000	UKRTELECOM (see note 8)	UAH	57,682.63	0.03
2,500	YENAKIEV METALL (see note 8)	UAH	1,519.06	0.00
	<i>Vietnam</i>		<i>9,153,107.53</i>	<i>2.85</i>
429,200	BAOVIET HLDGS	VND	1,011,679.04	0.32
2,388,596	BECAMEX INFRASTRUCTURE DEVELOPMENT JOINT	VND	764,860.73	0.24
98,888	COTEC CONSTRUCTION JOINT STOCK COMPANY	VND	672,887.08	0.21
496,506	GEMADEPT	VND	936,262.28	0.29
3,845,226	ITACO	VND	957,672.61	0.30
1,966,225	KINHBAC CITY	VND	1,145,543.74	0.36
3,986,290	SAI GON - HANOI	VND	1,152,363.29	0.35
1,405,051	SONG DA URB AND INDUSTRIAL ZONE	VND	1,468,476.90	0.45
1,938,842	VNDIRECT SECURITIES CORPORATION	VND	1,043,361.86	0.33
Other transferable securities			23,501,173.31	7.32
Shares			378,544.60	0.12
	<i>Zimbabwe</i>		<i>378,544.60</i>	<i>0.12</i>
209,214	AFRASIA ZIMBABWE HOLDINGS LTD (see note 8)	USD	0.00	0.00
1,055,310	ECONET WIRELESS ZIMBABWE LIMITED	USD	222,564.88	0.07
400,000	HIPPO VALLEY ESTATES LTD (see note 8)	USD	148,000.00	0.05
93,879	MEIKLES LIMITED	USD	7,979.72	0.00
Warrants			23,122,628.71	7.20
	<i>Bahamas</i>		<i>1,406,469.94</i>	<i>0.44</i>
371,572	CS (DAR AL ARK) 18.10.16 WAR	USD	613,694.26	0.19
480,000	CS NASSAU (DAR ALARKAN) 15.10.18 WAR	USD	792,775.68	0.25
	<i>Hong Kong</i>		<i>10,278,590.01</i>	<i>3.19</i>
1,967,305	BOCI FINANCIAL 12.04.16 WAR	USD	2,429,743.65	0.76
1,636,652	BOCI FINANCIAL 12.04.16 WAR	USD	1,867,622.88	0.58
2,663,652	BOCI FINANCIAL (SHENZHEN) 09.03.16 WAR	USD	3,347,203.70	1.03
1,569,199	BOCI FINANCIAL (TANGSHAN) 09.03.16 WAR	USD	2,634,019.78	0.82
	<i>The Netherlands</i>		<i>4,195,240.42</i>	<i>1.31</i>
238,000	JP MORGAN (CANARA BANK) 16.02.17 WAR	USD	837,760.00	0.26
1,035,600	JP MORGAN (DISH TV INDIA) 23.04.18 WAR	USD	1,589,646.00	0.50
218,500	JP MORGAN (RELIANCE CAP) 10.08.17 WAR	USD	1,439,915.00	0.45
2,922,300	JP MORGAN (UNITECH LTD) 07.02.17 WAR	USD	292,230.00	0.09
21,609	MORGAN STANLEY(DAR AL AKAN) 15.12.15 WAR	USD	35,689.42	0.01

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POLUNIN FUNDS - Developing Countries Fund

Securities portfolio as at 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>United Kingdom</i>		<i>7,242,328.34</i>	<i>2.26</i>
2,284,865	UBS LDN (BJ CAPTL) 17.01.17 WAR	USD	3,909,404.02	1.22
1,267,909	UBS LONDON (SHS) 27.06.16 WAR	USD	1,269,176.91	0.40
2,074,118	UBS (RIZHAO) 26.06.16 WAR	USD	2,063,747.41	0.64
Shares/Units of UCITS/UCIS			2,551,214.67	0.80
Shares/Units in investment funds			2,551,214.67	0.80
	<i>Romania</i>		<i>2,551,214.67</i>	<i>0.80</i>
13,109,760	FONDUL PROPRIETATEA SA	RON	2,551,214.67	0.80
Total securities portfolio			317,253,091.74	98.88

