

# SECURITIES AND EXCHANGE COMMISSION

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### FILER

#### GOVETT FUNDS INC

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THE GOVETT FUNDS, INC.

Govett International Equity Fund  
Govett Emerging Markets Fund  
Govett Smaller Companies Fund  
Govett Pacific Strategy Fund  
Govett Latin America Fund  
Govett Global Income Fund

Semi-Annual Report  
June 30, 1996

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LETTER TO SHAREHOLDERS

July 16, 1996

Dear Shareholder:

So far 1996 has been a year of surprises throughout the world economies. In the emerging markets arena in particular, political events coincided with changing economic trends to make investing in these markets appear especially promising.

The UNITED STATES saw volatile markets driven by changing expectations about the strength of the economy. By June, statistics showing declining unemployment, rising personal income and increased industrial production caused fears of inflation and higher interest rates to surface. We continue to anticipate rising consumer spending, improved exports and satisfactory capital spending, and we do not discount the near-term possibility that the Federal Reserve Board will raise interest rates.

In JAPAN, first quarter growth of 3.25% in the gross domestic product (GDP) exceeded expectations, due primarily to consumer spending. We expect cautious implementation by the Bank of Japan of interest rate increases, and that stock prices will continue to be lackluster until there is evidence of continuing recovery beyond the second quarter.

In EUROPE, favorable interest rates and indications of imminent economic recovery led to gains in most markets. Analysts are watching Germany for indications that recent trends in restructuring German corporations will make German companies better able to respond to changes in their respective industries. Signs of dynamic, sustainable growth in Central European markets, especially Hungary and Poland, also marked the first half of 1996.

In the UNITED KINGDOM, lower interest rates appear to be creating greater consumer confidence despite fears about job security and limited growth in personal incomes. A great deal will depend upon the results of the coming elections, but we expect that consumer spending will rise by some 2% in 1996, although dull exports to Europe may restrain overall GDP growth.

LATIN AMERICA was a bright spot among world markets during the first half of 1996, as formerly government-run utilities, such as telecommunications and electric companies, made the transition to public ownership. Nevertheless, despite the positive effect these privatizations have had on the Latin American economies, we believe that the goals of low inflation and sustainable growth can be achieved only if the constitutional reform process regains momentum. In Mexico, exports continued to drive growth, and GDP could reach 2.7%. Argentina continues to face the challenge of stimulating domestic growth while real interest rates remain high in order to maintain currency convertibility. The question for both Argentina and Mexico in the coming months remains whether they can avoid the pattern set in 1994, when increased domestic savings and inflows of long-term capital were insufficient to allow domestic interest rates to resist the upward pressure of increases in U.S. short-term rates.

In the PACIFIC RIM, the Northeast Asian economies are approaching soft landings with the opportunity for economic acceleration toward the end of 1996. China has been easing interest rates since the beginning of the year, and real GDP rose 10.2% in the first quarter. In South Korea, corporate bond yields are falling on sluggish demand, while in Taiwan, following the presidential election in March, capital has flowed in and buoyed the Taiwanese currency and stock market. However, both South Korea and Taiwan must absorb negative trends in the semiconductor and electronics businesses, which are among these two countries'

principal industries.

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Overall, we believe that current trends indicate that Europe, Latin America and the Pacific Basin will continue to present excellent long-term growth opportunities for the remainder of 1996 and into 1997, and that the smaller companies universe in the United States represents a similar arena. We will be watching new markets in Central and Eastern Europe, so that we can take advantage of attractive valuations and strong growth prospects. We appreciate your investment in The Govett Funds.

Peter Pejacsevich  
CHIEF INVESTMENT OFFICER  
JOHN GOVETT & CO. LIMITED

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PORTFOLIO MANAGEMENT REVIEW

GOVETT INTERNATIONAL EQUITY FUND

MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

International markets moved ahead modestly over the first six months of 1996, as measured by the widely watched Morgan Stanley Capital International ("MSCI") EAFE Index (a broad-based, unmanaged index that reflects the performance of major world equity markets) which advanced by 4.67% in U.S. dollar terms.(1) The EAFE advance was slower than the 10.1% rise in the Standard & Poor's 500 Composite Stock Index (the "S&P 500") of primarily U.S. stocks, whose performance reflected generally easy monetary conditions at the beginning of 1996.

The Japanese market grew by 8.5% over the six months, although further yen weakness reduced this gain to 2.1% for U.S.-based investors. The news that economic growth was higher than expected supported this rise. At the same time, the ongoing fragility of the Japanese banking system continued to indicate the advisability of a relatively loose monetary policy, at least in the near term.

Supported by favorable interest rates and hopes of an economic recovery toward the end of 1996, most European markets gained in local currency terms, as evidenced by the rise of 6.64% in the MSCI European Index (a broad-based, unmanaged index reflecting the performance of European markets) over the six-month period. However, the strength of the U.S. dollar again eroded returns to dollar-based investors: for instance, a local return of 16.2% in the Netherlands markets decreased to 9.1% in dollar terms, while returns of 12.5% in Swiss markets fell to 3.4% in dollar terms. In Eastern Europe, where the Fund increased investment over the period, buoyant economic growth prospects and attractive stock prices produced strong returns, particularly in Hungary (95.5%) and Poland (80.7%).

Returns from Pacific Basin markets (excluding Japan) were generally mixed, advancing overall by 8.8%. Most of these gains occurred early in 1996, before concerns about U.S. interest rates caused growth in many of these markets to level off.

FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996

The Fund achieved a total return of 10.38% at net asset value during the first half of 1996, which compares favorably with the MSCI EAFE rise of 4.67%. When maximum front-end sales charges are taken into consideration, the Fund's total return was 4.92%.

<TABLE>  
<CAPTION>

TIME PERIOD	Average Annual Total Return(2)	
	AT MAXIMUM OFFERING PRICE	AT NET ASSET VALUE
<S>	<C>	<C>
One year	12.17%	18.01%
Since Inception (1/7/92)+	10.35%	11.61%

</TABLE>

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(1) THE INDEXES REFERRED TO IN THIS SEMI-ANNUAL REPORT INCLUDE REINVESTMENT OF ALL DIVIDENDS AND CAPITAL GAINS BUT DO NOT INCLUDE ANY COMMISSION OR FEES THAT WOULD BE PAID BY AN INVESTOR PURCHASING THE SECURITIES EACH INDEX REPRESENTS.

(2) PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THE RETURNS SHOWN AT MAXIMUM OFFERING PRICE ASSUME PURCHASE OF SHARES ON THE FIRST DAY OF EACH PERIOD, THE APPLICATION OF THE MAXIMUM SALES LOAD OF 4.95%, AND THE REINVESTMENT

OF ANY EARNED OR ACCRUED DIVIDENDS OR CAPITAL GAINS. BECAUSE SALES CHARGES VARY WITH VOLUME PURCHASED, PERFORMANCE AT NET ASSET VALUE IS ALSO SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE, SO THAT AN INVESTOR'S SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. THE MANAGER REIMBURSED OR WAIVED CERTAIN EXPENSES. WITHOUT SUCH REIMBURSEMENTS, RETURNS WOULD HAVE BEEN LOWER. FOR DETAILS ABOUT THESE REIMBURSEMENTS OR WAIVERS, PLEASE REFER TO THE FINANCIAL HIGHLIGHTS TABLE ON PAGE 52.

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The Fund benefited over the period from its increased weighting in Eastern Europe and the Far East. The partial hedge of the Fund's currency positions back into the U.S. dollar was particularly helpful in a period of dollar strength. The currency hedge against the yen, for instance, was first taken out in mid-1995 at 82 yen to the dollar, which protected the Fund's Japanese portfolio as the yen had fallen to 109.72 against the dollar on June 30. The Fund also benefited from its lower weighting in the United Kingdom market, as investors' concerns grew about political uncertainties leading up to the General Election.

#### MARKET OUTLOOK FOR THE REMAINDER OF 1996

Although the Federal Reserve Board decided not to raise interest rates at the beginning of July, investors are likely to continue to focus on inflationary indicators in the U.S. over the months ahead, particularly in light of recent employment figures. Despite these events, many commentators predict slower activity in the second half, although the Fed is likely to act to foster favorable conditions for the coming year.

Developments in the U.S, particularly interest rate movements, are likely to continue to influence the emerging markets, and we expect a delay in further advances until the outcome of the presidential election clarifies the course of the U.S. economy. We anticipate that economic development in the Far East will be fueled by rapid growth in intra-regional trade and substantial construction projects. Latin American markets should increasingly be seen again as growth areas rather than as potential recovery plays.

In the developed markets, Japan's aggressive interest rate cuts and a weaker yen are likely to result in further recovery in spending for capital goods and consumer items. As confidence grows about the likelihood of sustainable economic growth in Japan, the equity markets will probably need to adjust to higher bond yields. Worldwide corporate earnings are expected to increase significantly through the end of 1996, which should help to counteract the negative effect of higher interest rates. A recovery in activity is expected in Continental Europe during the second half of 1996, following a reduction of interest rates to offset economic weakness. Although consumer confidence remains anemic, significant corporate restructuring in many areas may lead to increased export competitiveness in the long term. The Maastricht Treaty's currency convergence criteria for monetary union will become increasingly important, as European Community member countries attempt to balance the need for growth with controlled monetary expenditure. Political factors are increasingly likely to affect the U.K. market, as a General Election looms. Assuming that the current Government remains in power, November's budget will be watched closely for any fiscal laxity. Investors will also be concerned about the cost of the U.K. beef crisis and the extent of any deterioration in projected borrowings by the Government there.

Overall, we anticipate that markets will stabilize in the near term, following the volatility of early 1996. In these circumstances, we expect that smaller companies in particular, and growth situations in general, will continue to be attractive. Consequently, stock selection will be an important focus in the coming months.

Gareth Watts  
PORTFOLIO MANAGER  
GOVETT INTERNATIONAL EQUITY FUND

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#### GOVETT EMERGING MARKETS FUND

#### MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

The emerging markets made strong gains during the first half of 1996, greatly influenced by low interest rates in the U.S. Following their very poor performance in 1995, emerging markets companies' share valuations are again attractive. The MSCI Emerging Markets Index, a broad-based unmanaged index that reflects the performance of equity markets in emerging markets countries, rose by 10.3% over the six months, exceeding a 4.67% rise (in U.S. dollar terms) in the MSCI EAFE Index and a 10.1% gain in the Standard & Poor's Composite Index.

In the Pacific Basin, the Taiwanese market appreciated by 25.1%, following weakness triggered by tensions with China before the March presidential elections in Taiwan. Good returns from the other principal markets -- Hong Kong

(+9.3%) and Malaysia (+16.2%) -- contributed to the region's strength. Lower returns from the weaker markets of Thailand (-3.4%) and Korea (-10.8%) reflected political concerns and falling semiconductor prices. Overall, returns from Pacific Basin markets rose 8.9% for the period.

The Latin American markets have been particularly buoyant. Against a backdrop of falling inflation and interest rates, the major markets provided substantial returns, with Argentina at 13.7% and Mexico at 17.5%. Brazil rose 36.1%, bolstered by successful privatizations.

In Europe, strong growth prospects and compelling share valuations began to develop in Central Europe, especially in Hungary (up 95.5% in dollar terms) and Poland (up 80.7% in dollar terms). Mediterranean markets also performed well, although Turkey, which rose 30.5% during the period, has recently suffered from a damaging political environment. South African stocks fell 6% in the first half, primarily as a result of a significant decline in the value of rand based on political concerns.

FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996

The Fund's total return for the period was 12.02% at net asset value, outperforming the MSCI Emerging Markets Index, which rose 10.3%. When maximum front-end sales charges are taken into consideration, the Fund's total return was 6.48% for the period.

<TABLE>  
<CAPTION>

TIME PERIOD	Average Annual Total Return(3)	
	AT MAXIMUM OFFERING PRICE	AT NET ASSET VALUE
<S>	<C>	<C>
One year	3.34%	8.72%
Since Inception (1/7/92)+	11.85%	13.12%

The Fund benefited from its overweighting in Latin America, starting late in 1995 with investments principally in Brazil, Argentina and Mexico. Toward the end of the first half of 1996 the Fund was able to take profits from investments in all three countries. In Asia, significant returns came from an increasingly overweighted position in Taiwan. The Fund remained steady in Thailand despite political pressures, but has reduced exposure to Korea. Significant investment in Hungary and Poland, and selective exposure to Croatia and the Czech Republic, mark the Fund's entry in early 1996

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(3) PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THE RETURNS SHOWN AT MAXIMUM OFFERING PRICE ASSUME PURCHASE OF SHARES ON THE FIRST DAY OF EACH PERIOD, THE APPLICATION OF THE MAXIMUM SALES LOAD OF 4.95%, AND THE REINVESTMENT OF ANY EARNED OR ACCRUED DIVIDENDS OR CAPITAL GAINS. BECAUSE SALES CHARGES VARY WITH VOLUME PURCHASED, PERFORMANCE AT NET ASSET VALUE IS ALSO SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE, SO THAT AN INVESTOR'S SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. THE MANAGER REIMBURSED OR WAIVED CERTAIN EXPENSES. WITHOUT SUCH REIMBURSEMENTS, RETURNS WOULD HAVE BEEN LOWER. FOR DETAILS ABOUT THESE REIMBURSEMENTS OR WAIVERS, PLEASE REFER TO THE FINANCIAL HIGHLIGHTS TABLE ON PAGE 53.

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into Central Europe. We plan to continue focusing on laggard but promising markets such as Thailand and South Africa, while reducing exposure to markets that are sensitive to U.S. interest rate expectations.

MARKET OUTLOOK FOR THE REMAINDER OF 1996

We expect the emerging markets economies to stabilize over the third quarter of 1996, based on the increasing possibility of interest rate increases in the U.S. The recovery of economic growth across all the main regions nevertheless makes the stabilizing trend positive. In particular, economic growth in Central and Eastern Europe will be important to investors in emerging markets, if events bear out forecasts of a 3% growth rate in this region for 1996. Latin America will also contribute to good returns, with growth forecast at 2.5% for 1996 and at least 4% in 1997. A 7% growth rate for 1996 is predicted for the Asian region. This level of expansion, while slower than in previous years, is still strong. In general, declining interest rates and inflation levels, together with reduced budget deficits, suggest that the emerging markets continue to be attractive long-term investments, especially since growth would be achieved against the background of attractive valuations.

Rachael Maunder

GOVETT SMALLER COMPANIES FUND

MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

During the six months ended June 30, 1996, the U.S. equity markets continued to move ahead, supported by a reasonably benign interest rate environment. Gains came in fits and starts, as an early January correction gave way to 10% appreciation from mid-January to mid-February. For the first half of 1996, the S&P 500 appreciated by 8%, compared to a 34% gain in 1995 for the same period. The NASDAQ Composite Index (a broad-based unmanaged index representing the general performance of smaller companies' stocks) posted an 11.9% gain between January and June. This appreciation took place in two distinct rallies, the first one from late January to late February, and the second from mid-April to late May. The NASDAQ was heavily weighted in computer and consumer/industrial stocks during the period and was buoyed by strong appreciation in these sectors.

The best-performing sectors in the equity markets during the first half of 1996 were retail/ consumer products and energy. Rebounding consumer spending contributed to rising prices in retail and consumer-related issues, after a very soft second half of 1995. As for energy stocks, a tight supply of drilling rigs and strong drilling activity drove performance. Further benefiting the oil patch was sentiment created by strong prices for oil and gas resulting from Iraq's failure to re-enter the world energy market.

The technology sector continued to perform well through June although its driving forces changed. Business spending on software and data communications equipment accelerated during 1996, and demand for software, networking equipment and related products continued unabated at the strong 1995 pace. In contrast, the consumer side of the technology sector cooled in the first half of 1996, after last year's explosive growth.

FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996

The Fund achieved a total return of 6.68% at net asset value during the first half of 1996. When maximum front-end sales charges are taken into consideration, the Fund's total return was 1.4%. Overall, this return compares poorly with the 11.9% return for the NASDAQ Composite Index.

<TABLE>  
<CAPTION>

Average Annual Total Return(4)

TIME PERIOD	AT MAXIMUM OFFERING PRICE	AT NET ASSET VALUE
<S>	<C>	<C>
One year	30.49%	37.29%
Since Inception (1/1/93)+	43.06%	45.15%

</TABLE>

Consistent with the Fund's objective, we endeavored to invest in companies with the greatest potential to grow earnings and exceed earnings expectations for the next year. The Fund's clear bias in 1995 toward the technology sector increased as the year went on. Early in 1996, it became apparent that selectivity in technology stocks was critical. Consequently, while the Fund remains overweighted in this sector, it has reduced its exposure by over one-third since the beginning of 1996.

Early in the year, we began redeploying assets into two new areas for the Fund, the energy and retail/consumer sectors. More recently, the Fund began investing in the business/commercial

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services sector, which includes companies that provide business services such as temporary employees, technology consulting, and benefits management. A recent correction in this sector, which had been a leader in small cap returns for the last two years, gave the Fund an entry opportunity.

