



# The McHattie Warrants Alert Fund

Manager's unaudited interim report  
as at 31st March 2003

McHattie Investment Management Limited  
Authorised by the FSA

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## Fund Profile and Investment Objective of the Scheme

### Investment Objective

The McHattie Warrants Alert Fund is an authorised UK unit trust. Its objective is to achieve capital growth in the medium to long-term through an internationally diversified portfolio of investment trust warrants, company warrants, covered warrants, and offshore closed end fund warrants, together with investment trust capital shares. The scheme may also invest in the equities of listed companies as and when it is considered to be in the best interests of the Fund. It is anticipated that there may be periods of significant turnover of investments within the Fund. There are no specific restrictions on the investments of the Fund (as to economic sectors or geographical areas) except as provided in the Regulations.

### Authorised Status

The McHattie Warrants Alert Fund is an Authorised Unit Trust Scheme established on 24th August 1999 and launched on 22nd October 1999. The Fund is a 'warrants fund' authorised under Section 243 of the Financial Services and Markets Act 2000. The currency of the Fund is pounds sterling.

### Risk Factors

Unit trusts should be regarded as medium to long term investments and investors should be aware that the value of their units and any income from them can go down as well as up. Warrants may involve a high degree of 'gearing' or 'leverage'. This means that a small movement in the price of the underlying asset may have a disproportionately dramatic effect on the investment, both unfavourable as well as favourable. Moreover, because of the limited life of warrants, they may expire worthless. Changes in rates of exchange may also have an adverse effect on the value or price of an investment in sterling terms.

### Net Asset Value/Fund Size

Date	Net Asset Value	Units in Issue	Net Asset Value per Unit
30th September 2000	£3,740,865	3,606,177	103.73p
30th September 2001	£1,659,043	3,994,425	41.53p
30th September 2002	£1,249,368	4,420,863	28.26p
31st March 2003	£1,210,749	4,708,936	25.71p

### Price and Income History

The Fund was launched on 22nd October 1999 at a unit price of 100p. Warrants do not pay dividends, therefore no income is available for distribution at the period end.

Calendar Year	Highest Buying Price	Lowest Selling Price
1999	129.27p	94.28p
2000	130.58p	77.04p
2001	97.72p	37.14p
2002	64.10p	27.56p
2003 (to 31st March 2003)	34.19p	25.22p

### Prices per unit (on last dealing day of period)

Date	Buying	Selling
31st March 2003	28.64p	26.64p

### Fund Performance

From 1st October 2002 to 31st March 2003 the buying price of units fell by 9.94%.

## Manager's Investment Report

The first half of the current financial year for the McHattie Warrants Alert Fund has been a time of consolidation for world stockmarkets. During this period the FTSE 100 Index, the Dow Jones Index and the Nasdaq Composite Index all recorded their lowest values for several years, and the Fund recorded its lowest price since its launch in October 1999. All have since bounced from their lows however, and hopes have begun to build that these were the low points of the extended bear market which has blighted the world's economies for the past three years. Over the period the unit price fell by 9.94% to 28.64p, but is 5.6% above its mid-March low.

At present the Fund remains predominantly invested in investment trust warrants. During the period we have endeavoured to maintain the core portfolio of good value warrants, and a significant increase in the cash position of the Fund has enabled us to limit the downside exposure. This investment approach, combined with worsening liquidity and a reduction in the number of attractive investment trust warrants, has meant our activity levels have remained low during the first half. We believe the Fund is well positioned to provide some downside protection should the current bounce in world markets falter, but is also poised to offer geared upside should the bounce become a sustained recovery.

At the end of the period to 31<sup>st</sup> March 2003 the average technical figures for the warrants within the Fund, weighed by the size of the holding within the portfolio, were gearing of 2.75 times, premium of 16.30% and a capital fulcrum point of 5.03%. The increased cash level within the portfolio has helped manage the technical position of the Fund and keep it at attractive levels, and we would expect the Fund to benefit from any significant recovery in the world's markets.