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POLUNIN FUNDS
- Emerging Markets Small Cap Fund

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Financial Statements as at 31/12/2015

Statement of net assets as at 31/12/2015

Expressed in USD

Assets		57,645,025.34
Securities portfolio at market value	Note 2.6	56,723,088.61
<i>Cost price</i>		60,047,700.66
<i>Unrealised loss on the securities portfolio</i>		-3,324,612.05
Cash at bank and liquidities	Note 7	795,901.83
Dividends receivable		126,034.90
Liabilities		242,007.01
Bank overdraft	Note 7	16,752.63
Management fees payable	Note 4	200,991.95
Other liabilities	Note 10	24,262.43
Net asset value		57,403,018.33

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Statement of Operations and Changes in Net Assets from 01/01/2015 to 31/12/2015

Expressed in USD

Income		1,378,450.83
Net dividends	Note 2.9	1,070,183.99
Other income	Note 2.10	308,266.84
Expenses		1,119,062.74
Management Company fees	Note 5	57,371.92
Management fees	Note 4	703,284.54
Depositary fees & sub-custodian fees	Note 6	72,009.90
Taxe d'abonnement	Note 3	8,025.26
Central administration fees	Note 6	54,137.14
Domiciliation fees		6,952.09
Professional fees		2,411.62
Bank interest on overdrafts		880.99
Legal fees		12,310.02
Transaction fees	Note 2.12	158,612.79
Other expenses	Note 11	43,066.47
Net income from investments		259,388.09
Net realised profit / loss on:		
- sales of securities portfolio	Note 2.11	4,238,074.02
- foreign exchange	Note 2.8	-109,006.91
Net realised profit		4,388,455.20
Movement in net unrealised appreciation / depreciation on:		
- securities portfolio		-5,448,701.89
Decrease in net assets as a result of operations		-1,060,246.69
Subscription capitalisation shares		60,001,146.14
Class B		37,298,226.38
Class A		22,702,919.76
Redemption capitalisation shares		-39,260,069.18
Class A		-39,260,069.18
Increase in net assets		19,680,830.27
Net assets at the beginning of the year		37,722,188.06
Net assets at the end of the year		57,403,018.33

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Changes in number of shares outstanding from 01/01/2015 to 31/12/2015

	Shares outstanding as at 01/01/2015	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2015
Class A Capitalisation shares	27,237.070	15,423.341	27,930.672	14,729.739
Class B Capitalisation shares	0.000	26,586.324	0.000	26,586.324

Key figures relating to the last 3 years

	<i>Year ended as at:</i>	31/12/2015	31/12/2014	31/12/2013
Total Net Assets	USD	57,403,018.33	37,722,188.06	17,874,764.52
Class A	USD		USD	USD
Capitalisation shares				
Number of shares		14,729.739	27,237.070	14,041.105
Net asset value per share		1,388.63	1,384.96	1,273.03
Class B	USD		USD	USD
Capitalisation shares				
Number of shares		26,586.324	-	-
Net asset value per share		1,389.77	-	-