The Fund also increased its healthcare-related holdings in the first half, and refocused its emphasis in this sector. Previously, the Fund concentrated on subacute care and home health care providers, which lower the cost of providing health care relative to hospitalization. Recently, Federal government pressure on reimbursement of alternatives to hospitalization has dampened their growth prospects. In response, the Fund shifted into physician practice management and healthcare information systems stocks.

These shifts in portfolio composition, while important strategically, significantly affected short-term performance. After a traumatic first ten days of the year, when the Fund declined over 15%, we completed our repositioning in time to allow the Fund to participate in the rise that occurred in April and May.

#### MARKET OUTLOOK FOR THE REMAINDER OF 1996

We believe that if the Fed raises interest rates for the first time since January, 1996, the outlook for the second half of 1996 is uncertain. It is our view that the strong 4% GDP expected to be reported for the second quarter will prove similar to the growth spurt in the third quarter of 1995 and will be short-lived. This scenario would likely result in an interest rate hike of less than 75 basis points, followed by a period of economic softness. Such interest rate increases -- which are unlikely to result in radical asset shifts from stocks to bonds -- and a weak but expanding economy, can be positives for small growth stocks.

These factors make our outlook cautious for the remainder of 1996, which is apt to be a volatile period, considering the duration of the current bull market and investors' need to digest the latest changes in the economy.

Jeffrey Bernstein  
Berkeley Capital Management  
PORTFOLIO MANAGER  
GOVETT SMALLER COMPANIES FUND

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#### GOVETT PACIFIC STRATEGY FUND

#### MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

Asian markets rallied sharply at the start of 1996. The rally reflected strong cash inflows as international portfolios switched money into the region, as well as the small cut in U.S. interest rates in early January. At the same time, better performance in many Southeast Asian markets pointed to an easing of monetary liquidity. In Japan, company annual returns were at the better end of expectations, a sign that the Japanese economy was beginning to emerge from its stagnation. In Taiwan, markets were initially affected by deteriorating relations with China which culminated in a series of Chinese missile tests just off the Taiwanese coast. Following improved relations with the People's Republic during the second quarter, Taiwan was the best-performing market in Asia. The South Korean stock market has had the most difficult time of all Asian markets in 1996, as both the computer component cycle and the petrochemical cycle turned down, hitting Korean exports and future profit forecasts.

In response to these events, the portfolio increased its weighting in Japanese stocks to a more neutral position, compared to the previous underweighting, but hedged the Fund's position in the Japanese yen which we believed would continue to weaken against the U.S. dollar. The portfolio reduced its position in Hong Kong early in the year, and reinvested in the Philippines and Thailand. The portfolio retained its positions in China, India and Malaysia, based on our belief that the second half of 1996 will see some further good performance.

#### FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996

The Fund appreciated 10.19% at net asset value during the first half of 1996. When maximum front-end sales charges are taken into consideration, the Fund's total return was 4.74%. By comparison, the MSCI Pacific Index (an unmanaged index reflecting general stock market performance in the Pacific rim region) appreciated 2.73%.

<TABLE>  
<CAPTION>

Average Annual Total Return(5)

TIME PERIOD	AT MAXIMUM OFFERING PRICE	AT NET ASSET VALUE
<S>	<C>	<C>

One year	6.35%	11.89%
Since Inception (1/1/94)+	-4.37%	-2.41%

MARKET OUTLOOK FOR THE REMAINDER OF 1996

It seems likely that in the major economies of the United States and Japan interest rates will rise from their current low level. Both economies are seeing growth pick up again, along with early signs of some inflationary pressure. We expect the Japanese equity market to make some headway over the remainder of the year, as high earnings growth (particularly in the smaller capitalization stocks) is reflected in valuations. Elsewhere in the region, many of the Southeast Asian markets are likely to see local interest rates fall and, if inflationary pressure eases, the monetary environment is relaxed. China is showing signs of re-acceleration after its three-year austerity program. The injection of credit is likely to be selective and focused on key areas, such as telecommunications and export industries. Stock prices in the Chinese markets are reasonably attractive and if this trend continues the Fund will consider further investments there.

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 (5) PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THE RETURNS SHOWN AT MAXIMUM OFFERING PRICE ASSUME PURCHASE OF SHARES ON THE FIRST DAY OF EACH PERIOD, THE APPLICATION OF THE MAXIMUM SALES LOAD OF 4.95%, AND THE REINVESTMENT OF ANY EARNED OR ACCRUED DIVIDENDS OR CAPITAL GAINS. BECAUSE SALES CHARGES VARY WITH VOLUME PURCHASED, PERFORMANCE AT NET ASSET VALUE IS ALSO SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE, SO THAT AN INVESTOR'S SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. THE MANAGER REIMBURSED OR WAIVED CERTAIN EXPENSES. WITHOUT SUCH REIMBURSEMENTS, RETURNS WOULD HAVE BEEN LOWER. FOR DETAILS ABOUT THESE REIMBURSEMENTS OR WAIVERS, PLEASE REFER TO THE FINANCIAL HIGHLIGHTS TABLE ON PAGE 54.

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The Fund is likely to remain focused in Malaysia, Thailand and the Philippines over the coming months. In India, the change of government seems to have left the economic reform process in place, and the Fund is adding to its Indian holdings.

Overall, the outlook is positive for the remainder of 1996, with stocks apparently priced low compared to their historic trading range.

Peter Robson  
 PORTFOLIO MANAGER  
 GOVETT PACIFIC STRATEGY FUND

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GOVETT LATIN AMERICA FUND

MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

During the first six months of 1996, Latin American markets produced a return of 15.5%, as measured by the MSCI Latin American Index, a broad-based unmanaged index reflecting the general performance of Latin American equity markets. A benign outlook for U.S. interest rates at the end of 1995, together with the perception that economic stability was returning to the region following a turbulent 1995 in the wake of the Mexican peso crisis, helped these markets.

New pools of cash, lured by attractive valuations and better economic statistics, particularly from Argentina and Mexico flowed back to emerging markets, boosting the Latin American markets' performance. The region is expected to grow by about 3.7% in 1996, an improvement over the 1.1% growth rate in 1995. While rising rates for the U.S. long bond pulled the region's economies down during March, this interdependence decreased in April and May due to events in individual countries. The strong U.S. dollar also encouraged cash flows into U.S. dollar-bloc countries, such as Brazil and Argentina.

Looking at individual countries over the first half, Argentina was a beneficiary of rising liquidity and the entry of domestic pension funds into the market. In Mexico, first quarter GDP was much better than expected, at -1%. With inflation under control, Mexican interest rates fell sharply while the rest of the economy remained remarkably stable. Progress on Brazilian constitutional reform has slowed, but if economic conditions are supportive -- notably, a dramatic improvement in the inflation rate -- political reforms should foster further declines in real interest rates. The Chilean market has been relatively disappointing during the first half of the year, as concerns about the country's economic strength and high interest rates have dominated. Of the smaller markets, Peru and Colombia were weak, while the market in Venezuela, following steps to restructure its economy, rose 57.5% in U.S. dollar terms.

FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996



The Fund achieved a total return of 22.83% at net asset value during the first half, which was well ahead of the MSCI Latin American Index return of 15.5%. When maximum front-end sales charges are taken into consideration, the Fund's total return was 16.75%.

<TABLE>

<CAPTION>

TIME PERIOD <S>	Average Annual Total Return(6)	
	AT MAXIMUM OFFERING PRICE <C>	AT NET ASSET VALUE <C>
One year	18.77%	24.96%
Since Inception (3/7/94)+	-9.53%	-7.52%

</TABLE>

During the first quarter, the Fund benefited from a relatively high allocation to the Mexican market. Following this run, the Fund took profits in some cyclical stocks in anticipation of U.S. interest rate rises, switching to more defensive stocks and reducing the overall weighting in Mexican stocks. Money was switched into Brazil, especially to the Sao Paulo electricity stocks and to some of the regional telecommunications companies that were aided by tariff reforms. The Fund also took profits out of Argentina and switched to Chile and Peru, the laggard markets during the period.

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MARKET OUTLOOK FOR THE REMAINDER OF 1996

The region's equity markets entered the second half of 1996 with considerable momentum, especially in Brazil where the telecommunications sector has led the recent rally. The successful privatization of the Government's stake in Compania Telefonica del Peru, and the improved current account deficit, have helped refocus investors' attention in Peru. Having been driven by lower interest rates in the first half, the Argentine and Mexican markets may experience increased consumer spending as confidence is fed by improvements in economic statistics.

The Fund's strategy is to be relatively defensive into the third quarter, with the expectation of a further rise in U.S. interest rates. This strategy is currently exemplified by a relatively low weighting in Argentine and Mexican export companies, and a higher weighting in Chile. It is expected that investors will begin to focus on the further acceleration of growth to an estimated 5% for 1997 in the fourth quarter. While the region may not produce returns as strong as it did in the first half, the outlook for the remainder of 1996 is nevertheless positive.

Caroline Lane  
PORTFOLIO MANAGER  
GOVETT LATIN AMERICA FUND

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GOVETT GLOBAL INCOME FUND

MARKET CONDITIONS DURING THE SIX MONTHS ENDED JUNE 30, 1996

Global debt markets started 1996 at the peak of the recent bull market, with the long bond yielding below 6%. The U.S. economy had slowed throughout 1995, with the weakness in growth exacerbated in the final quarter by the government shutdown in December, 1995, and by poor weather conditions in early 1996. Corporate restructurings had increased job insecurity over the past few years and limited wage increases. Consequently, price pressure has remained subdued despite the fact that the U.S. economy is close to its recognized historical "natural rate of employment" - that is, the rate beyond which inflationary pressures have typically re-emerged. In February, debt markets entered a bearish phase as fears of incipient wage inflation took hold, following the release of non-farm payroll figures which indicated an increase of approximately 700,000 jobs during that month.

While the economic recovery in the U.S. during the first six months of the year led to weakness in the Treasury market, Europe's lagging position on the economic cycle led to relative outperformance in those markets. The buoyancy of peripheral European markets such as Sweden, Spain and Italy has been especially remarkable during the first half. These economies have made varying efforts over the past year to reduce budget deficits, outstanding debt and inflation rates. The real spur has been the end of electoral uncertainty in Spain and Italy, and economic improvements in Sweden. These developments strengthened debt and currency markets in these countries, as investors reassessed the risks of investing there. In addition, the approaching inception date for the Monetary Union has led to a contractionary fiscal policy throughout Europe, which has permitted the development of a certain amount of separation from movements in U.S. markets.

The U.S. dollar continued to strengthen over much of this period, as growth in the U.S. accelerated. Starting at 103.45 yen to the dollar at the beginning of the year, the dollar has appreciated by just over 6%, to finish at 109.72 on June 28. The dollar appreciated by the same magnitude against the Deutschmark and other European currencies over this period.

FUND PERFORMANCE DURING THE SIX MONTHS ENDED JUNE 30, 1996

Over the six months ended June 30, 1996, the Fund returned -1.5% at net asset value. When maximum front-end sales charges are taken into consideration, the Fund's total return was -6.38%, including reinvestment of dividends of \$0.355 per share. This compares to a total return of -1.48% on the Salomon Brothers World Government Bond Index, a broad-based, unmanaged index that represents the general performance of government bonds in major bond markets.

<TABLE>  
<CAPTION>

TIME PERIOD	Average Annual Total Return(7)	
	AT MAXIMUM OFFERING PRICE	AT NET ASSET VALUE
<S>	<C>	<C>
One year	-1.74%	3.38%
Since Inception (1/7/92)+	4.89%	6.08%

</TABLE>

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(7) PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THE RETURNS SHOWN AT MAXIMUM OFFERING PRICE ASSUME PURCHASE OF SHARES ON THE FIRST DAY OF EACH PERIOD, THE APPLICATION OF THE MAXIMUM SALES LOAD OF 4.95%, AND THE REINVESTMENT OF ANY EARNED OR ACCRUED DIVIDENDS OR CAPITAL GAINS. BECAUSE SALES CHARGES VARY WITH VOLUME PURCHASED, PERFORMANCE AT NET ASSET VALUE IS ALSO SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE, SO THAT AN INVESTOR'S SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. THE MANAGER REIMBURSED OR WAIVED CERTAIN EXPENSES. WITHOUT SUCH REIMBURSEMENTS, RETURNS WOULD HAVE BEEN LOWER. FOR DETAILS ABOUT THESE REIMBURSEMENTS OR WAIVERS, PLEASE REFER TO THE FINANCIAL HIGHLIGHTS TABLE ON PAGE 55.

+ ANNUALIZED

The Fund's underperformance relative to its peers was due to its higher non-U.S. currency exposure than most competitor funds. The dollar strengthened throughout the first half of 1996, as accelerating economic activity raised expectations of an early increase in short-term interest rates.

MARKET OUTLOOK FOR THE REMAINDER OF 1996

We believe that a sustained and widespread economic recovery is likely to result from the easing of monetary policy in the U.S., Europe and Japan over 1995, as well as from the fall in the major currencies against the U.S. dollar since August, 1995. Accordingly, we expect short-term interest rates to be subject to upward pressure in almost all the major economies over the next twelve months. We believe that the scope for accelerating growth is likely to be greatest outside the U.S., and we therefore expect the U.S. market to outperform relative to other bond markets as the year progresses.

We continue to believe that the U.S. dollar is near a medium-term peak in value against other major currencies. Over the long term, European economic recovery is likely to be accompanied by expectations of interest rate increases. This climate can be expected to benefit the Deutschmark and other European currencies relative to the U.S. dollar. Similarly, the very lax monetary policy in Japan over the last twelve months or so is likely to end in the near future, with consequent upward pressure on the yen.

Alan Doyle

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GOVETT INTERNATIONAL EQUITY FUND  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS - 95.8%	
	AUSTRIA - 0.8%	
3,000	SES AS (CAR) ATS.....	\$ 51,268
700	Wolford.....	171,474
		-----
		222,742
		-----
	AUSTRALIA - 1.0%	
30,000	TAB Corp Holdings.....	135,576
20,000	WMC.....	143,042
		-----
		278,618
		-----
	BRAZIL - 0.9%	
17,000	Electrobras ADR.....	247,197
		-----
	CHINA - 1.1%	
365,000	China North Industries*.....	237,250
500,000	Jilin Chemical Industrial.....	88,493
		-----
		325,743
		-----
	CROATIA - 0.3%	
2,100	Pliva GDR*.....	83,475
		-----
	CZECH REPUBLIC - 2.4%	
2,000	Ceske Radiokomunikace*.....	280,264
1,400	Inzenyrske a Prumyslove Stavby*.....	163,655
4,000	Komerčni Banka GDR.....	108,000
1,000	Leciva Praha*.....	89,808
1,000	Prazske Pivovary*.....	68,720
		-----
		710,447
		-----
	DENMARK - 0.8%	
11,000	International Service System.....	246,093
		-----
	FINLAND - 1.3%	
4,000	Finnlines Oy.....	80,362
12,000	Hartwall Oy AB.....	294,229
		-----
		374,591
		-----
	FRANCE - 5.6%	
1,600	Bouygues.....	178,712
400	Chargeurs International SA*.....	17,910
4,500	Cofinec GDR*.....	214,875
2,300	Christian Dior.....	299,864
1,600	GTM Entrepose.....	103,989
400	Pathe*.....	94,026
2,838	Primagaz.....	315,333
1,000	Sidel.....	254,719
1,500	Societe Generale*.....	165,207
		-----
		1,644,635
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

SHARES	DESCRIPTION	VALUE
--------	-------------	-------

<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	GERMANY - 4.8%	
4,000	Adidas.....	\$ 333,553
13,700	Bayer.....	482,655
4,300	Daimler Benz*.....	230,984
7,600	Praktiker Bau-und Heimwerkemaerkte*.....	197,500
3,000	Siemens.....	161,012
		-----
		1,405,704
		-----
	HONG KONG - 4.3%	
100,000	First Pacific Co.....	153,732
30,000	Henderson Land Development.....	224,784
35,000	Hutchinson Whampoa.....	220,198
1,000	Jardine Strategic Holdings.....	1,088
150,000	New World Infrastructure*.....	319,736
40,000	Swire Pacific A.....	342,345
		-----
		1,261,883
		-----
	INDONESIA - 1.8%	
290,000	PT Bank Bira.....	261,654
100,000	Roda Vivatex.....	75,188
6,000	Telekomunikasi Indonesia ADR.....	178,500
		-----
		515,342
		-----
	IRELAND - 0.4%	
90,000	Waterford Glass.....	116,450
		-----
	ISRAEL - 0.7%	
12,500	Tadiran Telecommunications*.....	201,561
		-----
	ITALY - 0.9%	
4,250	Gucci Group.....	274,125
		-----
	JAPAN - 28.6%	
11,000	Bank of Tokyo.....	256,574
7,000	Canon Sales.....	195,289
6,000	Daiichi.....	174,525
18,000	Daiwa Securities.....	232,152
25,000	Fujitsu.....	228,676
13,000	Honda Motor.....	337,709
40,000	Itochu.....	280,265
12,000	JGC.....	158,061
12,000	Japan Radio.....	172,330
15,000	Japan Securities Finance.....	242,854
20,000	Komatsu.....	197,576
9,000	Kurita Water Industries.....	219,803
4,000	Kyocera.....	283,558
9,000	Matsushita Electric Industries.....	167,940
41,000	Mitsubishi Chemical.....	189,764
20,000	Mitsubishi Estate.....	276,241
40,000	Mitsubishi Heavy.....	348,685