### Cash (25.61%)

The cash level within the Fund continued to rise during the period, to unusually high levels. The reasons for this are three-fold. First, the amount of cash held increased in absolute terms by almost 50% during the period, but this increase has also been accentuated in percentage terms by a 13% fall in the value of the assets in the portfolio. The second reason is the continued liquidity squeeze in the market for investment trust warrants. During periods of uncertainty and high volatility, market makers are reluctant to deal outside their normal market sizes, which means we have found it difficult to invest when rare opportunities have arisen. The third reason is that valuations have generally deteriorated in the corporate warrants market. The fund continues to be concentrated in a small number of warrants which remain good technical value. The recent maturity of a number of these warrants has made our job increasingly difficult, and we look forward to being able to invest in the much more liquid and diversified covered warrants market in the near future (*see Market Developments below*).

### Ordinary Shares (18.95%)

The proportion of the Fund invested in ordinary shares has risen sharply during the period. The first six months of the Fund's financial year have seen several warrants in the portfolio

reach their final maturity dates. On three occasions the poor liquidity has meant it was preferable to exercise the warrants rather than sell them prior to expiry. The ordinary shares of Aberforth Smaller Companies Trust, Eaglet Investment Trust, and Sanctuary Group have been added to the portfolio. They have joined our holdings in Discovery Trust, LeggMason Investors Enterprise, and NewMedia Spark.

### **Asia (excluding Japan) Investment Trust Warrants (16.62%)**

The Fund's exposure to Asia has remained almost level over the financial year to date, largely due to our holding in Aberdeen Asian Smaller Companies Investment Trust warrants. Once again this trust has proven to be a solid performer and the warrants remained the largest holding within the Fund at 11.94%. Our intention remains to decrease our weighting in this trust's warrants, but in current market conditions we remain convinced it is in the best interests of unitholders to maintain holdings in the small number of warrants which are performing well. Numerous analysts have recommended the Asian market as the region which should outperform all others during a market recovery, and so during the period we added a fourth holding to our Asian contingent – Scottish Oriental Smaller Companies Trust warrants.

### **UK Investment Trust Warrants (11.31%)**

Our exposure to UK investment trust warrants has fallen sharply over the period, and the main reason for this has been the expiry of several key holdings in this sector. The warrants of Aberforth Smaller Companies Trust and Eaglet Investment Trust have both expired, removing two of the best known and best performing holdings within the portfolio. The size of our holdings and the continued lack of liquidity in the warrants market meant we exercised the warrants of both these trusts. We maintain holdings in the shares of these trusts, and we intend to continue to do so until liquidity improves. One other notable development in this sector is that the board of Legal & General UK Select Investment Trust has called for a winding up of the company. The news triggered us to sell a quarter of our holding in the warrants due to what appeared to be an ungenerous alteration to the warrant terms. Subsequent improvements in the value of the trust's assets have convinced us to hold on to the remainder. The wind-up of the trust is expected within two months of the Fund's period end.

### **Technology Investment Trust Warrants (10.71%)**

The technology sector has been the hardest hit during the bear market, and with prices so low we took the opportunity to snap up 80,000 Herald Investment Trust warrants at just 38p when they were offered to us. The trust was trading at an uncharacteristically high discount to its net assets, and we felt the sector was due a significant bounce after an extended period of weakness. The performance of Herald warrants, together with Polar Capital Technology Trust warrants, has proven to be a shining light during the period.

### **Latin American Investment Trust Warrants (6.19%)**

The Fund's exposure to the Latin American region remained relatively stable during the period, in contrast to events in the sub-continent during the past few years. The resolution to

the political problems in Brazil, and improving economics in Argentina persuaded us to add to our holding in F&C Latin American Trust warrants. The warrants remain excellent technical value and we are confident about the prospects for the region.