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 31/12/2015

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			53,568,095.03	93.32
Shares			53,568,095.03	93.32
<i>Bangladesh</i>			<i>330,505.54</i>	<i>0.58</i>
165,095	JAMUNA OIL CO LTD	BDT	330,505.54	0.58
<i>Brazil</i>			<i>775,058.54</i>	<i>1.35</i>
263,557	GAFISA SA -ADR- REPR 2 SHS	USD	297,819.41	0.52
134,324	GOL LINHAS AEREAS PFD ADR REPR 1 PFD SH.	USD	76,967.65	0.13
205,242	INDUSTRIAS ROMI SA ROMI	BRL	89,749.30	0.16
193,464	MARFRIG FRIGORIFICO SHS	BRL	310,522.18	0.54
<i>Canada</i>			<i>196,737.22</i>	<i>0.34</i>
188,500	CALEDONIA MINING CORP	CAD	109,918.63	0.19
618,448	PLATINUM GROUP METALS PLC	CAD	86,818.59	0.15
<i>China</i>			<i>6,794,604.87</i>	<i>11.84</i>
1,765,000	FLAT GLASS GROUP -H- REGS	HKD	444,090.18	0.77
2,984,000	INSPUR INTL	HKD	546,737.69	0.95
1,288,500	KINGBOARD LAMINATES	HKD	585,219.70	1.02
43,000	KONGZHON ADR (40 SHS)	USD	322,500.00	0.56
676,829	LIANHUA SUPERMARKET -H-	HKD	295,180.39	0.51
1,897,000	PEAK SPORT PRODUCTS CO LTD	HKD	531,152.11	0.93
1,235,500	QINGDAO PT INTL CO LTD	HKD	551,582.78	0.96
206,510	RENREN INC ADR TRPT 3 SHS -A-	USD	759,956.80	1.33
4,256,000	SAMSON HOLDING LTD	HKD	527,187.01	0.92
2,295,000	SINOFERT HOLDINGS -RC-	HKD	390,884.52	0.68
622,000	TCL MULTIMEDIA	HKD	394,863.81	0.69
667,000	TEXHONG TEXTILE GROUP LTD	HKD	504,330.58	0.88
92,869	THE9 LTD ADR	USD	292,537.35	0.51
1,981,563	VICTORY CITY INTERNATIONAL HDGS	HKD	201,988.58	0.35
5,580,000	YUANSHENGTAI DAIRY FARM LTD	HKD	446,393.37	0.78
<i>Cyprus</i>			<i>287,491.75</i>	<i>0.50</i>
63,185	GLOBALTRANS INV -GDR- REP 1 SH REG -S	USD	287,491.75	0.50
<i>Germany</i>			<i>1,270.97</i>	<i>0.00</i>
9,000	FIRSTTEXTILE AG	EUR	1,270.97	0.00