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>	<CAPTION>	SHARES	DESCRIPTION	VALUE
			COMMON STOCKS (CONTINUED)	
			<S>	<C>
			JAPAN (CONTINUED)	
20,000			Mitsubishi Trust & Banking.....	\$ 338,440
20,000			Mitsukoshi.....	214,041
100,000			NKK*.....	303,682
11,000			Nichiei Construction.....	129,796
8,000			Nippon Hodo.....	136,108
11,000			Nippondenso.....	239,469
16,000			Nomura Securities.....	313,195
14,000			Omron.....	298,376
31,000			Ricoh.....	328,928
5,000			Rohm.....	331,123
4,000			Sanwa Bank.....	74,274

3,000	Secom.....	198,674
40,000	Shimadzu.....	269,289
12,000	Takashimaya.....	186,600
15,000	Tokyu.....	114,567
45,000	Toshiba.....	321,061
11,000	Toyota Motor.....	275,692
14,000	Yamanouchi Pharmaceutical.....	304,779
		-----
		8,340,096
		-----
	MALAYSIA - 3.1%	
50,000	Commerce Asset Holding.....	304,670
9,000	Jaya Tiasa Holdings.....	52,676
95,000	Metacorp.....	274,203
50,000	Resorts World.....	286,631
		-----
		918,180
		-----
	MEXICO - 1.8%	
25,000	Cemex ADR.....	197,235
5,600	Controladora de Farmacias.....	4,579
12,000	Empresa Ica Sociedad ADR*.....	166,500
4,000	Metalclad Corp.....	12,250
4,500	Telefonos de Mexico ADR.....	150,750
		-----
		531,314
		-----
	NETHERLANDS - 5.0%	
5,300	ASM Lithography Holding NV*.....	219,214
6,000	Cap Volmac Group.....	117,923
8,750	ING Groep.....	261,294
4,500	Koninklijke Frans Maas Groep NV.....	179,261
4,000	KLM Koninklijke.....	128,131
3,000	PolyGram NV.....	177,413
24,000	VNU.....	373,130
		-----
		1,456,366
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

SHARES	DESCRIPTION	VALUE
-----		
	COMMON STOCKS (CONTINUED)	
<C>	<S>	<C>
	NORWAY - 2.6%	
2,000	NetCom ASA*.....	\$ 21,121
3,000	Orkla AS.....	158,173
8,285	Protector Forsikring AS.....	215,857
4,900	Schibsted Group.....	63,454
23,000	Seatex AS*.....	122,685
31,000	Visual Management Applications.....	167,269
		-----
		748,559
		-----
	POLAND - 1.0%	
7,000	Elektrim.....	57,451
28,000	Fabrykl Melbi Forte C.....	95,837
7,000	Stalexport.....	132,679
		-----
		285,967
		-----
	PORTUGAL - 0.4%	
5,000	Portugal Telecom*.....	130,934
		-----
	RUSSIA - 1.3%	
5,000	GumTech International ADR.....	200,000
6,000	Mosenegro ADR.....	186,314
		-----
		386,314
		-----
	SINGAPORE - 2.5%	
78,000	DBS Land.....	267,555
30,000	Keppel Corp.....	250,886
28,000	Overseas Union Bank.....	192,488

		710,929
	SLOVAKIA - 0.2%	
3,000	Zavod.....	69,974
	SOUTH KOREA - 0.5%	
93	Hanyang Chemical Corp.....	1,003
3,500	L.G. Chemical GDR.....	57,750
28	Samsung Electronics.....	2,351
3,385	Samsung Electronics GDS (non-voting shares).....	95,203
		156,307
	SPAIN - 0.4%	
5,000	Sol Melia SA*.....	105,538
	SWEDEN - 2.8%	
6,000	Astra B.....	262,135
3,000	Celsius Industrier B.....	39,456
3,000	Enator AB*.....	69,162
8,600	Nobel Biocare*.....	159,912
90,000	Rotneros Bruks.....	104,764
12,600	Stora Kopparbergs B.....	166,669
		802,098

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
	COMMON STOCKS (CONTINUED)	
<C>	<S>	<C>
	SWITZERLAND - 4.4%	
975	Adia.....	\$ 245,018
200	Ciba-Geigy.....	244,098
345	Nestle.....	394,562
160	Societe Generale de Surveillance B.....	383,513
		1,267,191
	THAILAND - 2.6%	
30,000	National Finance & Securities.....	133,543
5,000	Siam Cement Co.....	245,421
97,800	Thai Military Bank.....	385,267
		764,231
	TURKEY - 0.4%	
1,800,000	Konfrut Gida.....	122,777
	UNITED KINGDOM - 11.1%	
50,000	Astec.....	116,512
10,000	BOC Group.....	143,543
10,000	Bank of Ireland.....	68,354
27,000	British Airport Authority.....	196,300
30,000	Cable & Wireless.....	198,537
20,000	Dixons Group.....	164,360
30,000	Farnell Electronic.....	314,117
35,000	Greenalls Group.....	311,553
12,000	Harvey Nichols.....	62,823
30,000	Marks & Spencer.....	219,276
29,500	National Westminster Bank.....	282,301
18,500	RTZ.....	273,889
25,000	Reuters Holdings.....	302,543
16,000	Shell Transport & Trading Co.....	234,390
16,000	Zeneca Group.....	353,700
		3,242,198
	TOTAL -- COMMON STOCKS (Cost \$24,834,422).....	27,947,579
	WARRANTS AND RIGHTS - 0.0%	
	FRANCE - 0.0%	

258	Primagaz Warrants, expire 6/30/98*.....	5,472
	GERMANY - 0.0%	
430	Daimler Benz AG Rights, expire 7/1/96*.....	0
	SINGAPORE - 0.0%	
715	United Overseas Bank Warrants, expire 6/17/97*.....	2,839
	TOTAL -- WARRANTS AND RIGHTS (Cost \$200).....	8,311

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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 GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT	DESCRIPTION	VALUE
<C>	<S>	<C>
	CONVERTIBLE BONDS - 2.1%	
	JAPAN - 0.5%	
JPY15,000,000	Sumitomo Bank, 0.75%, 5/31/01.....	\$ 148,182
	TAIWAN - 1.6%	
US\$ 100,000	Acer, Inc. 4.00%, 6/10/01.....	254,500
160,000	United Micro Electronics, 1.25%, 6/8/04.....	209,800
		464,300
	TOTAL -- CONVERTIBLE BONDS (Cost \$645,113).....	612,482
	TOTAL INVESTMENTS -- 97.9% (Cost \$25,479,735).....	28,568,372
	Other Assets and Liabilities (net) -- 2.1%.....	610,263
	TOTAL NET ASSETS -- 100.0%.....	\$29,178,635

</TABLE>

\* NON-INCOME PRODUCING SECURITY  
 ADR AMERICAN DEPOSITARY RECEIPT  
 ADS AMERICAN DEPOSITARY SHARE  
 GDR GLOBAL DEPOSITARY RECEIPT  
 GDS GLOBAL DEPOSITARY SHARE

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
 GOVETT INTERNATIONAL EQUITY FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

GEOGRAPHIC CONCENTRATION	
<S>	<C>
Japan.....	29.1%
United Kingdom.....	11.1
France.....	5.6
Netherlands.....	5.0
Germany.....	4.8
Switzerland.....	4.4
Hong Kong.....	4.3
Malaysia.....	3.1
Sweden.....	2.8
Norway.....	2.6
Thailand.....	2.6
Singapore.....	2.5
Czech Republic.....	2.4
Mexico.....	1.8
Indonesia.....	1.8
Taiwan.....	1.6
Finland.....	1.3
Russia.....	1.3

China.....	1.1
Poland.....	1.0
Australia.....	1.0
Brazil.....	0.9
Italy.....	0.9
Austria.....	0.8
Denmark.....	0.8
Israel.....	0.7
South Korea.....	0.5
Portugal.....	0.4
Spain.....	0.4
Turkey.....	0.4
Ireland.....	0.4
Croatia.....	0.3
Slovakia.....	0.2
	-----
	97.9
Other Assets and Liabilities (net).....	2.1
	-----
Total Net Assets.....	100.0%
	-----

SECTOR ALLOCATION

Electrical & Electronics....	12.1%
Banking.....	8.7
Conglomerates.....	6.9
Chemicals.....	5.5
Health & Personal Care.....	5.2
Retail.....	5.2
Construction & Housing.....	4.3
Financial Services.....	4.1
Telecommunications.....	4.1
Machinery & Engineering....	4.1
Transportation.....	4.0
Real Estate.....	3.8
Automobiles.....	3.7
Broadcasting & Publishing...	3.5
Wholesale & International Trade.....	3.5
Business & Public Services.....	3.5
Building Materials.....	2.8
Metals.....	2.5
Leisure & Tourism.....	2.2
Food & Household Products...	1.8
Insurance.....	1.7
Utilities.....	1.6
Electronic Components.....	1.1
Forest Products.....	1.1
Textiles & Apparel.....	0.9
	-----
	97.9
Other Assets and Liabilities (net).....	2.1
	-----
Total Net Assets.....	100.0%
	-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
GOVETT EMERGING MARKETS FUND  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS - 89.9%	
	ARGENTINA - 4.1%	
56,000	Banco Frances.....	\$ 538,919
66,200	Perez Companc B.....	438,737
26,500	Quilmes Industrial.....	271,625
17,500	Quilmes Industrial ADR*.....	179,375
20,800	Siderar ADR.....	426,400
25,900	Telecom Argentina ADR.....	767,288
129,400	Transportadora de Gas del Sur B.....	318,442
26,000	YPF ADR.....	585,000



		3,525,786
-----		
	BRAZIL - 6.5%	
45,995	Cemig ADR.....	1,305,563
20,800	Cia Vale Rio Doce ADR.....	416,391
2,975,000	Electrobras.....	800,090
12,232,000	Paulista de Forca e Luz*.....	1,120,916
104,124	Telemig.....	8,505
12,940	Telebras ADR.....	900,947
89,800	Usiminas ADR*.....	999,474
		-----
		5,551,886
-----		
	CHILE - 3.3%	
33,000	Antofagasta Holdings.....	165,587
33,400	Banco Osorno ADR.....	450,900
10,100	Compania de Telefonos de Chile ADR.....	991,061
26,500	Empressa Nacional de Electricas ADR*.....	569,750
20,300	Enersis ADR.....	629,300
		-----
		2,806,598
-----		
	CHINA - 3.4%	
1,335,000	China North Industries*.....	867,750
1,633,000	Guangshen Railway*.....	617,061
52,000	Huaneng Power International ADR*.....	929,500
1,380,000	Qingling Motors Company.....	463,521
		-----
		2,877,832
-----		
	COLOMBIA - 2.0%	
35,000	Cadenalco ADR.....	476,875
43,600	Cemento Argos.....	243,130
55,000	Cia Nacional de Chocolates.....	456,186
28,000	Suramericana de Seguros.....	511,715
		-----
		1,687,906
-----		
	CROATIA - 2.0%	
25,000	Pliva GDR*.....	993,750
55,000	Zagrebacka Banka GDR*.....	627,000
		-----
		1,620,750
-----		

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
 GOVETT EMERGING MARKETS FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	CZECH REPUBLIC - 0.8%	
10,900	Komerčni Banka GDR.....	\$ 294,300
3,400	SPT Telekom*.....	415,373
		-----
		709,673
-----		
	HONG KONG - 3.7%	
1,112,000	China Resources Enterprise.....	782,922
2,261,000	Continental Mariner*.....	373,876
197,800	Dah Sing Financial.....	599,220
60,000	Guoco Group.....	286,019
228,000	Hong Kong Telecommunications.....	409,418
52,000	Jardine Matheson.....	382,200
106,687	Jardine Strategic Holdings.....	341,398
		-----
		3,175,053
-----		
	HUNGARY - 4.0%	
28,000	BorsodChem.....	546,000
15,673	EGIS*.....	936,462
22,300	Gedeon Richter*.....	1,120,575
44,000	OTP Bank GDR.....	690,800
3,155	Pick Szeged GDR.....	136,543

		3,430,380
INDIA - 4.5%		
68,000	Arvind Mills GDR.....	335,920
69,000	Ashok Leyland GDR*.....	957,375
63,800	Indian Aluminum GDR.....	438,625
18,000	Indian Hotels GDR*.....	517,500
29,000	Indian Rayon & Industries GDR*.....	427,750
29,500	Larsen & Tourbo GDR*.....	549,438
30,000	Raymond Woollen Mills GDR*.....	622,500
		3,849,108
INDONESIA - 1.9%		
40,000	Bank International Indonesia.....	197,637
509,500	Panca Wiratama Sakti.....	481,590
650,000	Panin Bank.....	600,430
171,200	Semen Cibinong.....	378,810
		1,658,467
LEBANON - 0.7%		
47,000	Banque Audi GDR.....	587,499
MALAYSIA - 8.2%		
255,000	Ekran.....	971,137
588,000	IOI Corp.*.....	815,586
399,000	Multi-Purpose Holdings.....	643,007
230,000	Petronas Dagangan.....	622,369
274,000	Tan Chong Motor Holdings.....	399,824

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

GOVETT EMERGING MARKETS FUND (CONTINUED)

Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>		
<CAPTION>		
SHARES	DESCRIPTION	VALUE
COMMON STOCKS (CONTINUED)		
<C>	<S>	<C>
MALAYSIA (CONTINUED)		
200,000	Tanjong.....	\$ 753,658
180,000	Technology Resources Industries*.....	627,781
227,000	Tenaga Nasional.....	955,502
426,000	Tongkah Holdings*.....	710,427
63,000	United Engineers.....	436,921
		6,936,212
MEXICO - 6.8%		
72,000	Cemex ADR.....	568,037
225,000	Cifra C*.....	320,475
15,000	Controladora de Farmacias.....	12,265
99,000	Desc B.....	535,312
2,416	Desc C.....	12,713
30,000	Grupo Carso ADR*.....	436,950
36,000	Grupo Financiero Bancomer GDR*.....	310,500
190,000	Grupo Industrial Saltillo A.....	601,385
10,000	Grupo Televisa GDR*.....	307,500
13,000	Hylsamex GDR.....	341,250
28,000	ICA.....	393,274
94,000	Industrias Penoles.....	430,175
80,000	Sears Roebuck de Mexico ADR.....	415,840
400,000	Telefonos de Mexico L.....	679,459
48,000	Tubo de Acero de Mexico*.....	453,000
		5,818,135
PAKISTAN - 0.9%		
12,500	Adamjee Insurance Co.....	49,636
74	Bhukari & Co.....	40
5,805	Pakistan Telecommunications GDR*.....	684,990
		734,666
PERU - 2.2%		
57,981	Banco Wiese*.....	413,115

24,300	Credicorp.....	482,962
17,000	Minas Buenaventura ADR*.....	337,875
300,000	Telefonica de Peru*.....	604,175
		-----
		1,838,127
		-----
	PHILIPPINES - 3.2%	
82,432	Bacnotan Consolidated Industries.....	386,990
12,000	Far East Bank & Trust.....	421,374
600,000	International Container Terminal Services*.....	406,489
14,000	Pilipino Telephone.....	813,750
16,770	San Miguel B.....	57,927
2,150,000	William Gothong & Aboitiz.....	623,664
		-----
		2,710,194
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT EMERGING MARKETS FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
	COMMON STOCKS (CONTINUED)	
<C>	<S>	<C>
	POLAND - 4.8%	
31,000	Bank Rozwoju Eksportu.....	\$ 810,055
30,000	Debica*.....	728,718
120,000	Elektrim.....	984,874
70,000	Okocimskie Zaklady*.....	669,832
18,062	Rolimpex.....	920,683
		-----
		4,114,162
		-----
	SOUTH AFRICA - 4.8%	
6,500	Anglo American.....	411,782
18,100	Anglo American Industrial.....	726,841
81,000	Barlow.....	845,892
42,000	Free State Consolidated Gold Mines.....	394,992
30,000	Kloof Gold Mining Co.....	290,625
121,500	Murray & Roberts Holdings.....	485,103
130,000	Smith (C.G.).....	675,052
10,000	South African Breweries.....	293,099
		-----
		4,123,386
		-----
	SOUTH KOREA - 4.3%	
12,400	Chosun Brewery Co.....	353,107
3,400	Daehan City Gas Co.....	310,158
16	Daewoo Corp.....	155
7,700	Daewoo Securities Co.*.....	179,401
12,046	Hyundai Engineering & Construction Co.....	500,432
12,800	Korea Electric Power Corp.....	444,970
33,050	Korea Explosives Co.....	541,870
11,290	Korea Housing Bank*.....	263,044
36,300	Kwang Ju Highway Lines.....	362,463
13,060	LG Industrial Systems*.....	310,722
4,330	Samsung Display Devices.....	310,125
501	Samsung Electronics.....	42,058
151	Samsung Electronics*.....	12,675
48	Shinsegae Department Stores.....	3,237
		-----
		3,634,417
		-----
	SRI LANKA - 1.4%	
102,124	Aitken Spence*.....	292,045
896,000	Asian Hotel*.....	132,950
64,799	Development Finance Corp of Ceylon.....	350,800
133,333	Hayleys.....	450,838
		-----
		1,226,633
		-----
	TAIWAN - 6.6%	
21,900	Asia Cement GDS.....	443,475
529,000	Cathay Construction.....	999,564
140,000	Cathay Life Insurance.....	986,919
700,000	China Steel.....	732,558