### **European Investment Trust Warrants (5.74%)**

The Fund's weighting in Europe has fallen back during the period due to weakness in the warrants of Gartmore European Trust and TR European Growth Trust. In contrast, the warrants of Merrill Lynch European Trust have appreciated by 14%. Our holding in TR European Growth Trust warrants is now almost worthless, but a sharp rise in European markets over the coming months could provide holders with a volatile ride should the shares get close to the warrant exercise price.

### **UK Equity Warrants (2.68%)**

Following the expiry of Sanctuary Group warrants in January, our one remaining holding in UK equity warrants is in the pubs and clubs operator Luminar. After a positive Christmas period, Luminar revealed the seasonal upturn had not been sustained, particularly across a number of already underperforming units. The shares of Luminar went into reverse as concerns arose about a slowdown in consumer spending. External factors, such as the build up to the conflict in Iraq, caused tensions to rise and Luminar's target market to stay at home and spend less. The sharp fall in the shares impacted the warrants, and the already tight liquidity meant we were unable to cut our exposure. Luminar is a well-run company, and we still believe that over the remaining life of the warrants, which stretches to 2009, the shares and warrants should perform well.

### **Emerging Markets Investment Trust Warrants (2.10%)**

Our exposure to the emerging markets trust sector has fallen sharply following the reorganisation of Baring Emerging Europe Trust. Baring Emerging warrants accounted for over 9% of the portfolio at the end of September 2002, but we were forced out of the warrants and into cash as the trust was wound up. Unfortunately, the new trust which replaced it does not have warrants. We regard this as a great shame as the performance of Baring Emerging Europe Trust was second to none in the sector. Our remaining holdings are Templeton Emerging Markets Investment Trust warrants and Schroder Emerging Countries Fund warrants. The Templeton Emerging warrants are highly geared, and could appreciate sharply if a sustained recovery in the sector occurs. With Asia and Latin America tipped for a period of strong outperformance, the emerging markets sector warrants provide some excitement in the portfolio.

### **Japanese Investment Trust Warrants (0.07%)**

Our exposure to Japan remains insignificant. The region offers little prospect in our view for sustained growth in the medium-term despite continued attempts by the government to stimulate a lifeless economy. During the period the Nikkei 225 Index fell to its lowest level in almost 20 years, and to just a fraction of its peak levels during the 1980s. The warrants available in the sector also offer little value, so we do not foresee any increase in our exposure to the sector any time soon.

## Market Developments

In the annual report for the period ending 30<sup>th</sup> September 2002, published in November 2002, we brought unitholders' attention to the FSA's adoption of new European collective investment scheme rules. These rules introduced a new breed of fund – mixed funds – which can invest in a wide range of instruments, including derivatives such as covered warrants. We felt this new development would provide us with the opportunity to convert the McHattie Warrants Alert Fund from its current designation as a warrant fund – which limits the use of derivatives for investment purposes – to a mixed fund and to amend the investment policy of the Fund to include the FSA's term for covered warrants, securitised derivatives.

Since the Fund's year-end we have applied to the FSA to allow us to seek unitholders' permission to convert the Fund to a 'mixed fund' and to alter the investment policy to include securitised derivatives. We are pleased to report the FSA has given us authorisation to proceed with these proposals. We have, however, struck upon another problem that is impacting the entire fund management industry – the slow movement of the Inland Revenue.

At present the Inland Revenue's ISA rules are specific about the types of fund eligible for inclusion in an ISA, including warrant funds. Whilst the FSA has forged ahead and adopted the new rules relating to mixed funds, and even set a deadline of February 2004 for some recently launched funds to convert to a mixed fund from their current designation, the Inland Revenue has not acted so promptly. At present, the tax rules have not been changed to adopt the new type of fund, which has placed the fund management industry into a state of limbo.