<i>Ghana</i>			<i>46,911.19</i>	<i>0.08</i>
198,389	PERSEUS MINING LTD	AUD	46,911.19	0.08
<i>Hungary</i>			<i>546,999.64</i>	<i>0.95</i>
391,927	MAGYAR TELEKOM PLC	HUF	546,999.64	0.95
<i>India</i>			<i>5,644,309.90</i>	<i>9.83</i>
369,615	BALRAMPUR CHINI DEMATERIALISED	INR	391,090.22	0.68
26,500	CEAT	INR	421,156.18	0.73
65,000	CESC LTD DEMATERIALISED	INR	504,623.77	0.88
150,500	DISHMAN PHARMACEUTICALS & CHEMICALS LTD	INR	775,860.93	1.35
312,742	HOUSING DEVELOPMENT INFRASTRUCTURE	INR	368,258.68	0.64
263,000	JAIN IRRIGATION SYSTEMS	INR	274,702.83	0.48
94,000	JUBILANT ORGANOSYS DEMATERIALISED	INR	584,478.69	1.02
180,500	KPIT CUMMINS INFOSYSTEMS DEMATERIALISED	INR	460,961.58	0.80
47,500	MPHASIS BFL LTD (DEMATERIALISED)	INR	357,239.66	0.62
219,000	STERLITE TECHNOLOGIES LTD	INR	320,772.57	0.56
339,900	TITAGARH WAGONS	INR	840,293.58	1.47
27,500	VARDHMAN TEXTILES DEMATERIALISED	INR	344,871.21	0.60
<i>Indonesia</i>			<i>1,180,882.01</i>	<i>2.06</i>
27,787,000	KAWASAN INDUSTRI JABABEKA	IDR	497,888.08	0.87
5,766,200	LIPPO KARAWACI	IDR	432,935.47	0.75
9,154,131	MULTIPOLAR TBK	IDR	170,664.57	0.30
2,600,000	PT POLYCHEM INDONESIA TBK	IDR	16,786.36	0.03
170,900	SAMUDERA INDONESIA TBK PT (see note 8)	IDR	62,607.53	0.11
<i>Jordan</i>			<i>386,604.33</i>	<i>0.67</i>
64,500	JORDAN PETROLEUM REFINERY	JOD	386,604.33	0.67
<i>Malaysia</i>			<i>2,374,212.47</i>	<i>4.14</i>
1,553,600	CUSCAPI BERHAD	MYR	50,658.68	0.09
209,300	ESSO MALAYSIA BERHAD	MYR	243,739.44	0.42
1,344,500	ISKANDAR WATERFRONT CITY BHD	MYR	316,277.84	0.55
3,427,800	KNM GROUP BHD	MYR	407,166.68	0.71
1,001,600	KUMPULAN PERANGSANG SELANGOR BHD	MYR	270,606.91	0.47
255,941	MALAYSIA AIRPORTS HOLDINGS	MYR	334,417.74	0.58