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT EMERGING MARKETS FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
-----		
COMMON STOCKS (CONTINUED)		
<C>	<S>	<C>
TAIWAN (CONTINUED)		
435,000	Shinkong Synthetic Fibers.....	\$ 417,296
23,100	Taipei Fund*.....	1,986,600
		-----
		5,566,412
		-----
THAILAND - 8.9%		
60,000	Bangkok Bank.....	567,264
45,000	Bank of Ayudhya.....	248,178
264,000	Electricity Generating.....	883,987
40,000	Grammy Entertainment.....	554,658
50,800	Kang Yong Electric.....	200,118
60,000	Loxley.....	888,714
160,000	National Finance & Holdings.....	611,385
15,000	Siam Cement.....	736,262
48,000	Siam City Cement.....	605,082
239,000	Thai Military Bank*.....	852,058
44,000	Total Access Communication.....	374,000
76,500	United Communication Industry.....	1,024,620
		-----
		7,546,326
		-----
ZIMBABWE - 0.9%		
208,500	Delta Corp.....	532,857
1,600,000	TA Holdings.....	233,198
		-----
		766,055
		-----
	TOTAL -- COMMON STOCKS (Cost \$74,724,324).....	76,495,663
		-----
PREFERRED STOCKS - 6.2%		
ARGENTINA - 0.2%		
13,250	Quilmes Industrial*.....	137,469
		-----
BRAZIL - 5.9%		
95,207,302	Banco Bradesco.....	777,628
1,124,627	Brahma.....	671,001
1,730,000	Brasmotor.....	541,083
92,170,773	Cia Acos Especies Itabira*.....	267,162
5,000,000	Petroleo Brasileiro.....	615,070
6,573,376	Telecom Brasilieras.....	458,981
7,710,000	Telemig.....	794,922
2,180,000	Telerj*.....	245,371
3,128,568	Telesp.....	669,996
		-----
		5,041,214
		-----
SOUTH KOREA - 0.1%		
2,149	Samsung Electronics.....	86,893
		-----
	TOTAL -- PREFERRED STOCKS (Cost \$4,375,576).....	5,265,576
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT EMERGING MARKETS FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
-----		
WARRANTS AND RIGHTS - 0.1%		
<C>	<S>	<C>

BRAZIL - 0.0%		
95,566	Brahma Warrants, expire 4/30/03*.....	\$ 4,759
MALAYSIA - 0.1%		
20,400	Kian Joo Can Factory Warrants, expire 5/22/99*.....	63,788
6,000	Multi-Purpose Holdings Warrants, expire 11/23/98*.....	3,656
		67,444
SINGAPORE - 0.0%		
26,187	Jardine Strategic Holdings Warrants, expire 5/2/98*.....	8,118
SOUTH KOREA - 0.0%		
580	Hyundai Engineering Rights, expire 9/16/96*.....	0
50	Tong Yang Cement Warrants, expire 8/18/96*.....	53
	TOTAL -- WARRANTS AND RIGHTS (Cost \$85,363).....	80,374

<CAPTION>  
PRINCIPAL  
AMOUNT

<C>	<S>	<C>
	CONVERTIBLE BONDS - 1.6%	
	TAIWAN - 1.6%	
\$ 150,000	Acer, Inc. 4.00%, 6/10/01.....	381,750
480,000	President Enterprises, 0.00%, 7/22/01.....	769,200
135,000	United MicroElectronic Corp., 1.25%, 6/8/04.....	177,019
	TOTAL -- CONVERTIBLE BONDS (Cost \$998,509).....	1,327,969
	TOTAL INVESTMENTS -- 97.8% (Cost \$80,183,772).....	83,169,582
	Other Assets and Liabilities (net) -- 2.2%.....	1,899,678
	TOTAL NET ASSETS -- 100.0%.....	\$ 85,069,260

</TABLE>

\* NON-INCOME PRODUCING SECURITY  
ADR AMERICAN DEPOSITARY RECEIPT  
ADS AMERICAN DEPOSITARY SHARE  
GDR GLOBAL DEPOSITARY RECEIPT  
GDS GLOBAL DEPOSITARY SHARE

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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GOVETT EMERGING MARKETS FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

GEOGRAPHIC CONCENTRATION	
<S>	<C>
Brazil.....	12.4%
Thailand.....	8.9
Malaysia.....	8.3
Taiwan.....	8.2
Mexico.....	6.8
South Africa.....	4.8
Poland.....	4.8
India.....	4.5
South Korea.....	4.4
Argentina.....	4.3
Hungary.....	4.0
Hong Kong.....	3.7
China.....	3.4
Chile.....	3.3
Philippines.....	3.2
Peru.....	2.2
Colombia.....	2.0
Croatia.....	2.0
Indonesia.....	1.9
Sri Lanka.....	1.4
Pakistan.....	0.9
Zimbabwe.....	0.9
Czech Republic.....	0.8

Lebanon.....	0.7
	-----
	97.8
Other Assets and Liabilities (net).....	2.2
	-----
Total Net Assets.....	100.0%
	-----
	-----

SECTOR ALLOCATION

Telecommunications.....	12.7%
Banking.....	11.6
Conglomerates.....	8.3
Financial Services.....	7.0
Construction & Housing.....	6.4
Chemicals.....	5.8
Utilities.....	5.3
Building Materials.....	4.4
Metals.....	4.1
Miscellaneous Materials.....	3.9
Electrical & Electronics....	3.7
Machinery & Engineering.....	3.2
Beverages & Tobacco.....	3.1
Automobiles.....	3.1
Retail.....	3.0
Energy Sources.....	2.2
Transportation.....	2.0
Food & Household Products...	1.8
Leisure & Tourism.....	1.7
Textiles & Apparel.....	1.6
Real Estate.....	0.9
Gold Mines.....	0.8
Business & Public Services.....	0.7
Industrial Components.....	0.4
Forest Products.....	0.1
	-----
	97.8
Other Assets and Liabilities (net).....	2.2
	-----
Total Net Assets.....	100.0%
	-----
	-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
GOVETT SMALLER COMPANIES FUND  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS - 91.3%	
	BROADCASTING - 2.9%	
149,500	American Telecasting*.....	\$ 1,980,875
165,000	Pairgain Technologies.....	10,230,000
		-----
		12,210,875
		-----
	COMMERCIAL SERVICES - 4.1%	
129,900	Accustaff.....	3,539,775
94,800	Career Horizons*.....	3,318,000
65,000	Corestaff.....	2,908,750
243,000	Physician Support Systems*.....	5,497,875
17,800	Quintiles Transnational.....	1,170,350
17,500	Registry*.....	511,875
		-----
		16,946,625
		-----
	COMMUNICATIONS -- CUSTOMER EQUIPMENT - 9.2%	
145,100	Adtran*.....	10,283,963
173,500	Ascend Communications*.....	9,759,375
34,800	CKS Group*.....	1,122,300
109,700	DSP Communications.....	5,635,838
154,700	P-Com.....	4,873,050
110,000	Premisys Communications.....	6,710,000
		-----

## COMPUTER SOFTWARE AND SERVICES - 22.7%

30,900	Amisys Managed Care Systems*.....	795,675
132,000	Arbor Software*.....	7,887,000
124,900	Business Objects ADR.....	5,027,225
117,200	Ciprico.....	1,787,300
397,000	Cognos.....	9,131,000
304,000	Cotelligent Group.....	5,244,000
96,800	Cylink*.....	1,669,800
114,100	Edify*.....	3,023,650
85,100	Forte Software*.....	4,446,475
112,300	IDX Systems*.....	4,379,700
5,000	IKOS Systems*.....	105,625
105,000	IQ Software*.....	2,100,000
77,000	Intevac*.....	1,135,750
76,200	Iomega.....	2,209,800
54,800	Mechanical Dynamics*.....	828,850
44,300	Netscape Communications.....	2,757,675
100,000	Network Application*.....	2,975,000
72,000	Peoplesoft.....	5,130,000
69,000	Planning Sciences ADR*.....	1,552,500
94,700	Premenos Technology*.....	1,728,275
30,000	Quickturn Design Systems.....	435,000
92,000	Security Dynamics Technology.....	7,567,000
172,100	Softquad International.....	954,618
164,400	Sunquest Information Systems*.....	2,466,000

&lt;/TABLE&gt;

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
GOVETT SMALLER COMPANIES FUND (CONTINUED)Schedule of Investments  
June 30, 1996 (Unaudited)

&lt;TABLE&gt;

&lt;CAPTION&gt;

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	
	COMPUTER SOFTWARE AND SERVICES (CONTINUED)	
129,800	Systemsoft*.....	\$ 6,100,600
84,100	Unison Software*.....	2,123,525
81,000	Veritas Software*.....	3,483,000
99,800	Viasoft*.....	6,449,575
20,000	Xylan*.....	930,000
14,000	Xeikon ADR.....	159,250
		-----
		94,583,868
		-----
	CONSTRUCTION AND CONSTRUCTION MATERIALS - 2.0%	
204,800	Ade*.....	2,918,400
73,100	JLG Industries.....	5,427,675
		-----
		8,346,075
		-----
	ELECTRONIC COMPONENTS - 0.3%	
39,800	Siebel Systems*.....	1,223,850
		-----
	ELECTRONICS - 1.1%	
5,000	Checkpoint Software.....	120,000
175,000	Moog*.....	4,287,500
		-----
		4,407,500
		-----
	ELECTRONICS MANUFACTURING - 1.6%	
245,000	SDL.....	6,798,750
		-----
	ENERGY EQUIPMENT AND SERVICES - 8.6%	
259,100	3-D Geophysical*.....	2,785,325
161,700	ENSCO International*.....	5,255,250
452,700	Marine Drilling Co.*.....	4,583,588
368,500	Nabors Industries*.....	5,988,125
226,500	Reading & Bates*.....	5,011,313
105,900	Seacor Holdings*.....	4,739,025
159,700	Seagull Energy*.....	3,992,500
81,800	Tidewater.....	3,588,974
		-----
		35,944,100
		-----
	FOOD AND BEVERAGE - 1.3%	

203,000	Dave & Busters*.....	5,430,250
7,000	Manhattan Bagel.....	103,250
		-----
		5,533,500
		-----
	HEALTH CARE - 17.3%	
171,000	ABR Information Services.....	8,592,750
303,600	American Oncology Resources.....	6,603,300
214,800	Cardiovascular Dynamics.....	2,631,300
126,800	Dura Pharmaceuticals*.....	7,100,800
311,200	FPA Medical Management*.....	4,843,050
200,000	Fresenius USA*.....	4,300,000
109,800	HBO & Co.....	7,438,950
91,800	Hologic.....	4,062,150

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT SMALLER COMPANIES FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
	COMMON STOCKS (CONTINUED)	
<C>	<S>	<C>
	HEALTH CARE (CONTINUED)	
420,800	Orthologic*.....	\$ 5,365,200
184,300	Phycor.....	7,003,400
220,000	Physician Sales & Service.....	5,335,000
110,600	Shiva.....	8,848,000
		-----
		72,123,900
		-----
	INSURANCE - 2.2%	
152,700	Compdent*.....	7,100,550
60,000	Triad Guaranty*.....	2,205,000
		-----
		9,305,550
		-----
	PHARMACEUTICALS - 1.4%	
109,900	Intercardia.....	3,132,150
164,900	Noven Pharmaceuticals*.....	2,638,400
		-----
		5,770,550
		-----
	RETAIL - 12.0%	
165,600	Borders Group*.....	5,340,600
299,200	Claire's Stores.....	8,265,400
245,700	Fossil*.....	3,562,650
168,300	Intelcom Group*.....	4,207,500
120,000	Just For Feet.....	6,345,000
190,700	Party City*.....	3,384,925
246,000	Rexall Sundown.....	6,642,000
29,900	Sodak Gaming*.....	911,950
214,600	The Finish Line Class A*.....	6,142,925
220,000	Wet Seal*.....	5,238,750
		-----
		50,041,700
		-----
	TELECOMMUNICATIONS - 1.4%	
39,900	Boston Communications Group*.....	658,350
196,400	EIS International*.....	5,008,200
		-----
		5,666,550
		-----
	TELEPHONE EQUIPMENT - 2.2%	
105,100	US Robotics.....	8,986,049
		-----
	TRANSPORTATION - 1.0%	
64,000	Atlas Air*.....	3,680,000
		-----
	TOTAL -- COMMON STOCKS (Cost \$333,176,918).....	379,953,968
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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GOVETT SMALLER COMPANIES FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT	DESCRIPTION	VALUE
<C>	<S>	<C>
	REPURCHASE AGREEMENT - 9.2%	
\$38,162,132	Chase Manhattan Bank Repurchase Agreement, dated 6/28/96 due 7/1/96, with a maturity value of \$38,180,482 and an effective yield of 5.77%, collateralized by US Treasury Notes 5.625%, with a maturity date of 6/30/97, with an aggregate market value of \$38,998,435 (Cost \$38,162,132).....	\$ 38,162,132
	TOTAL INVESTMENTS -- 100.5% (Cost \$371,339,050)...	418,116,100
	Other Assets and Liabilities (net) -- (0.5%).....	(1,978,202)
	TOTAL NET ASSETS -- 100.0%.....	\$416,137,898

</TABLE>

\* NON-INCOME PRODUCING SECURITY  
 ADR AMERICAN DEPOSITARY RECEIPT

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

GOVETT SMALLER COMPANIES FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

GEOGRAPHIC CONCENTRATION	
<S>	<C>
United States.....	98.7%
France.....	1.2
United Kingdom.....	0.4
Canada.....	0.2
	-----
	100.5
Other Assets and Liabilities (net).....	(0.5)
	-----
Total Net Assets.....	100.0%
	-----
	-----
SECTOR ALLOCATION	
Computer Software and Services.....	22.7%
Health Care.....	17.3
Retail.....	12.0
Communications -- Customer Equipment.....	9.2
Energy Equipment and Services.....	8.6
Commercial Services.....	4.1
Broadcasting.....	2.9
Insurance.....	2.2
Telephone Equipment.....	2.2
Construction and Construction Materials.....	2.0
Electronics Manufacturing...	1.6
Pharmaceuticals.....	1.4
Telecommunications.....	1.4
Food and Beverage.....	1.3
Electronics.....	1.1
Transportation.....	1.0
Electronic Components.....	0.3
	-----
	91.3
Repurchase Agreement.....	9.2
	-----
	100.5
Other Assets and Liabilities (net).....	(0.5)

-----  
 Total Net Assets..... 100.0%  
 -----  
 -----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

GOVETT PACIFIC STRATEGY FUND  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS - 92.6%	
	AUSTRALIA - 3.9%	
4,000	Broken Hill Proprietary.....	\$ 55,236
17,500	Cochlear.....	46,076
52,000	National Foods.....	58,852
42,450	Pasminco.....	59,721
		-----
		219,885
		-----
	CHINA - 1.4%	
207,000	Guangshen Railway*.....	78,219
		-----
	HONG KONG - 10.9%	
22,000	Asia Satellite Telecommunications*.....	65,226
350,000	Chaifa Holdings.....	93,822
121,000	China Resources Enterprise.....	85,192
126,000	China Travel International Investment.....	28,811
20,000	Guoco Group.....	95,340
36,800	Hong Kong Telecommunications.....	66,081
184,000	Oriental Press Group.....	98,647
9,000	Swire Pacific.....	77,027
		-----
		610,146
		-----
	INDIA - 1.9%	
1,000	Larsen & Tourbo GDR*.....	18,625
6,000	Steel Authority GDR*.....	88,500
		-----
		107,125
		-----
	INDONESIA - 2.3%	
30,000	Astra International.....	43,502
150,000	Bank Umum Nasional.....	87,003
		-----
		130,505
		-----
	JAPAN - 22.9%	
1,000	Asatsu Inc.....	43,448
5,000	Daikin Industries.....	54,882
2,000	Inaba Denkisangyo.....	50,309
4,000	Japan Radio.....	57,443
5,000	JGC Corp.....	65,859
100	Kandenko.....	1,271
3,000	Kirin Brewery.....	36,771
1,000	Kyocera.....	70,890
3,000	Matsushita Electric Industries.....	55,980
9,000	Mitsubishi Cable Industries.....	60,919
5,000	Mitsubishi Estate.....	69,060
6,000	Mitsubishi Motors.....	52,687
9,000	Mitsui Mining*.....	50,547
4,800	Nifco Inc.....	61,907
5	Nippon Telegraph & Telephone.....	37,137
1,000	Seven-Eleven.....	63,938
10,000	Shimadzu.....	67,322