The Investment Management Association (IMA) has vigorously campaigned for a change to the ISA rules, and it would appear that the Inland Revenue is about to succumb. The Inland Revenue has posted a circular informing the public of its intention to alter the current ISA and PEP rules to include all types of mixed fund. We must still wait for the actual alteration of the rules, but when they are changed we should be ready to begin the process of altering the Fund.

Most collective investment funds are required to alter their category to a mixed fund in due course, but as we also intend to change the investment policy of the Fund, to enable us to invest in covered warrants, we will require the permission of unitholders to do so. Therefore, once we are able to proceed we will be writing to all unitholders with a more detailed explanation of our proposal to amend the investment policy of the Fund. You may then be asked to vote on the change, either by proxy or at a unitholder meeting.

It is our opinion that a change in the Fund's objective to enable it to invest in London-listed covered warrants will provide the necessary flexibility to maximise the returns on the portfolio, in both rising and falling markets.

**McHattie Investment Management Limited**  
**Manager**  
**23<sup>rd</sup> May 2003**

## Total Return and Movements in Unitholders' Funds for the Half Year Ended 31st March 2003

	31st March 2003 £	31st March 2002 £
<b>Total Return</b>		
Net (losses)/gains on investments (note 2)	(114,614)	696,074
Gross income (note 3)	5,641	3,359
Expenses (note 4)	<u>(19,119)</u>	<u>(23,774)</u>
Net deficit	<u>(13,478)</u>	<u>(20,415)</u>
<b>Total return for the half year</b>	(128,092)	675,659
Distributions	-	-
<b>Net (decrease)/increase in unitholders' funds from investment activities</b>	<u>(128,092)</u>	<u>675,659</u>
<b>Movements in Unitholders' Funds</b>		
<b>Net assets at the start of the half year</b>	1,249,368	1,659,043
Amounts received on creation of units	89,576	104,202
Amounts paid on cancellation of units	<u>-</u>	<u>(8,612)</u>
	89,576	95,590
Stamp duty reserve tax (note 1(h))	(103)	(61)
Net (decrease)/increase in unitholders' funds from investment activities	(128,092)	675,659
<b>Net assets at the end of the half year</b>	<u>1,210,749</u>	<u>2,430,231</u>

## Portfolio of Investments and Net Current Assets as at 31st March 2003

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.03.03 %	30.09.02 %
	<b>Equity Warrants</b>			
24,500	Luminar	32,462	2.68	
		<u>32,462</u>	<u>2.68</u>	7.55
	<b>Investment Trust Warrants and Capital Shares</b>			
352,500	Aberdeen Asian Smaller Companies	144,525	11.94	
175,000	Deutsche Latin American	12,250	1.01	
331,000	F&C Latin American	62,772	5.18	
39,400	Fidelity Special Values	40,582	3.35	
118,000	Gartmore European 2000/04	33,040	2.73	
114,700	Herald	71,687	5.92	
605,000	JP Morgan Fleming Asian	12,175	1.75	
290,000	Jupiter Global Green	9,425	0.78	
30,000	Legal & General UK Select	4,500	0.37	
10,000	Martin Currie Japan 2005	525	0.04	
200,000	Merrill Lynch European	36,500	3.01	
250,000	Murray Japan Growth & Income	376	0.03	
225,000	Perpetual Income & Growth	50,625	4.18	
13,513	Perpetual Japanese	18	-	
202,200	Polar Capital Technology	48,528	4.01	
450,000	Schroder AsiaPacific	15,187	1.25	
175,000	Schroder Emerging Countries	3,938	0.33	
130,000	Schroder Income Growth	41,275	3.41	
50,000	Scottish Oriental Smaller Companies	20,250	1.68	
715,000	Templeton Emerging Markets	21,450	1.77	
150,500	TR European Growth	158	0.02	
		<u>638,786</u>	<u>52.76</u>	69.90
	<b>Ordinary Shares</b>			
20,000	Aberforth Smaller Companies	57,800	4.77	
25,000	Discovery Trust	19,625	1.62	
28,000	Eaglet	48,580	4.01	
49,000	LeggMason Investors Enterprise	32,340	2.67	
270,000	NewMedia SPARK	19,575	1.62	
187,500	Sanctuary Group	51,563	4.26	
		<u>229,483</u>	<u>18.95</u>	5.78
	Total value of investments	900,731	74.39	83.23
	Net current assets	<u>310,018</u>	<u>25.61</u>	16.77
	Total value of the Fund as at 31st March 2003	<u>1,210,749</u>	<u>100.00</u>	100.00