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POLUNIN FUNDS - Emerging Markets Small Cap Fund

Securities portfolio as at 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
346,500	MALAYSIA PACIFIC INDUSTRIES	MYR	751,345.18	1.32
	<i>Mexico</i>		231,982.24	0.40
670,000	CONSORCIO ARA -SHS-	MXN	231,982.24	0.40
	<i>Nigeria</i>		59,421.01	0.10
1,265,000	CEMENT COMPANY OF NORTHERN NIGERIA PLC	NGN	59,421.01	0.10
	<i>Pakistan</i>		7,781,639.35	13.56
2,555,992	ASKARI COMMERCIAL BANK LTD	PKR	530,551.21	0.92
2,705,300	BANK AL-FALAH	PKR	744,419.40	1.30
540,900	D G KHAN CEMENT CO LTD	PKR	762,223.25	1.33
1,569,507	FAYSAL BANK LTD	PKR	231,226.42	0.40
76,736	ICI PAKISTAN	PKR	354,626.14	0.62
5,461,200	LOTTE CHEMICAL PAKISTAN LTD	PKR	338,929.77	0.59
364,500	MAPLE LEAF CEMENT FACTORY LTD	PKR	259,554.28	0.45
138,000	MARI PETROLEUM COMPANY LTD	PKR	918,559.65	1.61
196,600	NATIONAL REFINERY LTD	PKR	418,897.86	0.73
1,340,700	NATL BANK PAKISTAN	PKR	691,759.65	1.21
917,340	NETSOL TECHNOLOGIES	PKR	570,803.11	0.99
173,200	PAK SUZUKI MOTORS CO LTD	PKR	819,076.55	1.43
213,000	PAKISTAN STATE OIL CO LTD	PKR	662,519.96	1.15
764,126	PAKISTAN TELECOMUNICATION -A-	PKR	120,307.83	0.21
1,560,500	SUI NORTHERN GAS PIPELINES LTD	PKR	358,184.27	0.62
	<i>Philippines</i>		582,212.84	1.01
1,800,000	XURPAS INC	PHP	582,212.84	1.01
	<i>Poland</i>		2,276,648.57	3.97
39,684	ASSECO POLAND	PLN	570,803.51	1.00
188,000	BIOTON S.A.	PLN	567,964.45	0.99
333,471	BORYSZEW S.A.	PLN	396,897.89	0.69
25,865	EMPERIA HOLDG SA	PLN	448,013.85	0.78
237,558	J W CONSTRUCTION HOLDING SA	PLN	292,968.87	0.51
	<i>Romania</i>		334,280.37	0.58
1,218,538	BANCA COMMERCIALA CARPATIA	RON	29,275.63	0.05
1,218,538	BC COMMERCIALA CARPATIA	RON	30,153.90	0.05
4,130	TRANSGAZ	RON	274,850.84	0.48
	<i>Russia</i>		1,791,541.39	3.12
89,000	AEROFLOT	USD	68,363.13	0.12
86,500	GK PIK	USD	259,375.61	0.46
26,446	GROUP LSR OJSC	RUB	243,693.45	0.42
170,839	KAMAZ JSC	RUB	83,156.35	0.14
15,637,436	MOSCOW POWER	RUB	175,355.04	0.31
77,404	O KEY GROUP SA GDR REP.1 SH REG-S	USD	154,808.00	0.27
72,000	PROTEK	USD	60,234.12	0.10
184,800	PROTEK OJSC	RUB	154,600.89	0.27
18,000	ROSINTER RESTAURANTS HOLDING OJSC	USD	14,146.65	0.02
37,447	SOLLERS JSC	RUB	206,116.09	0.36
34,640,946	UAC	USD	225,304.71	0.39
865	VSMPO-AVISMA	USD	146,387.35	0.26
	<i>Slovakia</i>		56,252.19	0.10
12,389	ASSECO SLOVAKIA A.S.	PLN	56,252.19	0.10
	<i>South Korea</i>		3,680,233.87	6.41
41,100	BUKWANG PHARMACEUTICAL CO LTD	KRW	892,068.57	1.54
92,957	INFRAWARE CO LTD	KRW	388,460.45	0.68
43,645	INTERLARK HOLDING	KRW	411,306.34	0.72
83,962	JUSUNG ENGINEERING CO	KRW	564,257.87	0.98
27,183	SAMJIN PHARMACEUTICAL	KRW	539,000.26	0.94
2,101	SAMYANG GENEX CO LTD	KRW	382,553.84	0.67
63,503	SUNG SHIN CEMENT CO LTD	KRW	502,586.54	0.88
	<i>Taiwan</i>		9,790,374.86	17.06
1,282,000	ARIMA COMMUNICATION	TWD	305,990.77	0.53
825,000	CATHAY CONSTRUCTION CO LTD	TWD	336,560.38	0.59
463,000	CHIA CHANG CO LTD	TWD	350,277.00	0.61
46,000	CHINA MOTOR CO LTD	TWD	30,389.38	0.05
1,422,000	CHINA PETROCHEMICAL DEVELOPMENT CORP	TWD	343,302.55	0.60
707,089	CHUNG HWA PULP CORP	TWD	209,670.47	0.37
1,177,000	DYNAMIC ELECTRONICS CO LTD	TWD	331,453.37	0.58
447,000	ELITEGROUP COMPUTER SYSTEMS	TWD	275,573.08	0.48