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

GOVETT PACIFIC STRATEGY FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>		
<CAPTION>		
SHARES	DESCRIPTION	VALUE
-----		
<C>	<S>	<C>
COMMON STOCKS (CONTINUED)		
JAPAN (CONTINUED)		
7,000	Snow Brand Milk Products.....	\$ 47,702
1,700	Sony.....	112,115
10,000	Sumitomo Cement.....	48,845
9,000	Taisei.....	64,048
4,000	Taiyo Yuden.....	50,492
4,000	Takuma.....	60,736
		-----
		1,284,308
		-----
MALAYSIA - 10.0%		
20,000	Ekran.....	76,168
70,000	IOI Corp*.....	97,094
40,000	Magnum.....	67,669
60,000	Malaysian Industrial Development.....	92,844
30,000	Malaysian Resources.....	73,361
17,000	Rashid Hussain.....	62,357
18,000	Technology Resources Industries*.....	62,778
17,200	Westmont Industries.....	30,201
		-----
		562,472
		-----
PAKISTAN - 1.0%		
483	Pakistan Telecommunications GDR*.....	56,994
		-----
PHILIPPINES - 8.0%		
275,000	Belle*.....	66,126
255,000	Empire East Land Holdings.....	155,725
3,562	Far East Bank & Trust.....	125,078
1,800	Pilippino Telephone.....	104,625
		-----
		451,554
		-----
SINGAPORE - 4.9%		
18,600	Acma.....	54,310
15,000	Sembawang Shipyard.....	74,415
25,000	Straits Steamship Land.....	83,629
36,000	United Overseas Land*.....	63,274
		-----
		275,628
		-----
SOUTH KOREA - 4.3%		
1,107	Chosun Brewery.....	31,523
180	Daewoo Securities.....	4,194
400	Hyundai Engineering & Construction.....	16,617
1,100	Korea Electric Power.....	38,240
1,900	Korea Explosives.....	31,151
1,460	Korea Housing Bank*.....	34,016
341	Samchully.....	26,483
260	Samsung Display Devices.....	18,622
12	Samsung Electronics.....	1,007
46	Samsung Electronics GDR (common shares).....	1,294
190	Samsung Electronics GDS (non-voting shares)*....	5,344

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----

GOVETT PACIFIC STRATEGY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>		
<CAPTION>		
SHARES	DESCRIPTION	VALUE
-----		
<C>	<S>	<C>
COMMON STOCKS (CONTINUED)		
SOUTH KOREA (CONTINUED)		
40	Samsung Fire & Marine Insurance.....	\$ 26,233
4	Shinsegae Department Stores.....	270
		-----
		234,994
		-----
TAIWAN - 7.6%		
10,000	Cathay Construction.....	18,895
11,000	Cathay Life Insurance.....	77,544

50,000	China Steel.....	52,326
1,500	Taipei Fund*.....	129,000
504	Tung Ho Steel GDR.....	5,872
34,000	Want Want Holdings*.....	91,460
37,000	Yang Ming Marine Transportation.....	54,585
		-----
		429,682
		-----
	THAILAND - 13.5%	
18,000	BEC World*.....	155,998
12,125	Bank of Ayudhya.....	66,870
10,000	Dhipaya Insurance*.....	37,424
20,000	Electricity Generating.....	66,969
50,000	First Bangkok City Bank.....	82,726
8,000	IFCT Finance & Securities.....	19,382
35,000	International Broadcasting.....	82,726
6,400	K.R. Precision.....	44,121
2,100	Loxley.....	31,105
5,000	Siam City Cement.....	63,028
10,000	Thai Military Bank.....	35,650
5,500	United Communication Industry.....	73,666
		-----
		759,665
		-----
	TOTAL -- COMMON STOCKS (Cost \$4,830,576).....	5,201,177
		-----
	PREFERRED STOCKS - 0.2%	
	SOUTH KOREA - 0.2%	
313	Samsung Electronics.....	12,657
		-----
	TOTAL -- PREFERRED STOCKS (Cost \$0).....	12,657
		-----
	WARRANTS - 0.6%	
	HONG KONG - 0.0%	
2,400	China Travel Warrants, expire 6/30/98*.....	0
		-----
	JAPAN - 0.5%	
15	Fujitsu Warrants, expire 12/6/00*.....	6,937
25	Nankai Electric Warrants, expire 12/2/97*.....	6,407
20	Optec Dai-Ichi Denko, Warrants, expire 2/8/00*.....	15,750
		-----
		29,094
		-----
	KOREA - 0.0%	
11	Daewoo Corp Warrants, expire 11/8/96*.....	825
		-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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GOVETT PACIFIC STRATEGY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

SHARES	DESCRIPTION	VALUE
	WARRANTS (CONTINUED)	
<C>	<S>	<C>
	SINGAPORE - 0.1%	
8,100	United Overseas Land Warrants, expire 5/28/01*.....	\$ 4,018
		-----
	TOTAL -- WARRANTS (Cost \$50,956).....	33,937
		-----
<CAPTION>		
PRINCIPAL		
AMOUNT		
	-----	
<C>	<S>	<C>
	CONVERTIBLE BONDS - 2.6%	
	JAPAN - 2.0%	
\$100,000	MBL International Finance, 3.00%, 11/30/02.....	117,000
		-----
	TAIWAN - 0.6%	
20,000	President Enterprises, 0.00%, 7/22/01*.....	32,050
		-----
	TOTAL -- CONVERTIBLE BONDS (Cost \$124,126).....	149,050
		-----
	TOTAL INVESTMENTS -- 96.0% (Cost \$5,005,658).....	5,396,821

Other Assets and Liabilities (net) -- 4.0%.....	224,252
TOTAL NET ASSETS -- 100.0%.....	\$ 5,621,073

</TABLE>

\* NON-INCOME PRODUCING SECURITY  
ADR AMERICAN DEPOSITARY RECEIPT  
ADS AMERICAN DEPOSITARY SHARE  
GDR GLOBAL DEPOSITARY RECEIPT  
GDS GLOBAL DEPOSITARY SHARE

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
GOVETT PACIFIC STRATEGY FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>  
<CAPTION>

GEOGRAPHIC CONCENTRATION

<S>	<C>
Japan.....	25.4%
Thailand.....	13.5
Hong Kong.....	10.9
Malaysia.....	10.0
Taiwan.....	8.2
Philippines.....	8.0
Singapore.....	5.0
South Korea.....	4.5
Australia.....	3.9
Indonesia.....	2.3
India.....	1.9
China.....	1.4
Pakistan.....	1.0
	-----
	96.0
Other Assets and Liabilities (net).....	4.0
	-----
Total Net Assets.....	100.0%
	-----
	-----

SECTOR ALLOCATION

Electrical & Electronics....	11.8%
Banking.....	9.6
Financial Services.....	8.5
Real Estate.....	7.7
Telecommunication.....	7.7
Construction & Housing.....	7.0
Miscellaneous Materials....	4.9
Leisure & Tourism.....	4.5
Conglomerates.....	4.4
Metals.....	4.2
Machinery & Engineering....	4.1
Transportation.....	3.9
Food & Household Products...	3.3
Insurance.....	2.6
Business & Public Services.....	2.0
Forest Products.....	1.8
Broadcasting & Publishing...	1.3
Health & Personal Care.....	1.2
Wholesale & International Trade.....	1.2
Retail.....	1.1
Automobiles.....	0.8
Utilities.....	0.7
Beverages & Tobacco.....	0.6
Chemicals.....	0.6
Energy Sources.....	0.5
	-----
	96.0
Other Assets and Liabilities (net).....	4.0
	-----
Total Net Assets.....	100.0%
	-----
	-----

</TABLE>

-----  
 GOVETT LATIN AMERICA FUND  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS - 80.6%	
	ARGENTINA - 9.3%	
9,100	Banco Frances.....	\$ 87,574
14,300	Perez Companc B.....	94,773
6,900	Quilmes Industrial ADR.....	70,725
5,500	Quilmes Industrial.....	56,375
4,650	Siderar ADR*.....	95,325
3,600	Telefonica de Argentina ADR.....	106,650
35,900	Transportadora de Gas del Sur B.....	88,347
4,600	YPF ADR.....	103,500
		-----
		703,269
		-----
	BOLIVIA - 1.8%	
3,500	Compania Boliviana Energia.....	137,374
		-----
	BRAZIL - 21.4%	
1,000	Antarctica Paulista Industria.....	114,548
10,314	Cemig ADR.....	292,762
4,500	Cia Vale Rio Doce ADR.....	87,750
760,000	Electrobras.....	204,393
2,680,000	Paulista de Forca e Luz*.....	245,590
4,060	Telebras ADR.....	282,678
660,000	Telefonica da Borda do Campo.....	207,082
28,900	Telemig A.....	2,360
17,000	Usiminas ADR.....	184,550
		-----
		1,621,713
		-----
	CHILE - 12.0%	
3,900	Antofagasta Holdings.....	19,569
9,000	Banco Osorno ADR.....	121,500
6,600	Cia Cerveceria Unidas ADR.....	155,100
2,000	Telefonos de Chile ADR.....	196,250
7,650	Enersis ADR.....	237,150
3,200	Quimica y Minera ADR.....	173,600
		-----
		903,169
		-----
	COLOMBIA - 3.1%	
5,000	Cadenalco ADR.....	68,125
7,400	Cemento Argos SA.....	41,265
5,500	Cia Nacional de Chocolates.....	45,619
4,500	Suramericana de Seguros.....	82,240
		-----
		237,249
		-----
	MEXICO - 25.2%	
15,006	Cemex ADR.....	118,388
18,800	Desc B.....	101,655
391	Desc C.....	2,057
4,000	Empresas la Moderna ADR.....	72,000
18,500	Grupo Carso*.....	131,019
29,000	Grupo Financiero Banamex B.....	60,429

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
 GOVETT LATIN AMERICA FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

SHARES	DESCRIPTION	VALUE
<C>	<S>	<C>
	COMMON STOCKS (CONTINUED)	

MEXICO (CONTINUED)		
10,000	Grupo Financiero Bancomer ADS*	\$ 86,250
155,000	Grupo Industrial Camesa B*	73,386
6,000	Grupo Profesional Planeacion B.	32,839
1,480	Grupo Televisas GDS	45,510
3,500	Hylsamex GDR	91,875
8,500	ICA	119,387
20,000	Industrias Penoles*	91,527
21,700	Internacional de Ceramica	29,191
70,008	Organizacion Soriana A*	103,038
2,500	Panamerican Beverages Inc; A.	111,875
45,000	Sears Roebuck de Mexico*	116,914
42,000	Tablex	101,143
8,000	Telefonos de Mexico ADR	268,000
16,000	Tubo de Acero de Mexico ADR*	151,000

-----  
1,907,483  
-----

PERU - 5.5%		
10,000	Banco Weise ADR	71,250
10,880	Buenaventura	97,087
3,100	Credicorp	61,613
27,625	Enrique Ferreyros	37,316
90,564	Fima	18,165
8,217	Minsur	73,156
30,000	Telefonica de Peru*	60,417

-----  
419,004  
-----

URUGUAY - 1.0%		
4,150	Banco Commercial GDR	76,774

VENEZUELA - 1.3%		
50,000	Ceramica Carabobo ADR	51,160
8,000	Venprecar GDS	42,400

-----  
93,560  
-----

TOTAL -- COMMON STOCKS (Cost \$5,792,827)..... 6,099,595  
-----

PREFERRED STOCKS - 15.4%

BRAZIL - 15.4%

14,500,000	Banco Bradesco	118,432
350,000	Banco Itau	142,235
153,513	Brahma	91,592
435,000	Brasmotor	136,053
24,780,000	Cia Acos Especies Itabira*	71,826
140,000	Dixie Toga	135,266
1,030,000	Petroleo Brasileiro	126,705
2,140,000	Telemig	220,640
556,999	Telesp	119,284

-----  
TOTAL -- PREFERRED STOCKS (Cost \$1,094,624)..... 1,162,033  
-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT LATIN AMERICA FUND (CONTINUED)

Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

SHARES	DESCRIPTION	VALUE
-----		
WARRANTS AND RIGHTS - 0.8%		
<C>	<S>	<C>
BRAZIL - 0.0%		
32,088	Brahma Warrants, expire 4/30/03*	\$ 1,598
3,723	Telefonica da Borda do Campo Rights, expire 7/1/96*	0
		-----
		1,598
		-----
MEXICO - 0.8%		
30,000	Metaclad Warrants, expire 9/30/99*	61,500
		-----
TOTAL -- WARRANTS AND RIGHTS (Cost \$1,624).....		63,098
		-----
TOTAL INVESTMENTS -- 96.8% (Cost \$6,889,075).....		7,324,726
Other Assets and Liabilities (net) -- 3.2%.....		239,024

TOTAL NET ASSETS -- 100.0%..... \$ 7,563,750

</TABLE>

\* NON-INCOME PRODUCING SECURITY  
 ADR AMERICAN DEPOSITARY RECEIPT  
 ADS AMERICAN DEPOSITARY SHARE  
 GDR GLOBAL DEPOSITARY RECEIPT  
 GDS GLOBAL DEPOSITARY SHARE

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
 GOVETT LATIN AMERICA FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

GEOGRAPHIC CONCENTRATION

<S>	<C>
Brazil.....	36.8%
Mexico.....	26.0
Chile.....	12.0
Argentina.....	9.3
Peru.....	5.5
Colombia.....	3.1
Bolivia.....	1.8
Venezuela.....	1.3
Uruguay.....	1.0
	-----
	96.8
Other Assets and Liabilities (net).....	3.2
	-----
Total Net Assets.....	100.0%
	-----
	-----

SECTOR ALLOCATION

Telecommunications.....	21.0%
Utilities.....	10.5
Conglomerates.....	9.9
Banking.....	9.1
Metals.....	8.0
Beverages & Tobacco.....	7.0
Energy Sources.....	6.8
Construction & Housing.....	5.4
Machinery & Engineering.....	4.0
Retail.....	3.5
Financial Services.....	3.0
Electrical & Electronics....	2.8
Chemicals.....	2.0
Food & Household Products...	2.0
Forest Products.....	1.8
	-----
	96.8
Other Assets and Liabilities (net).....	3.2
	-----
Total Net Assets.....	100.0%
	-----
	-----

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
 GOVETT GLOBAL INCOME FUND  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

PRINCIPAL AMOUNT	DESCRIPTION	VALUE
------------------	-------------	-------

	GOVERNMENT BONDS AND NOTES - 49.3%	
<S>		<C>
	DENMARK - 9.0%	



DKK	14,000,000	Kingdom of Denmark 8.00%, 3/15/06.....	\$ 2,486,551
		GERMANY - 9.3%	
DEM	3,800,000	Treuhandanstalt 6.75%, 5/13/04.....	2,552,000
		NETHERLANDS - 8.7%	
NLG	3,900,000	Netherlands Government 7.00%, 6/15/05.....	2,385,304
		SPAIN - 4.6%	
ESP	150,000,000	Spanish Government 10.10%, 2/28/01.....	1,258,140
		UNITED STATES - 17.7%	
US\$	4,600,000	U.S. Treasury Note, 7.50%, 2/15/05.....	4,837,185
		TOTAL -- GOVERNMENT BONDS AND NOTES (Cost	
		\$14,042,743).....	13,519,180
		SHORT-TERM INVESTMENTS - 41.9%	
		ARGENTINA - 5.5%	
US\$	800,000	Banco Bansud Commercial Paper, 3/11/97.....	756,166
US\$	800,000	Banco de Credito Argentina Commercial Paper,	
		4/17/97.....	744,075
			1,500,241
		BRAZIL - 12.5%	
US\$	800,000	Boavista Banking Commercial Paper, 12/27/96....	762,765
US\$	800,000	Banco Itau Commercial Paper, 1/6/97.....	771,053
US\$	800,000	Cia Hering Commercial Paper, 2/6/97.....	748,125
		Cia Paranaense Energia Commercial Paper,	
US\$	400,000	3/6/97.....	376,431
		Constran International Commercial Paper,	
US\$	500,000	10/22/96.....	484,515
		Constran International Commercial Paper,	
US\$	300,000	12/12/96.....	286,552
			3,429,441
		JAPAN - 2.8%	
US\$	800,000	Semp Toshiba Commercial Paper, 3/15/97.....	753,600
		MEXICO - 2.9%	
US\$	800,000	Bufete Industrial Commercial Paper, 7/16/96....	796,506
		PERU - 2.7%	
US\$	800,000	Interbanc Peru Commercial Paper, 4/25/97.....	746,346
		POLAND - 15.5%	
PLZ	6,050,000	Polish Treasury Bill, 7/3/96.....	2,223,391
PLZ	5,580,000	Polish Treasury Bill, 7/31/96.....	2,023,122
			4,246,513