The investments have been valued in accordance with note 1(e) and are warrants to subscribe for ordinary shares unless otherwise stated.

## Balance Sheet as at 31st March 2003

	31st March 2003 £	30th September 2002 £
<b>Portfolio of investments</b>	900,731	1,039,868
<b>Net current assets</b>		
Debtors (note 5)	4,950	-
Bank balances	<u>309,084</u>	<u>216,091</u>
	314,034	216,091
Less:		
Creditors (note 6)	<u>4,016</u>	<u>6,591</u>
<b>Net current assets</b>	310,018	209,500
<b>Net assets</b>	<u>1,210,749</u>	<u>1,249,368</u>
<b>Unitholders' funds</b>	<u>1,210,749</u>	<u>1,249,368</u>

## Portfolio Changes for the Half Year Ended 31st March 2003

	<b>Cost £</b>
<b>Purchases (warrants unless otherwise stated)</b>	
Aberforth Smaller Companies (Ordinary Shares, exercise of warrants)	20,000
Eaglet (Ordinary Shares, exercise of warrants)	28,000
F&C Latin American	10,081
Herald	30,614
Sanctuary Group (Ordinary Shares, exercise of warrants)	46,875
Schroder Income Growth	20,953
Scottish Oriental Smaller Companies	21,154
	<hr/>
Total purchases for the half year	177,677
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<b>Sales</b>	
	<b>£</b>
Baring Emerging Europe	116,405
F&C US Smaller Companies	84,816
Legal & General UK Select	2,069
	<hr/>
Total sales for the half year	203,290
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# Notes to the Financial Statements as at 31st March 2003

## 1. Accounting Policies

### a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice (SORP) for Authorised Unit Trust Schemes issued in January 1997 and the Financial Services Authority's Collective Investment Schemes Sourcebook published in November 2001.

### b) Recognition of Income

The Fund mainly invests in warrants and capital shares which do not pay dividends, but where applicable, dividends on investments marked ex-dividend up to the accounting date are included in income net of attributable tax credits. Bank and other interest receivable is accrued up to the accounting date.

### c) Treatment of management expenses

The Manager's periodic charge is deducted from Income.

### d) Distribution policy

The Fund invests in warrants and capital shares which do not pay dividends, and it is therefore unlikely that a surplus of income will arise. In the event of there being a surplus of income this will be allocated in accordance with the Regulations.

### e) Basis of valuation of investments

The investments of the Fund have been valued at the closing mid-market prices ruling on the principal markets on which the stocks are quoted, on the last business day of the accounting period.

### f) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing middle exchange rates ruling on that date.

### g) Taxation/deferred tax

(i) Corporation Tax is provided for at 20% on income, other than UK dividends, after deduction of expenses.

(ii) Deferred tax is accounted for and provided in full on all timing differences.

### h) Stamp duty reserve tax

Stamp duty reserve tax (SDRT) suffered on surrender of units has been charged against the capital assets of the Fund.

### i) Financial instruments

The Fund's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for liquidations, and debtors for accrued income.

The Fund has little exposure to credit or cash flow risk. There are no net borrowings or unlisted securities and so little exposure to liquidity risk. The main risks arising from financial instruments are (i) foreign currency risk, being the risk that the value of investments will fluctuate as a result of exchange rate movements; (ii) interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes; (iii) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than currency or interest rate movement; and (iv) counterparty risk, being the risk that the counterparty will not deliver the investments for a purchase, or the cash for a sale after the Fund has fulfilled its responsibilities.