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

Securities portfolio as at 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
384,000	ENE TECHNOLOGY	TWD	198,739.59	0.35
649,050	EPISIL HOLDINGS INC	TWD	177,640.54	0.31
656,515	ETRON TECHNOLOGY	TWD	279,818.83	0.49
1,334,000	EVEREST TEXTILE	TWD	609,187.99	1.06
1,062,000	FORHOUSE CORP	TWD	331,400.09	0.58
392,000	FORMOSA ADVANCED TECHNOLOGIES CO LTD	TWD	241,665.88	0.42
615,000	GAMANIA DIGITAL ENTERTAINMENT	TWD	791,053.89	1.38
161,700	GENESYS LOGIC	TWD	235,803.24	0.41
1,857,927	GIANPLUS TECHNOLOGY	TWD	1,074,698.12	1.86
241,000	ILI TECHNOLOGY CORP	TWD	360,615.85	0.63
1,931,000	MACRONIX INTERNATIONAL CO	TWD	281,005.24	0.49
276,000	MICRO-STAR INTERNATIONAL	TWD	394,501.74	0.69
329,000	NAN YA PRINTED CIRCUIT BOARD	TWD	336,041.31	0.59
1,318,000	OPTO TECH CORP	TWD	403,260.53	0.70
737,000	PRINCETON TECHNOLOGY CORP	TWD	157,959.00	0.28
481,000	PROFILIC TECHNOLOGY INC	TWD	202,814.54	0.35
219,000	SCIENCE CORP	TWD	492,044.88	0.86
869,000	UNIZYX HOLDINGS	TWD	351,864.67	0.61
1,038,168	WAFER WORKS CORP	TWD	404,558.98	0.70
174,412	YAGEO CORPORATION	TWD	282,482.95	0.49
<i>Thailand</i>			<i>1,777,516.28</i>	<i>3.10</i>
13,172,000	BETTER WORLD FOREIGN REGISTERED	THB	442,910.16	0.77
4,440,696	ITALIAN-THAI DEV.PUBLIC CO -F- REG	THB	925,530.77	1.62
3,590,384	KHON KAEN SUGAR INDUSTRY PUBLIC FOR REG	THB	409,075.35	0.71
<i>Turkey</i>			<i>3,908,157.02</i>	<i>6.81</i>
36,429	ALARKO GAYRIMENKUL	TRY	343,216.16	0.60
262,687	ALARKO HOLDING	TRY	274,489.79	0.48
166,000	ARENA BILGISAYAR AS	TRY	207,581.54	0.36
395,834	BANVIT BANDIRMA VITAM INLI	TRY	347,168.92	0.60
103,638	DESPEC BILGISAYAR PAZARLAMA VE TICARET	TRY	104,388.85	0.18
568,849	DEVA HOLDING AS	TRY	756,164.88	1.33
1,184,865	DOGAN SIRKETLER GRUBU HOLDINGS	TRY	231,383.03	0.40
19,001	GOLTAS CIMENTO	TRY	481,721.42	0.84
812,223	MEND TEKS SANA VE TI	TRY	139,133.93	0.24
12	TAT GIDA SANAYI A.S.	TRY	22.78	0.00
125,232	TURCAS PETROL AS	TRY	63,927.74	0.11
563,136	TURK SISE CAM	TRY	615,448.55	1.07
196,214	VESTEL ELEKTRONIK SANAYI TICARET AS	TRY	343,509.43	0.60
<i>Ukraine</i>			<i>91,142.29</i>	<i>0.16</i>
293,000	AZOVSTAL IRON AND STELL WORKS (see note 8)	UAH	4,605.71	0.01
185,000	CENTERENERGO (see note 8)	UAH	34,493.05	0.06
35,000	KRUKIVSKY CARRIAGE WORKS (see note 8)	UAH	10,997.57	0.02
5,633	MOTOR SICH GDR 1/10TH REG-S (see note 8)	EUR	36,714.77	0.07
9,400	STIROL CONCERN (see note 8)	UAH	1,584.40	0.00
500,000	UKRTELECOM (see note 8)	UAH	2,746.79	0.00
<i>United Arab Emirates</i>			<i>688,763.67</i>	<i>1.20</i>
2,898,419	DANA GAS	AED	402,446.57	0.70
2,528,000	DRAKE AND SCULL INTERNATIONAL	AED	286,317.10	0.50
<i>United Kingdom</i>			<i>423,865.56</i>	<i>0.74</i>
4,410,905	PETROPAVLOVSK PLC	GBP	423,865.56	0.74
<i>Vietnam</i>			<i>1,528,475.09</i>	<i>2.66</i>
71,700	BAOVIET HLDGS	VND	169,006.03	0.29
230,000	BECAMEX INFRASTRUCTURE DEVELOPMENT JOINT	VND	73,649.11	0.13
5	HOA PHAT GROUP JOINT STOCK COMPANY	VND	6.49	0.00
582,600	ITACO	VND	145,099.42	0.25
282,700	KINHBAC CITY	VND	164,704.05	0.29
60,000	NAM LONG INVESTMENT CORP	VND	60,840.57	0.11
137,425	PETROVIETMAN DRILLING AND WELL SERVICES	VND	161,964.11	0.28
214,700	PVFCCO	VND	277,863.95	0.48
622,312	SAI GON - HANOI	VND	179,898.98	0.31
549,010	VNDIRECT SECURITIES CORPORATION	VND	295,442.38	0.52
Other transferable securities			3,154,993.58	5.50
Warrants			3,154,993.58	5.50
<i>Bahamas</i>			<i>137,412.30</i>	<i>0.24</i>
1,030,000	CS NASSAU (SHS) 06.09.18 WAR	USD	137,412.30	0.24