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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-----  
GOVETT GLOBAL INCOME FUND (CONTINUED)  
Schedule of Investments  
June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

PRINCIPAL	DESCRIPTION	VALUE
AMOUNT		
	SHORT-TERM INVESTMENTS (CONTINUED)	
<C>	<S>	<C>
	TOTAL -- SHORT-TERM INVESTMENTS (Cost	
	\$11,575,203).....	\$11,472,647
	TOTAL INVESTMENTS -- 91.2% (Cost \$25,617,946)....	24,991,827
	Other Assets and Liabilities (net) -- 8.8%.....	2,419,599
	TOTAL NET ASSETS -- 100.0%.....	\$27,411,426

</TABLE>

DKK DANISH KRONE  
DEM GERMAN MARK  
NLG NETHERLAND GUILDER

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
 GOVETT GLOBAL INCOME FUND (CONTINUED)  
 Schedule of Investments  
 June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

GEOGRAPHIC CONCENTRATION		
<S>	<C>	<C>
United States.....	17.7%	
Poland.....	15.5	
Brazil.....	12.5	
Germany.....	9.3	
Denmark.....	9.0	
Netherlands.....	8.7	
Argentina.....	5.5	
Spain.....	4.6	
Mexico.....	2.9	
Japan.....	2.8	
Peru.....	2.7	
	-----	
	91.2	
Other Assets and Liabilities (net).....	8.8	
	-----	
Total Net Assets.....	100.0%	
	-----	
	-----	

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

-----  
 STATEMENTS OF ASSETS AND LIABILITIES  
 For the six months ended June 30, 1996 (Unaudited)

<TABLE>  
 <CAPTION>

	INTERNATIONAL EQUITY FUND	EMERGING MARKETS FUND
<S>	<C>	<C>
ASSETS:		
Investments, at value (Note 1)* -- (see accompanying Schedule of Investments).....	\$ 28,568,372	\$ 83,169,582
Repurchase agreement.....	--	--
	-----	-----
Total investments.....	28,568,372	83,169,582
Cash.....	4,235	906,658
Cash in overnight time deposit.....	--	--
Foreign currency, at value (Note 1)**.....	164	1,525,014
Receivable from:		
Securities sold.....	642,740	309,359
Net open forward currency contracts (Note 8).....	457,572	--
Fund shares sold.....	695,431	542,637
Dividends and interest.....	88,287	204,633
Investment manager (Note 2).....	3,177	19,132
Deferred organization expense.....	7,360	7,360
Other assets.....	7,658	--
	-----	-----
Total assets.....	30,474,996	86,684,375
	-----	-----
LIABILITIES:		
Notes payable (Note 4).....	1,020,000	--
Payable for:		
Securities purchased.....	195,893	1,104,066
Fund shares repurchased.....	30,898	190,998
Distributions declared.....	--	--
Investment manager (Note 2).....	--	--
Accrued expenses and other liabilities.....	49,570	320,051
	-----	-----
Total liabilities.....	1,296,361	1,615,115
	-----	-----
NET ASSETS.....	\$ 29,178,635	\$ 85,069,260
	-----	-----
NET ASSETS CONSIST OF:		
Paid-in-capital.....	\$ 23,525,947	\$ 88,009,862

Undistributed net investment income (loss).....	45,198	(190,551)
Accumulated net realized gain (loss) on investments, foreign currency transactions, and forward purchase commitments.....	2,059,434	(5,732,766)
Net unrealized appreciation (depreciation) on investments, forward currency contracts and net other assets.....	3,548,056	2,982,715
NET ASSETS.....	\$ 29,178,635	\$ 85,069,260
SHARES OUTSTANDING.....	2,344,590	6,198,796
NET ASSET VALUE AND REDEMPTION PRICE PER SHARE.....	\$ 12.45	\$ 13.72
OFFERING PRICE PER SHARE (NET ASSET VALUE DIVIDED BY 95.05%).....	\$ 13.10	\$ 14.43
* Cost of investments.....	\$ 25,479,735	\$ 80,183,772
** Cost of foreign currency.....	\$ 165	\$ 1,525,144

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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<TABLE>  
<CAPTION>

	SMALLER COMPANIES FUND	PACIFIC STRATEGY FUND	LATIN AMERICA FUND	GLOBAL INCOME FUND
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments, at value (Note 1)* -- (see accompanying Schedule of Investments).....	\$379,953,968	\$5,396,821	\$ 7,324,726	\$ 24,991,827
Repurchase agreement.....	38,162,132	--	--	--
Total investments.....	418,116,100	5,396,821	7,324,726	24,991,827
Cash.....	--	237,426	233,990	27,638
Cash in overnight time deposit.....	--	--	--	1,804,987
Foreign currency, at value (Note 1)**.....	79	228,649	57,682	189,285
Receivable from:				
Securities sold.....	10,974,509	5,595	12,840	1,803
Net open forward currency contracts (Note 8).....	--	22,665	--	222,482
Fund shares sold.....	708,934	547	134,045	--
Dividends and interest.....	18,699	15,468	21,579	256,034
Investment manager (Note 2).....	--	53,862	15,243	--
Deferred organization expense.....	12,227	15,831	15,856	7,360
Other assets.....	--	20,225	41,851	1,622
Total assets.....	429,830,548	5,997,089	7,857,812	27,503,038
LIABILITIES:				
Notes payable (Note 4).....	--	240,000	200,000	--
Payable for:				
Securities purchased.....	12,028,652	21,035	--	--
Fund shares repurchased.....	449,758	114,981	94,062	68,154
Distributions declared.....	--	--	--	5,698
Investment manager (Note 2).....	690,888	--	--	14,263
Accrued expenses and other liabilities.....	523,352	--	--	3,497
Total liabilities.....	13,692,650	376,016	294,062	91,612
NET ASSETS.....	\$416,137,898	\$5,621,073	\$ 7,563,750	\$ 27,411,426
NET ASSETS CONSIST OF:				
Paid-in-capital.....	\$272,270,718	\$7,487,651	\$ 8,997,748	\$ 31,883,825
Undistributed net investment income (loss).....	(2,549,737)	(63,081)	43,378	(427,047)
Accumulated net realized gain (loss) on investments, foreign currency transactions, and forward purchase commitments.....	99,639,867	(2,217,400)	(1,910,072)	(3,645,650)
Net unrealized appreciation (depreciation) on investments, forward currency contracts and net other assets.....	46,777,050	413,903	432,696	(399,702)
NET ASSETS.....	\$416,137,898	\$5,621,073	\$ 7,563,750	\$ 27,411,426
SHARES OUTSTANDING.....	13,008,718	598,075	955,735	3,239,532
NET ASSET VALUE AND REDEMPTION PRICE PER SHARE.....	\$ 31.99	\$ 9.40	\$ 7.91	\$ 8.46

OFFERING PRICE PER SHARE (NET ASSET VALUE DIVIDED BY 95.05%).....	\$ 33.66	\$ 9.89	\$ 8.32	\$ 8.90
* Cost of investments.....	\$371,339,050	\$5,005,658	\$ 6,889,075	\$ 25,617,946
** Cost of foreign currency.....	\$ 79	\$ 228,352	\$ 57,367	\$ 185,148

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STATEMENTS OF OPERATIONS

For the six months ended June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

	INTERNATIONAL EQUITY FUND	EMERGING MARKETS FUND
<S>	<C>	<C>
INVESTMENT INCOME:		
Interest.....	\$ 8,969	\$ 63,155
Dividends*.....	238,717	783,116
Total investment income.....	247,686	846,271
EXPENSES:		
Management fee (Note 2).....	101,248	297,727
Custody and administration fees.....	43,359	210,807
12b-1 fee Class A (Note 3).....	71,841	215,348
Professional fees.....	13,463	20,840
Transfer agency fee.....	109,399	328,197
Registration and filing fees.....	22,371	40,978
Directors' fees and expenses.....	9,697	9,697
Amortization of organization costs.....	7,056	7,056
Other.....	8,856	22,323
Total expenses.....	387,290	1,152,973
Less: Expenses reimbursable and fees waived by the Manager (Note 2).....	55,748	161,014
Net operating expenses.....	331,542	991,959
Interest expense.....	2,487	19,514
NET INVESTMENT INCOME (LOSS).....	(86,343)	(165,202)
REALIZED AND UNREALIZED GAIN (LOSS):		
Net realized gain (loss) on:		
Investment transactions.....	1,735,257	2,863,967
Foreign currency transactions.....	(4,210)	(379,748)
Net realized gain (loss).....	1,731,047	2,484,219
Net change in unrealized appreciation (depreciation) on:		
Investments.....	846,428	7,041,371
Foreign currency transactions.....	355,151	29,119
Net unrealized appreciation (depreciation) during the period.....	1,201,579	7,070,490
NET REALIZED AND UNREALIZED GAIN (LOSS).....	2,932,626	9,554,709
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ 2,846,283	\$ 9,389,507
* Net of foreign taxes withheld of.....	\$ 26,674	\$ 88,011

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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<TABLE>

<CAPTION>

	SMALLER COMPANIES FUND	PACIFIC STRATEGY FUND	LATIN AMERICA FUND	GLOBAL INCOME FUND
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:				
Interest.....	\$ 960,155	\$ 8,036	\$ 4,342	\$ 1,714,491
Dividends*.....	54,496	58,687	142,820	--
Total investment income.....	1,014,651	66,723	147,162	1,714,491

EXPENSES:				
Management fee (Note 2).....	1,443,164	36,523	30,779	88,149
Custody and administration fees.....	311,121	77,835	28,716	34,183
12b-1 fee Class A (Note 3).....	1,037,172	27,959	20,608	61,742
Professional fees.....	56,761	11,589	10,962	14,267
Transfer agency fee.....	827,544	17,055	13,261	59,203
Registration and filing fees.....	33,313	21,883	19,255	24,505
Directors' fees and expenses.....	9,697	9,697	9,697	9,697
Amortization of organization costs.....	4,061	3,154	2,948	7,056
Other.....	28,646	2,829	1,936	9,712
Total expenses.....	3,751,479	208,524	138,162	308,514
Less: Expenses reimbursable and fees waived by the Manager (Note 2).....	187,091	68,890	35,238	29,516
Net operating expenses.....	3,564,388	139,634	102,924	278,998
Interest expense.....	--	4,495	860	1,389
NET INVESTMENT INCOME (LOSS).....	(2,549,737)	(77,406)	43,378	1,434,104
REALIZED AND UNREALIZED GAIN (LOSS):				
Net realized gain (loss) on:				
Investment transactions.....	83,452,284	701,834	322,843	(378,328)
Foreign currency transactions.....	(2)	76,381	(22,318)	(585,338)
Net realized gain (loss).....	83,452,282	778,215	300,525	(963,666)
Net change in unrealized appreciation (depreciation) on:				
Investments.....	(64,095,399)	475,386	959,247	(735,397)
Foreign currency transactions.....	--	(2,525)	(2,943)	(339,499)
Net unrealized appreciation (depreciation) during the period.....	(64,095,399)	472,861	956,304	(1,074,896)
NET REALIZED AND UNREALIZED GAIN (LOSS).....	19,356,883	1,251,076	1,256,829	(2,038,562)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ 16,807,146	\$1,173,670	\$1,300,207	\$ (604,458)
* Net of foreign taxes withheld of.....	\$ --	\$ 7,139	\$ 8,370	\$ --

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STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>  
<CAPTION>

	INTERNATIONAL EQUITY FUND		EMERGING MARKETS FUND	
	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM:				
OPERATIONS:				
Net investment income (loss).....	\$ (86,343)	\$ (194,558)	\$ (165,202)	\$ (364,534)
Net realized gain (loss) on investment and foreign currency transactions.....	1,731,047	1,067,050	2,484,219	(7,515,905)
Net change in unrealized appreciation (depreciation) on investments, forward currency contracts, foreign currency, and other assets.....	1,201,579	2,278,456	7,070,490	1,472,582
Net increase (decrease) in net assets resulting from operations.....	2,846,283	3,150,948	9,389,507	(6,407,857)
DISTRIBUTIONS TO SHAREHOLDERS:				
From net investment income.....	--	--	--	--
In excess of net investment income.....	--	--	--	--
From net realized capital gains.....	--	(23,679)	--	(53,799)
Total distributions to shareholders.....	--	(23,679)	--	(53,799)
FUND SHARE TRANSACTIONS (NOTE 6):				
Proceeds from shares sold.....	6,948,141	9,996,843	37,707,464	72,812,483
Assets acquired from Govett Developing Markets Bond Fund (Note 10).....	--	--	--	--
Net asset value of shares issued on reinvestment of distributions.....	--	22,100	--	49,891
Cost of shares repurchased.....	(9,162,240)	(16,895,695)	(37,914,628)	(67,325,397)
Net increase (decrease) in net assets resulting from				

fund share transactions.....	(2,214,099)	(6,876,752)	(207,164)	5,536,977
TOTAL CHANGE IN NET ASSETS.....	632,184	(3,749,483)	9,182,343	(924,679)
NET ASSETS:				
Beginning of period.....	28,546,451	32,295,934	75,886,917	76,811,596
End of period *.....	\$ 29,178,635	\$ 28,546,451	\$ 85,069,260	\$ 75,886,917
* Including undistributed net investment income (loss) of.....	\$ 45,198	\$ 131,541	\$ (190,551)	\$ (25,349)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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<TABLE>

<CAPTION>

	SMALLER COMPANIES FUND		PACIFIC STRATEGY FUND	
	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM:				
OPERATIONS:				
Net investment income (loss).....	\$ (2,549,737)	\$ (5,240,921)	\$ (77,406)	\$ (80,187)
Net realized gain (loss) on investment and foreign currency transactions.....	83,452,282	50,116,140	778,215	(1,798,840)
Net change in unrealized appreciation (depreciation) on investments, forward currency contracts, foreign currency, and other assets.....	(64,095,399)	101,603,021	472,861	1,464,299
Net increase (decrease) in net assets resulting from operations.....	16,807,146	146,478,240	1,173,670	(414,728)
DISTRIBUTIONS TO SHAREHOLDERS:				
From net investment income.....	--	--	--	--
In excess of net investment income.....	--	--	--	--
From net realized capital gains.....	--	(35,821,751)	--	--
Total distributions to shareholders.....	--	(35,821,751)	--	--
FUND SHARE TRANSACTIONS (NOTE 6):				
Proceeds from shares sold.....	210,045,379	617,309,409	6,107,406	11,102,393
Assets acquired from Govett Developing Markets Bond Fund (Note 10).....	--	--	--	--
Net asset value of shares issued on reinvestment of distributions.....	--	32,731,146	--	--
Cost of shares repurchased.....	(328,704,994)	(319,579,803)	(14,150,772)	(12,046,042)
Net increase (decrease) in net assets resulting from fund share transactions.....	(118,659,615)	330,460,752	(8,043,366)	(943,649)
TOTAL CHANGE IN NET ASSETS.....	(101,852,469)	441,117,241	(6,869,696)	(1,358,377)
NET ASSETS:				
Beginning of period.....	517,990,367	76,873,126	12,490,769	13,849,146
End of period *.....	\$ 416,137,898	\$ 517,990,367	\$ 5,621,073	\$ 12,490,769
* Including undistributed net investment income (loss) of.....	\$ (2,549,737)	\$ --	\$ (63,081)	\$ 14,325

<CAPTION>

	LATIN AMERICA FUND		GLOBAL INCOME FUND	
	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM:				
OPERATIONS:				
Net investment income (loss).....	\$ 43,378	\$ 217	\$ 1,434,104	\$ 3,379,018
Net realized gain (loss) on investment and foreign currency transactions.....	300,525	(2,011,812)	(963,666)	1,425,417
Net change in unrealized appreciation (depreciation) on investments, forward currency				

contracts, foreign currency, and other assets.....	956,304	938,382	(1,074,896)	1,200,564
Net increase (decrease) in net assets resulting from operations.....	1,300,207	(1,073,213)	(604,458)	6,004,999
DISTRIBUTIONS TO SHAREHOLDERS:				
From net investment income.....	--	--	(1,505,809)	(3,379,018)
In excess of net investment income.....	--	--	--	(43,384)
From net realized capital gains.....	--	--	--	--
Total distributions to shareholders.....	--	--	(1,505,809)	(3,422,402)
FUND SHARE TRANSACTIONS (NOTE 6):				
Proceeds from shares sold.....	3,784,622	6,916,699	1,150,625	4,442,943
Assets acquired from Govett Developing Markets Bond Fund (Note 10).....	--	--	--	903,675
Net asset value of shares issued on reinvestment of distributions.....	--	--	1,075,688	2,072,302
Cost of shares repurchased.....	(2,337,723)	(8,123,019)	(13,885,240)	(20,512,230)
Net increase (decrease) in net assets resulting from fund share transactions.....	1,446,899	(1,206,320)	(11,658,927)	(13,093,310)
TOTAL CHANGE IN NET ASSETS.....	2,747,106	(2,279,533)	(13,769,194)	(10,510,713)
NET ASSETS:				
Beginning of period.....	4,816,644	7,096,177	41,180,620	51,691,333
End of period *.....	\$ 7,563,750	\$ 4,816,644	\$ 27,411,426	\$ 41,180,620
* Including undistributed net investment income (loss) of.....	\$ 43,378	\$ --	\$ (427,047)	\$ (355,342)

