

Performance Review

The share price fell by 5.8% during March while the net asset value increased by 2.9%. In Sterling terms the MSCI World Index rose 7.9%, the MSCI Japan Index gained 2.5% and the MSCI Asia ex Japan Index advanced 14.2%. At the end of the seventh financial year of the Company the shares stood at a 14.7% discount to the net asset value.

For the year to 31st March 2009, the share price declined by 26.9% and the net asset value fell by 24.4%. In addition dividends totalling 3.1p were paid to shareholders reducing the net asset value total return to -22.5%. This was similar to the 20.2% and 22.2% declines recorded by the MSCI World and Asia ex Japan Indices but twice the 11.1% decline in the MSCI Japan Index. The FTSE Private Investors Balanced Index declined 17.6% over the period.

For a Company with an absolute return mandate these results cannot be described as anything other than extremely disappointing with both the share price and the net asset value languishing roughly one third below the peak levels seen in the third quarter of 2007.

Bear Market Rally

The near universal consensus is that the recent move in major equity markets is a bear market rally and, much as we like to avoid the consensus, we find ourselves in agreement. The chart below shows the relative performance (in green) of the MSCI Financial Index versus the MSCI World Index since last summer.