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

Securities portfolio as at 31/12/2015

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>Hong Kong</i>				
70,000	BOCI FINANCIAL 12.04.16 WAR	USD	416,143.68	0.72
242,850	BOCI FINANCIAL 19.08.16 WAR	USD	93,111.90	0.16
			323,031.78	0.56
<i>Malaysia</i>				
285,650	KNW WARRANT 21.04.20 WAR	MYR	8,316.31	0.01
			8,316.31	0.01
<i>Taiwan</i>				
65,025	WAFER WORKS CORP 19.01.16 RIGHT	TWD	2,969.45	0.01
			2,969.45	0.01
<i>Thailand</i>				
1,646,500	BETTER WORLD 08.06.16 WAR	THB	5,435.84	0.01
19,325	LOXLEY (SHS) 31.12.16 WAR	THB	5,033.07	0.01
			402.77	0.00
<i>United Kingdom</i>				
344,300	UBS LDN (BJ HUALIAN) 17.01.17 WAR	USD	2,584,716.00	4.51
529,900	UBS LDN (SHS) 17.01.17 WAR	USD	425,210.50	0.74
326,400	UBS LONDON (GX LIUGONG) 17.01.17 WAR	USD	470,021.30	0.82
338,000	UBS LONDON (WH CONCH) 17.01.17 WAR	USD	416,812.80	0.73
236,600	UBS (RAINBOW DEPARTMENT-A-) 17.01.17 WAR	USD	780,780.00	1.36
			491,891.40	0.86
Total securities portfolio			56,723,088.61	98.82

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
Notes to the financial statements

POLUNIN FUNDS

Notes to the financial statements as at December 31, 2015

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 December 31, 2015, 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 December 31, 2015, 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

As from July 31, 2015 (day of first NAV calculation), share class B of POLUNIN FUNDS - Emerging Markets Small Cap Fund was launched.

Julian Garel-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.

POLUNIN FUNDS - Developing Countries Fund was a master fund of Polunin EM Funds (liquidated on October 15, 2015) as from October 31, 2007. Polunin EM Funds was a registered mutual fund under the Mutual Funds Law in Cayman Islands. It had commenced operations on February 6, 2002.

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).

POLUNIN FUNDS

Notes to the financial statements as at December 31, 2015 (continued)

NOTE 2 – Significant accounting policies (continued)

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).

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 December 31, 2015 (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 year-end exchange rates.

Income and expenses in currencies other than USD are translated at the appropriate exchange rates prevailing at the transaction dates.

Profits and losses arising on foreign exchange operations are recorded in the statement of operations and changes in net assets.

As at December 31, 2015, the following exchange rates are used:

AED/USD	0.272256	INR/USD	0.015116	RUB/USD	0.013692
AUD/USD	0.727571	JOD/USD	1.410321	SGD/USD	0.704886
BDT/USD	0.012743	KRW/USD	0.000853	THB/USD	0.027789
BRL/USD	0.252766	MAD/USD	0.100846	TRY/USD	0.342600
CAD/USD	0.719905	MXN/USD	0.057900	TWD/USD	0.030444
CHF/USD	0.998988	MYR/USD	0.232909	UAH/USD	0.041618
CNY/USD	0.153999	NGN/USD	0.005024	VND/USD	0.000044
EUR/USD	1.086300	NOK/USD	0.112977	ZAR/USD	0.064535
GBP/USD	1.473848	PHP/USD	0.021252		
HKD/USD	0.129030	PKR/USD	0.009548		
HUF/USD	0.003438	PLN/USD	0.253234		
IDR/USD	0.000073	RON/USD	0.240252		

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 December 31, 2015 (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 year end swing adjustment.

As at year 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 December 31, 2015 (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 and POLUNIN FUNDS - Emerging Markets Small Cap Fund during the year ended December 31, 2015.