## 2. Net (Losses)/Gains on Investments

	31st March 2003 £	31st March 2002 £
Proceeds from sales of investments	203,290	234,980
Original cost of investments sold	<u>(254,292)</u>	<u>(488,686)</u>
Losses realised on investments sold	(51,002)	<u>(253,706)</u>
Net depreciation/(appreciation) thereon already recognised in prior periods	<u>72,386</u>	<u>(281,876)</u>
	21,384	(535,582)
Net unrealised (depreciation)/appreciation	<u>(135,998)</u>	<u>1,231,656</u>
	<u>(114,644)</u>	<u>696,074</u>

## 3. Gross Income

Dividends - UK ordinary	656	-
Bank interest	<u>4,985</u>	<u>3,359</u>
	<u>5,641</u>	<u>3,359</u>

## 4. Expenses

Payable to the Manager, associates of the Manager or agents of either of them: Manager's periodic charge	<u>10,075</u>	<u>15,150</u>
Payable to the Trustee, associates of the Trustee or agents of either of them: Trustee's fees	2,173	2,413
Safe custody and other bank charges	<u>427</u>	<u>490</u>
	2,600	2,903
Other expenses: FSA fee/(rebate)	300	(299)
Audit fee	1,759	1,758
Registration fees	<u>4,385</u>	<u>4,262</u>
	6,444	5,721
	<u>19,119</u>	<u>23,774</u>

31st March 2003      30th September 2002  
£                                      £

## 5. Debtors

Amounts receivable for creation of units	4,266	-
Accrued Income	<u>684</u>	<u>-</u>
	<u>4,950</u>	<u>-</u>

## 6. Creditors

Accrued expenses	<u>4,016</u>	<u>6,591</u>
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## 7. Related Party Transactions

Amounts payable to the Manager or associates of the Manager are shown in note 4, and details of units created and cancelled by the Manager are shown in the Statement of Movements in Unitholders' Funds.

Amounts payable to the Trustee or associates of the Trustee are shown in note 4.

Any amounts due to or from the Manager or associates of the Manager, and the Trustee or associates of the Trustee are included in either prepaid expenses or accrued expenses (notes 5 and 6 respectively).

## 8. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

## 9. Financial Instruments

The analysis and tables below refer to the narrative disclosure in note 1(i)

	31st March 2003 £	30th September 2002 £
(i) Currency exposures		
Currency:		
US dollars	62,772	153,055
Pounds sterling	1,147,977	1,096,313
Net assets	<u>1,210,749</u>	<u>1,249,368</u>
(ii) Interest rate risk profile of financial assets and liabilities		
Floating rate assets:		
Pounds sterling	309,084	216,091
Assets on which interest is not paid:		
US dollars	62,772	153,055
Pounds sterling	<u>842,909</u>	<u>886,813</u>
	905,681	1,039,868
Liabilities on which interest is not paid:		
Pounds sterling	(4,016)	(6,591)
Net assets	<u>1,210,749</u>	<u>1,249,368</u>

The floating rate financial assets comprise bank balances which earn interest at rates linked to the UK base rate.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

## Directors' Statement

This report is signed in accordance with the requirements of the Financial Services Authority's Collective Investment Schemes Sourcebook.

Signed:



A R McHattie - Director



B D Cooper - Director

**McHattie Investment Management Limited**  
**Manager of McHattie Warrants Alert Fund**  
**23rd May 2003**

## General Information

### Valuation of the Fund

The Fund is valued at 11:00am on each business day for the purpose of determining prices at which units in the Fund may be bought or sold. Valuations may be made at other times with the Trustee's approval. No maximum buying/selling price spread is stipulated in the Trust Deed and the Manager's discretion to set buying and selling prices is subject to relevant Regulations under the Financial Services and Markets Act 2000.