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FINANCIAL HIGHLIGHTS

For a Share Outstanding Throughout Each Period:

INTERNATIONAL EQUITY FUND					
	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1993	PERIOD ENDED DECEMBER 31, 1992 (A)
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 11.27	\$ 10.16	\$ 13.23	\$ 9.31	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss).....	(0.03)	(0.08)+	(0.12)+	(0.03)	(0.01)
Net realized and unrealized gain (loss) on investments.....	1.21	1.20	(0.94)	5.01	(0.52)
Total from investment operations.....	1.18	1.12	(1.06)	4.98	(0.53)
LESS DISTRIBUTIONS TO SHAREHOLDERS:					
From net investment income.....	--	--	--	--	(0.04)
In excess of net investment income.....	--	--	--	--	--
From net realized gain.....	--	(0.01)	(2.01)	(1.06)	(0.12)
In excess of net realized gain.....	--	--	--	--	--
Tax return of capital.....	--	--	--	--	--
Total distributions.....	--	(0.01)	(2.01)	(1.06)	(0.16)
NET ASSET VALUE, END OF PERIOD.....	\$ 12.45	\$ 11.27	\$ 10.16	\$ 13.23	\$ 9.31
TOTAL RETURN**.....	10.38%	11.01%	(8.44)%	54.50%	(5.32)%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's).....	\$ 29,179	\$ 28,546	\$ 32,296	\$ 44,610	\$ 1,328
Net expenses to average daily net assets (Note A).....	2.31%*	2.50%	2.50%	2.50%	2.50%*
Net investment income (loss) to average daily net assets.....	(0.60)%*	(0.64)%	(0.98)%	(0.79)%	(0.10)%*
Portfolio turnover rate.....	48%	101%	155%	151%	140%
Average commission rate+.....	\$ 0.03	N/A	N/A	N/A	N/A

Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other

operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:

Expenses.....	2.69%*	2.75%	2.74%	2.65%	13.85%*
---------------	--------	-------	-------	-------	---------

- </TABLE>
- (A) COMMENCEMENT OF OPERATIONS WAS JANUARY 7, 1992.  
 (B) COMMENCEMENT OF OPERATIONS WAS JANUARY 1, 1993.  
 (C) COMMENCEMENT OF OPERATIONS WAS JANUARY 1, 1994.  
 (D) COMMENCEMENT OF OPERATIONS WAS MARCH 7, 1994.

\* ANNUALIZED

\*\* TOTAL RETURN CALCULATIONS EXCLUDE FRONT END SALES LOAD.

+ PER SHARE NET INVESTMENT INCOME (LOSS) DOES NOT REFLECT THE CURRENT PERIOD'S RECLASSIFICATION OF PERMANENT DIFFERENCES BETWEEN BOOK AND TAX BASIS NET INVESTMENT INCOME (LOSS). SEE NOTE 1.

++ FOR FISCAL YEARS BEGINNING ON OR AFTER SEPTEMBER 1, 1995, A PORTFOLIO IS REQUIRED TO DISCLOSE THE AVERAGE COMMISSION RATE PER SHARE IT PAID FOR TRADES ON WHICH COMMISSIONS WERE CHARGED. BASED ON MARKETS IN WHICH THE FUND TRADES, THE COMMISSION RATE PER SHARE MAY APPEAR LOWER OR HIGHER IN RELATION TO A DOMESTIC FUND.

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

<TABLE>  
 <CAPTION>

EMERGING MARKETS FUND

	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1993	PERIOD ENDED DECEMBER 31, 1992 (A)
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 12.24	\$ 13.29	\$ 17.70	\$ 10.72	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss).....	(0.03)	(0.06)+	(0.11)+	(0.05)	(0.03)
Net realized and unrealized gain (loss) on investments.....	1.51	(0.98)	(1.93)	8.36	0.75
Total from investment operations.....	1.48	(1.04)	(2.04)	8.31	0.72
LESS DISTRIBUTIONS TO SHAREHOLDERS:					
From net investment income.....	--	--	--	--	--
In excess of net investment income.....	--	--	--	--	--
From net realized gain.....	--	(0.01)	(2.33)	(1.33)	--
In excess of net realized gain.....	--	--	(0.04)	--	--
Tax return of capital.....	--	--	--	--	--
Total distributions.....	--	(0.01)	(2.37)	(1.33)	--
NET ASSET VALUE, END OF PERIOD.....	\$ 13.72	\$ 12.24	\$ 13.29	\$ 17.70	\$ 10.72
TOTAL RETURN**.....	12.02%	(7.92)%	(12.65)%	79.73%	7.20%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's).....	\$ 85,069	\$ 75,887	\$ 76,812	\$ 71,422	\$ 5,625
Net expenses to average daily net assets (Note A).....	2.30%*	2.50%	2.50%	2.50%	2.50%*
Net investment income (loss) to average daily net assets.....	(0.38)%*	(0.49)%	(0.77)%	(0.88)%	(0.49)%*
Portfolio turnover rate.....	77%	115%	140%	143%	182%
Average commission rate++.....	\$ 0.00	N/A	N/A	N/A	N/A

Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and



reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:

Expenses..... 2.68%\* 2.78% 2.65% 2.52% 7.52%\*

<CAPTION>

SMALLER COMPANIES FUND

	SIX MONTHS ENDED			
	JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1993 (B)
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 29.96	\$ 19.06	\$ 15.85	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:				
Net investment income (loss).....	(0.20)	(0.30)+	(0.10)+	(0.06)
Net realized and unrealized gain (loss) on investments.....	2.23	13.32	4.47	5.91
Total from investment operations.....	2.03	13.02	4.37	5.85
LESS DISTRIBUTIONS TO SHAREHOLDERS:				
From net investment income.....	--	--	--	--
In excess of net investment income.....	--	--	--	--
From net realized gain.....	--	(2.12)	(1.16)	--
In excess of net realized gain.....	--	--	--	--
Tax return of capital.....	--	--	--	--
Total distributions.....	--	(2.12)	(1.16)	--
NET ASSET VALUE, END OF PERIOD.....	\$ 31.99	\$ 29.96	\$ 19.06	\$ 15.85
TOTAL RETURN**.....	6.68%	69.08%	28.74%	58.50%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (000's).....	\$ 416,138	\$ 517,990	\$ 76,873	\$ 39,681
Net expenses to average daily net assets (Note A).....	1.72%*	1.95%	1.95%	1.95%
Net investment income (loss) to average daily net assets.....	(1.23)%*	(1.64)%	(1.13)%	(0.93)%
Portfolio turnover rate.....	230%*	280%	519%	483%
Average commission rate+.....	\$ 0.06	N/A	N/A	N/A
Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:				
Expenses.....	1.81%*	2.12%	2.40%	2.44%

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

For a Share Outstanding Throughout Each Period:

<TABLE>

<CAPTION>

PACIFIC STRATEGY FUND

	SIX MONTHS ENDED		
	JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994 (C)
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 8.53	\$ 8.79	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (loss).....	(0.12)	(0.05)+	(0.18)+
Net realized and unrealized gain (loss) on investments.....	0.99	(0.21)	(1.03)
Total from investment operations.....	0.87	(0.26)	(1.21)

LESS DISTRIBUTIONS TO SHAREHOLDERS:			
From net investment income.....	--	--	--
In excess of net investment income.....	--	--	--
From net realized gain.....	--	--	--
In excess of net realized gain.....	--	--	--
Tax return of capital.....	--	--	--
Total distributions.....	--	--	--
NET ASSET VALUE, END OF PERIOD.....	\$ 9.40	\$ 8.53	\$ 8.79
TOTAL RETURN**.....	10.19%	(2.96)%	(12.10)%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000's).....	\$ 5,621	\$ 12,491	\$ 13,849
Net expenses to average daily net assets (Note A).....	2.50%*	2.50%	2.50%
Net investment income (loss) to average daily net assets.....	(1.38)%*	(0.67)%	(1.33)%
Portfolio turnover rate.....	94%	163%	213%
Average commission rate++.....	\$ 0.01	N/A	N/A

Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:

Expenses.....	3.73%*	3.62%	2.66%
---------------	--------	-------	-------

- </TABLE>
- (A) COMMENCEMENT OF OPERATIONS WAS JANUARY 7, 1992.  
 (B) COMMENCEMENT OF OPERATIONS WAS JANUARY 1, 1993.  
 (C) COMMENCEMENT OF OPERATIONS WAS JANUARY 1, 1994.  
 (D) COMMENCEMENT OF OPERATIONS WAS MARCH 7, 1994.

\* ANNUALIZED

\*\* TOTAL RETURN CALCULATIONS EXCLUDE FRONT END SALES LOAD.

+ PER SHARE NET INVESTMENT INCOME (LOSS) DOES NOT REFLECT THE CURRENT PERIOD'S RECLASSIFICATION OF PERMANENT DIFFERENCES BETWEEN BOOK AND TAX BASIS NET INVESTMENT INCOME (LOSS). SEE NOTE 1.

++ FOR FISCAL YEARS BEGINNING ON OR AFTER SEPTEMBER 1, 1995, A PORTFOLIO IS REQUIRED TO DISCLOSE THE AVERAGE COMMISSION RATE PER SHARE IT PAID FOR TRADES ON WHICH COMMISSIONS WERE CHARGED. BASED ON MARKETS IN WHICH THE FUND TRADES, THE COMMISSION RATE PER SHARE MAY APPEAR LOWER OR HIGHER IN RELATION TO A DOMESTIC FUND.

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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<TABLE>  
 <CAPTION>

LATIN AMERICA FUND			
	SIX MONTHS ENDED		
	JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	PERIOD ENDED DECEMBER 31, 1994 (D)
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 6.44	\$ 7.89	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (loss).....	0.05	(0.01)+	(0.09)+
Net realized and unrealized gain (loss) on investments.....	1.42	(1.44)	(1.53)
Total from investment operations.....	1.47	(1.45)	(1.62)
LESS DISTRIBUTIONS TO SHAREHOLDERS:			
From net investment income.....	--	--	--
In excess of net investment income.....	--	--	--
From net realized gain.....	--	--	(0.27)
In excess of net realized gain.....	--	--	(0.22)
Tax return of capital.....	--	--	--
Total distributions.....	--	--	(0.49)
NET ASSET VALUE, END OF PERIOD.....	\$ 7.91	\$ 6.44	\$ 7.89

TOTAL RETURN**.....	22.83%	(18.38)%	(16.94)%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000's).....	\$ 7,564	\$ 4,817	\$ 7,096
Net expenses to average daily net assets (Note A).....	2.50%*	2.50%	2.50%*
Net investment income (loss) to average daily net assets.....	1.05%*	0.00%	(1.06)%*
Portfolio turnover rate.....	71%	127%	185%
Average commission rate++.....	\$ 0.00	N/A	N/A

Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:

Expenses.....	3.36%*	5.66%	3.35%*
---------------	--------	-------	--------

<CAPTION>

GLOBAL INCOME FUND

	SIX MONTHS ENDED		
	JUNE 30, 1996 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1994
<S>	<C>	<C>	
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 8.97	\$ 8.48	\$ 10.16
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (loss).....	0.30	0.63+	0.76+
Net realized and unrealized gain (loss) on investments.....	(0.45)	0.53	(1.67)
Total from investment operations.....	(0.15)	1.16	(0.91)
LESS DISTRIBUTIONS TO SHAREHOLDERS:			
From net investment income.....	(0.36)	(0.63)	(0.24)
In excess of net investment income.....	--	(0.04)	--
From net realized gain.....	--	--	--
In excess of net realized gain.....	--	--	--
Tax return of capital.....	--	--	(0.53)
Total distributions.....	(0.36)	(0.67)	(0.77)
NET ASSET VALUE, END OF PERIOD.....	\$ 8.46	\$ 8.97	\$ 8.48

TOTAL RETURN**.....	(1.50)%	14.11%	(9.16)%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000's).....	\$27,411	\$41,181	\$51,691
Net expenses to average daily net assets (Note A).....	1.58%*	1.75%	1.75%
Net investment income (loss) to average daily net assets.....	8.13%*	7.45%	8.30%
Portfolio turnover rate.....	107%	249%	701%
Average commission rate++.....	N/A	N/A	N/A

Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:

Expenses.....	1.75%*	1.93%	1.95%
---------------	--------	-------	-------

<CAPTION>

	YEAR ENDED, DECEMBER 31, 1993	PERIOD ENDED DECEMBER 31, 1992 (A)
NET ASSET VALUE, BEGINNING OF PERIOD.....	\$ 9.77	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income (loss).....	0.99	0.80
Net realized and unrealized gain (loss) on investments.....	0.66	0.06
Total from investment operations.....	1.65	0.86
LESS DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income.....	(0.95)	(0.78)
In excess of net investment income.....	--	--

From net realized gain.....	(0.31)	(0.31)
In excess of net realized gain.....	--	--
Tax return of capital.....	--	--
	-----	-----
Total distributions.....	(1.26)	(1.09)
	-----	-----
NET ASSET VALUE, END OF PERIOD.....	\$ 10.16	\$ 9.77
	-----	-----
TOTAL RETURN**.....	17.64%	8.95%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (000's).....	\$82,000	\$34,084
Net expenses to average daily net assets (Note A).....	1.72%	1.75%*
Net investment income (loss) to average daily net assets.....	9.66%	9.75%*
Portfolio turnover rate.....	328%	378%
Average commission rate+.....	N/A	N/A
Note A: John Govett & Co. Limited waived a portion of its management fees and Govett Financial Services Limited reimbursed a portion of the other operating expenses of the Funds for the years ended December 31, 1992, 1993 and 1994. For the year ended December 31, 1995 and the six months ended June 30, 1996, John Govett & Co. Limited waived a portion of its management fee and reimbursed a portion of the other operating expenses of the Funds. Without the waiver and reimbursement of expenses, the expense ratios as a percentage of average net assets for the periods indicated would have been:		
Expenses.....	1.72%	3.17%*

</TABLE>

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1-SIGNIFICANT ACCOUNTING POLICIES

The Govett Funds, Inc. (the "Company") was established as a Maryland corporation on November 13, 1990. The Company's Articles of Incorporation permit the Directors to create an unlimited number of series, each of which may issue one or more separate classes of shares. The Company presently consists of six series (individually a "Fund", and together the "Funds"), which are registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Govett International Equity Fund, Govett Emerging Markets Fund, Govett Smaller Companies Fund and Govett Pacific Strategy Fund are all diversified, open-end management investment companies. Govett Latin America Fund and Govett Global Income Fund are both non-diversified, open-end management investment companies. Each of the Funds has authorized the issuance of Class A, Class B and Class C shares, each with its own sales charge structure. As of June 30, 1996, only Class A shares were available to the public and Class B and Class C shares were inactive.

Govett International Equity Fund seeks long-term capital appreciation by investing primarily in equity securities of companies located throughout the world. Govett Emerging Markets Fund seeks long-term capital appreciation by investing primarily in equity securities of issuers located in emerging markets. Govett Smaller Companies Fund seeks long-term capital appreciation by investing primarily in equity securities of smaller companies. Govett Pacific Strategy Fund seeks long-term capital appreciation by investing primarily in equity securities of companies located in the Pacific Rim. Govett Latin America Fund seeks long-term capital appreciation by investing primarily in equity and debt securities of companies located in Latin America. Govett Global Income Fund seeks primarily a high level of current income, consistent with preservation of capital, by investing primarily in foreign debt securities, and has a secondary objective of capital appreciation.

On June 1, 1996, Chase Global Funds Services, Inc. assumed responsibility for fund accounting and fund administration, succeeding Investors Bank & Trust Company.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

PORTFOLIO VALUATION--Portfolio securities listed or traded on domestic or foreign securities exchanges are valued at the last quoted sales price. Securities listed or traded on the over-the-counter market are valued at the mean between the latest available current bid and asked prices. Bonds and short-term debt securities with remaining maturities in excess of 60 days are valued at the mean of representative quoted bid and asked prices for such securities or, if such prices are not available, they are valued based on prices for securities of comparable maturity, quality and type. Prices are obtained from pricing services as authorized by the Company's Board of Directors. Short-term debt securities which mature in 60 days or less are valued at amortized cost. Foreign securities quoted in foreign currency are translated

into U.S. dollars at the foreign currency rates applicable on that day or at such other rates as John Govett & Co. Limited (the "Manager") may determine to be appropriate in computing net asset value. Securities for which there are no representative quotations or valuations are valued at fair value, determined in good faith, as authorized by the Company's Board of Directors.