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 December 31, 2015 (continued)

NOTE 7 – Cash at bank and liquidities and bank overdraft

As at December 31, 2015, the bank accounts' positions were the following :

POLUNIN FUNDS - Developing Countries Fund

Cash at bank	Currency	Total (USD)
-51.90	GBP	-76.49
0.005	JOD	0.00
1,326,856.50	PKR	12,668.70
371,322.09	USD	371,322.09
25,071,388,398.00	VND	1,115,027.43
	Total	1,498,941.73

POLUNIN FUNDS - Emerging Markets Small Cap Fund

Cash at bank	Currency	Total (USD)
6,431,484.14	BDT	81,955.82
-129,834.88	HKD	-16,752.63
0.001	JOD	0.00
1,113,302.00	TWD	33,893.56
262,847.95	USD	262,847.95
9,380,841,888.00	VND	417,204.50
	Total	779,149.20

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): 0.01% of net asset value as at December 31, 2015,
- Hippo Valley Estates Ltd. (ZW0009011272) : 0.05% of net asset value as at December 31, 2015,
- Stirol Concern (UA4000136626) : 0.00% of net asset value as at December 31, 2015,
- Lugansteplovov (UA4000121321): 0.00% of net asset value as at December 31, 2015,
- Motor Sich JSC (UA4000143135): 0.01% of net asset value as at December 31, 2015,
- Raiffeisen Bank Aval JSC (UA4000069603): 0.00% of net asset value as at December 31, 2015,
- Ukrspotsbank (UA1002231009): 0.00% of net asset value as at December 31, 2015,
- Ukrtelecom (UA4000137244): 0.02% of net asset value as at December 31, 2015,
- Yenakiev Metall (UA4000079966): 0.00% of net asset value as at December 31, 2015.

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 investment Hippo Valley Estates Ltd. is valued based on a price of December 2, 2015.

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

- Azovstal Iron and Steel works (UA4000075758) : 0.01% of net asset value as at December 31, 2015,
- Centerenergo (UA4000079081): 0.06% of net asset value as at December 31, 2015,
- Samudera Indonesia Tbk, PT (ID1000075906) : 0.11% of net asset value as at December 31, 2015,
- Stirol Concern (UA4000136626) : 0.00% of net asset value as at December 31, 2015,
- Krukivsky Carriage Works (UA4000074058) : 0.02% of net asset value as at December 31, 2015,
- Motor Sich GDR 1/10TH REG-S (US6200501046) : 0.06% of net asset value as at December 31, 2015,
- Ukrtelecom (UA4000137244): 0.00% of net asset value as at December 31, 2015.

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 December 31, 2015 (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 – Other expenses

This account includes mainly general ongoing expenses. The caption “Other expenses” consists mainly of risk management, consultants and tax exemption fees (fees in connection with the requests of exemption of tax or tax reclaim).

NOTE 12 – Stock Exchange Listing

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

POLUNIN FUNDS

Risk Management (unaudited information)

The Management Company applies risk management procedures in accordance with the law of December 17, 2010 and other applicable provisions, in particular CSSF circular 11/512. Through these procedures, the Management Company is able to record and quantify market risk, liquidity risk, counterparty risk and substantial other risks, including operational risks. The calculation is carried out on a daily basis.

The calculation method of the global exposure is determined by the investment policy as well as the type, complexity and extent of derivative financial instruments being used by a fund.

The following calculation methods are applicable:

- Commitment approach for funds not using complex derivative strategies
- Relative Value at Risk („relative VaR“) and absolute Value at Risk („absolute VaR“) for funds using complex derivative strategies, the former relating to a reference portfolio

For funds using VaR, the leverage factor is calculated as sum of notionals of the derivative financial instruments that are held by the sub-fund. For derivatives without notional amount the UCITS principally has to rely on the market value of the respective underlying. In addition the maximal, minimal and average VaR percentage have to be disclosed.

The commitment approach

Both sub-funds of the Fund use the commitment approach in order to monitor and measure the global exposure :

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