### Buying and Selling of Units

The Manager will accept orders to buy or sell units on normal business days between 9.30am and 5.00pm and transactions will be effected at prices determined by the next valuation. Instructions to buy or sell units may be either in writing to: McHattie Investment Management Limited, 88 Borough High Street, London SE1 1ST or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

### Prices

The most recent buying and selling prices of units are published in the *Financial Times* in the FT Managed Funds Service Authorised Investment Funds section, under the heading McHattie Investment Management Limited. The associated cancellation price is available on request from the Manager.

### Other Information

The Trust Deed, Prospectus, Financial Statements, Key Features Document and the latest annual and interim reports may be inspected by unitholders at the offices of the Manager, the Administrator and of the Trustee and copies may be obtained on application to the Manager. The Register of Unitholders can be inspected by unitholders during normal business hours at the office of the Registrar, Capita Financial Administrators Limited, 88 Borough High Street, London SE1 1ST. Holders who have any complaints about the operation of the Fund, should contact the Manager or the Trustee in the first instance. In the event that a unitholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

## McHattie Warrants Alert Fund Top-Up Application Form - with a 2% discount for lump sums

Please note that this form is for use by existing unitholders in the McHattie Warrants Alert Fund only, and is for the purpose of making additional investments. Prospective new investors must not use this form, but instead apply to the address below or telephone 0117 925 8882 for a Prospectus containing the Key Features and an application form.

### Step 1 - Investor Details

Name:	.....
Address:	..... ..... .....
	Postcode:.....
Account Number:	.....

### Step 2 - Top-Up Details

Additional Lump Sum Investment	Increased Monthly Investment
Amount £ ..... (min £500)	Revised Direct Debit Amount £ .....

### Step 3 - Signature(s) and Date

I/We wish to increase my/our investment in the McHattie Warrants Alert Fund subject to the information and Key Features contained in the current Prospectus.

**Signature** ..... **Date** .....

(Joint Holder - in the case of joint holders all participants are required to sign)

**Signature** ..... **Date** .....

### Step 4 - Send This Form

In the case of a lump sum, please make cheques payable to 'McHattie Investment Management Limited'. Please return this form to McHattie Investment Management Limited, 88 Borough High Street, London, SE1 1ST.

Please note. The 2% discount applies only to lump sum investments, using this original form (photocopies will not be accepted), by current unit holders. No other discounts or commissions apply when using this form. Offer valid until 30th September 2003.

## MANAGER

McHattie Investment Management Limited  
Clifton Heights  
Triangle West  
Clifton  
Bristol BS8 1EJ  
(Authorised and regulated by the Financial Services Authority)

Telephone: 0117 925 8882  
Fax: 0117 925 4441  
e-mail: [enquiries@mchattie.co.uk](mailto:enquiries@mchattie.co.uk)

## Directors

Chairman: Andrew Robert McHattie  
Chief Executive: Benjamin Douglas Cooper  
Director & Company Secretary: John Harvey McHattie

## ADMINISTRATION OFFICE, REGISTRARS, AND ORDER DESK

Capita Financial Administrators Limited  
88 Borough High Street  
London SE1 1ST  
(Authorised and regulated by the Financial Services Authority)

Telephone: 020 7556 8800  
Dealing: 0845 922 0044  
e-mail: [enquiries@capitafinancial.co.uk](mailto:enquiries@capitafinancial.co.uk)

## TRUSTEE

Bank of New York Trust and Depositary Company Limited  
One Canada Square  
London E14 5AL  
(Authorised and regulated by the Financial Services Authority)

## AUDITORS

AGN Shipleys  
Chartered Accountants  
10 Orange Street  
Haymarket  
London WC2H 7DQ



McHattie Investment Management Limited  
Authorised by the FSA