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

REPURCHASE AGREEMENTS--Each Fund may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. The Fund may experience a loss if the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Manager, acting under the supervision of the Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

FOREIGN CURRENCY TRANSLATION--The accounting records of the Funds are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the foreign currency exchange rates applicable on that day. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars at the prevailing exchange rate on the respective dates of the transactions. Net realized gains and losses on foreign currency transactions represent net gains and losses from sales and maturities of forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effect of changes in foreign currency exchange rates on investments in securities are not segregated in the Statement of Operations from the effects of changes in market prices of those securities, but are included with the net realized and unrealized gain or loss on investment in securities.

FORWARD CURRENCY EXCHANGE CONTRACTS--The Funds may enter into forward currency exchange contracts in connection with planned purchases or sales of securities or to hedge the value of some or all of a Fund's portfolio securities. A forward currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward currency contract fluctuates with changes in currency exchange rates applicable on that day. Forward currency contracts are marked-to-market daily using the forward foreign currency exchange rates applicable on that day or at such other rates as the Manager may determine to be appropriate. The change in value is recorded by the Funds as an unrealized gain or loss. When a forward currency contract is extinguished, either by delivering the currency or by entering into another forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at settlement date. The Funds could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably relative to the U.S. dollar.

OPTIONS--The Smaller Companies Fund may purchase option contracts to manage its exposure to general market conditions. Exchange-traded options are valued using the last sale price or, in the absence of a sale, the last offering price.

The maximum exposure to loss for any purchase option is limited to the premium initially paid for the option. Risks may arise if counterparties do not perform under the contract's terms, or if the

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Fund is unable to offset a contract with a counterparty on a timely basis ("liquidity risk"). Exchange-traded options have minimal credit risk as the exchanges act as counterparties to each transaction, and only present liquidity risk in highly unusual market conditions.

SECURITY FORWARD PURCHASE COMMITMENTS--The Global Income Fund may enter into security forward purchase commitments ("forward commitments"). Forward commitments are securities purchased for delivery beyond the normal settlement date at a stated price or yield, and no income accrues to the Fund on such

securities prior to delivery. Forward commitments are marked-to-market on a daily basis. The change in value is recorded by the Funds as an unrealized gain or loss. When the Fund enters into a forward commitment transaction, it establishes a segregated account in which it maintains high quality liquid debt securities in an amount at least equal in value to the Fund's commitment to purchase such security. It is the Fund's intention to sell securities purchased on a forward commitment basis prior to settlement date. The Fund may experience a loss if a counterparty does not perform under the contract's terms, or if the Fund is unable to offset a contract with a counterparty on a timely basis.

TAXES--The Funds intend to continue to qualify as regulated investment companies under Subchapter M of the Internal Revenue Code of 1986, as amended. It is the policy of the Funds to distribute all of their taxable income, including any net realized gain on investments, to shareholders within the prescribed time periods. Therefore, no provision for income or excise tax is necessary. At December 31, 1995, Emerging Markets Fund, Pacific Strategy Fund, Latin America Fund, and Global Income Fund had a capital loss carryforward of approximately \$6,522,728, \$2,704,485, \$1,934,781 and \$2,647,018, respectively. The following carryforwards will expire on December 31, 2002: \$464,940 (Pacific Strategy); and \$2,647,018 (Global Income). The following carryforwards will expire on December 31, 2003: \$6,522,728 (Emerging Markets); \$2,239,545 (Pacific Strategy) and \$1,934,781 (Latin America).

DISTRIBUTIONS TO SHAREHOLDERS--The International Equity Fund, Emerging Markets Fund, Smaller Companies Fund, Pacific Strategy Fund and Latin America Fund intend to declare and pay distributions from net investment income and net realized capital gains, if any, annually. The Global Income Fund seeks to declare dividends daily and to pay dividends monthly from net investment income, if any, and to declare and pay distributions from net realized capital gains, if any, annually.

Income and capital gains distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for foreign currency transactions, post-October losses, option and forward transactions, currency contracts, organization costs, losses deferred due to wash sales transactions, market discount and realized gains on sales of investments in passive foreign investment companies.

Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to paid-in capital, undistributed net investment income (loss) and accumulated net realized gain (loss) on investments and foreign currency transactions. Undistributed net investment income (loss) and accumulated net realized gain (loss) may include temporary book and tax differences which will reverse in a subsequent period.

Distributions in excess of tax basis earnings and profits will be reported in the Fund's financial statements as a return of capital. Furthermore, differences in the recognition or classification of

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

income between the financial statements and tax earnings and profits which result in temporary over-distributions for financial statement purposes are classified as distributions in excess of net investment income or in excess of accumulated net realized gains.

SECURITY TRANSACTIONS AND RELATED INVESTMENT INCOME--Security transactions are recorded as of the trade date. Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the Funds are informed of the ex-dividend date. Interest income is recorded on an accrual basis. In determining the net gain or loss on securities sold, the cost of securities is determined on the identified cost basis. Original issue discount and premium on debt securities is amortized using the yield to maturity method. Market discount on debt securities is amortized on a straight-line basis. Withholding taxes on foreign interest and dividend income have been withheld in accordance with the applicable country's tax treaty with the U.S.

ORGANIZATION EXPENSES--Organization expenses are amortized on a straight line basis over a period of 60 months from commencement of operations of each Fund. In the event that any of the initial shares purchased by the Manager or its affiliated companies are redeemed during the amortization period by any holder thereof, the Funds will be reimbursed for any remaining unamortized organization expenses in the same proportion as the number of initial shares redeemed bears to the total number of initial shares outstanding at the time of redemption.

EXPENSES--A significant portion of the Company's expenses are directly related to individual Funds. Expenses of the Fund not directly attributable to the operations of specific class of shares are allocated pro rata to each class on the basis of the relative net assets of the respective classes. Expenses which are not readily attributable to a specific Fund are allocated in such manner as deemed equitable by the Company's Board of Directors, taking into consideration,

among other things, the nature and type of expense.

NOTE 2-MANAGEMENT FEES AND AFFILIATED SERVICE PROVIDERS

The Manager, pursuant to the terms of an investment management contract, provides all investment management services to the Funds. As compensation for these services, the Manager earns a monthly fee computed at an annual rate of 1.00% (0.75% for the Global Income Fund) of the value of the daily average net assets of each Fund. The Manager has agreed to voluntarily waive a portion of its management fee and to reimburse a portion of the other operating expenses of the International Equity Fund, Emerging Markets Fund, Smaller Companies Fund, Pacific Strategy Fund, Latin America Fund, and Global Income Fund through December 31, 1996, to the extent that the Funds' annual ordinary operating expenses exceed 2.50%, 2.50%, 1.95%, 2.50%, 2.50%, and 1.75% of its average daily net assets, respectively.

The Manager has entered into a Subadvisory Agreement with Berkeley Capital Management (the "Subadvisor") whereby the Subadvisor provides day-to-day investment advisory services to the Smaller Companies Fund. Effective February 23, 1996, a new fee arrangement was approved in which the Manager pays the Subadvisor an amount equal to the difference, if any, between the investment advisory and management fees actually received by the Manager, and all revenue actually received by the Manager under an agreement between the Manager and Van Kampen American Capital Distributors, Inc. (the "Distributor"), and 0.10% of the Smaller Companies Fund's average daily net assets. Under the prior agreement the Manager paid the Subadvisor an annual fee of 0.50% of the Smaller Companies Fund's average daily net assets. The Smaller Companies Fund does not compensate the Subadvisor directly for its subadvisory services. In

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

addition, the Manager and Subadvisor agreed neither would be paid any advisory fees in connection with its investment advisory services to the Funds and no such fees were accrued during the interm period between the closing of the sale of the Manager to John Govett Holdings Limited, a newly-formed, majority-owned subsidiary of Allied Irish Banks plc ("AIB"), on December 29, 1995 and shareholder approval of the agreements on February 23, 1996.

John Govett & Co. Limited, Berkeley Financial Services (formerly Govett Financial Services Limited), and the Subadvisor were affiliated companies prior to the sale of John Govett & Co. Limited to AIB. No officer, director or employee of the Manager or its affiliates receives any compensation from the Company for serving as an officer or director of the Company. The compensation of the unaffiliated directors of the Company is borne by the Company.

NOTE 3-DISTRIBUTION AGREEMENT/12B-1 PLAN

The Funds have adopted a Distribution and Service Plan (the "Plan") for their Class A shares pursuant to Rule 12b-1 of the 1940 Act. The Funds pay the Distributor a quarterly distribution fee equal to an annual rate of 0.50% (0.35% for the Global Income Fund) of the value of each Fund's average daily net assets, attributable to Class A shares, for providing ongoing distribution services and facilities to the Fund's Class A shares.

NOTE 4-LINE OF CREDIT

On December 1, 1995, the Company entered into an agreement with Chase Manhattan Bank ("Chase") under which Chase agreed to provide a 364 day committed line of credit to the Funds. During the period ended June 30, 1996, maximum loan amounts under the terms of the agreement could not exceed 10% of each Fund's net asset value at the time of borrowing. Borrowing under the agreement cannot exceed \$30,250,000 in the aggregate. Interest on amounts loaned are calculated at the Chase New York Prime Rate plus 0.25% per annum. The Funds also pay to Chase a commitment fee of 0.20% per annum on the unused amount of the line of credit.

As of June 30, 1996, under the Credit Agreement with Chase, the International Equity Fund, Pacific Strategy Fund and Latin America Fund had \$1,020,000, \$240,000 and \$200,000 outstanding, respectively.

For the six months ended June 30, 1996, the Funds had borrowings from Chase under the arrangement as follows. The average daily balance is calculated by totaling the amount of money advanced and dividing by the number of days the loan was outstanding.

<TABLE>  
<CAPTION>

	AVERAGE DAILY BALANCE	MAXIMUM OUTSTANDING BORROWING*	AVERAGE INTEREST RATE	INTEREST EXPENSE
<S>	<C>	<C>	<C>	<C>
International Equity.....	\$ 478,986	\$ 1,020,000	8.50%	\$ 2,487
Emerging Markets.....	275,000	275,000	8.50	19,514
Smaller Companies.....	--	--	--	--
Pacific Strategy.....	434,730	1,000,000	8.50	4,495

Latin America.....	203,333	220,000	8.50	860
Global Income.....	1,065,000	1,065,000	8.50	1,389

\* INCLUDES OVERDRAFTS PERMITTED BY THE CUSTODIAN OUTSIDE THE COMMITTED LINE OF CREDIT, ON TERMS IDENTICAL TO THE LINE OF CREDIT.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

NOTE 5-PURCHASES AND SALES OF SECURITIES

Costs of purchases and proceeds from sales of securities, excluding short-term obligations, for the six months ended June 30, 1996, were as follows. Only the Global Income Fund had U.S. Government securities transactions.

	PURCHASES	SALES
International Equity Fund.....	\$ 13,582,609	\$ 15,666,149
Emerging Markets Fund.....	\$ 64,702,769	\$ 63,934,917
Smaller Companies Fund.....	\$ 899,964,793	\$ 1,006,626,838
Pacific Strategy Fund.....	\$ 10,020,973	\$ 17,973,549
Latin America Fund.....	\$ 6,908,540	\$ 5,381,206
Global Income Fund:		
U.S. Government securities.....	\$ 9,717,439	\$ 44,022,436
Other investments.....	24,174,104	38,033,833
	\$ 33,891,543	\$ 82,056,269

</TABLE>

NOTE 6-FUND SHARE TRANSACTIONS

The Company's Articles of Incorporation permit the Company's Board of Directors to establish separate series (or Funds) and to issue up to a total of three billion shares, with 250 million shares authorized for each Fund. Transactions in fund shares for the periods indicated below are as follows:

	INTERNATIONAL EQUITY FUND		EMERGING MARKETS FUND	
	SIX MONTHS ENDED 6/30/96	YEAR ENDED 12/31/95	SIX MONTHS ENDED 6/30/96	YEAR ENDED 12/31/95
Shares sold.....	591,176	938,909	2,873,936	5,899,218
Shares issued on reinvestment of distributions.....	--	2,020	--	3,905
Shares repurchased.....	(779,489)	(1,585,336)	(2,877,151)	(5,481,043)
Net increase (decrease).....	(188,313)	(644,407)	(3,215)	422,080
Fund shares:				
Beginning of period.....	2,532,903	3,177,310	6,202,011	5,779,931
End of period.....	2,344,590	2,532,903	6,198,796	6,202,011

</TABLE>

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

	SMALLER COMPANIES FUND	PACIFIC STRATEGY FUND
	SIX MONTHS	SIX MONTHS



	ENDED 6/30/96	YEAR ENDED 12/31/95	ENDED 6/30/96	YEAR ENDED 12/31/95
<S>	<C>	<C>	<C>	<C>
Shares sold.....	6,914,407	23,879,944	671,334	1,363,983
Shares issued on reinvestment of distributions.....	--	1,157,423	--	--
Shares repurchased.....	(11,196,510)	(11,779,342)	(1,537,646)	(1,474,634)
Net increase (decrease).....	(4,282,103)	13,258,025	(866,312)	(110,651)
Fund shares:				
Beginning of period.....	17,290,821	4,032,796	1,464,387	1,575,038
End of period.....	13,008,718	17,290,821	598,075	1,464,387

</TABLE>

<TABLE>  
<CAPTION>

	LATIN AMERICA FUND		GLOBAL INCOME FUND	
	SIX MONTHS ENDED 6/30/96	YEAR ENDED 12/31/95	SIX MONTHS ENDED 6/30/96	YEAR ENDED 12/31/95
<S>	<C>	<C>	<C>	<C>
Shares sold.....	689,088	1,078,726	110,034	506,309
Shares issued for acquisition of the net assets of the Govett Developing Markets Bond Fund (see Note 10).....	--	--	--	101,651
Shares issued on reinvestment of distributions.....	--	--	123,400	235,489
Shares repurchased.....	(481,414)	(1,230,104)	(1,585,842)	(2,348,046)
Net increase (decrease).....	207,674	(151,378)	(1,352,408)	(1,504,597)
Fund shares:				
Beginning of period.....	748,061	899,439	4,591,940	6,096,537
End of period.....	955,735	748,061	3,239,532	4,591,940

</TABLE>

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

NOTE 7-FEDERAL INCOME TAX COST

At June 30, 1996 the cost and gross unrealized appreciation and depreciation in value of investments owned by the Funds, as computed on a federal income tax basis, were as follows:

<TABLE>  
<CAPTION>

	INTERNATIONAL EQUITY FUND	EMERGING MARKETS FUND	SMALLER COMPANIES FUND
<S>	<C>	<C>	<C>
Aggregate cost.....	\$ 25,479,735	\$ 80,183,772	\$ 371,339,050
Gross unrealized appreciation.....	4,187,607	9,793,246	58,616,140
Gross unrealized depreciation.....	(1,098,970)	(6,807,436)	(11,839,090)
Net unrealized appreciation (depreciation).....	\$ 3,088,637	\$ 2,985,810	\$ 46,777,050

</TABLE>

<TABLE>  
<CAPTION>

	PACIFIC STRATEGY FUND	LATIN AMERICA FUND	GLOBAL INCOME FUND
<S>	<C>	<C>	<C>
Aggregate cost.....	\$ 5,005,658	\$ 6,889,075	\$ 25,617,946
Gross unrealized appreciation.....	572,477	869,265	25,694
Gross unrealized depreciation.....	(181,314)	(433,614)	(651,813)

Net unrealized appreciation (depreciation)..... \$ 391,163 \$ 435,651 \$ (626,119)

</TABLE>

NOTE 8-FINANCIAL INSTRUMENTS

The Funds regularly trade financial instruments with off-balance sheet risk in the normal course of their investing activities to assist in managing exposure to market risks, such as interest rates and foreign currency exchange rates. These financial instruments include forward currency exchange contracts and security forward commitments.

The notional or contractual amounts of these instruments represent the investments the Funds have in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risk associated with these instruments is meaningful only when all related and offsetting transactions are considered. Security forward commitments involve purchasing or selling securities on a delayed delivery basis, which may be settled on their original terms or closed out with an offsetting transaction on or before the settlement date.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

The difference between the offsetting or closed out transactions is receivable or payable on the original settlement date. At June 30, 1996 there were no open security forward commitments. The forward foreign currency contracts at June 30, 1996 were as follows:

FORWARD FOREIGN CURRENCY CONTRACTS

	SETTLE DATE	CURRENCY	CONTRACTS TO DELIVER/RECEIVE	CURRENCY	IN EXCHANGE FOR	NET UNREALIZED APPRECIATION (DEPRECIATION)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTERNATIONAL EQUITY FUND PURCHASES	9/24/96	US\$	1,000,000	JPY	105,610,000	\$ (21,798)
	11/13/96	US\$	1,500,000	JPY	158,910,000	(17,066)
	11/13/96	US\$	500,000	JPY	52,470,000	(10,355)
	11/13/96	US\$	1,000,000	JPY	106,380,000	(7,271)
SALES	9/24/96	JPY	98,900,000	US\$	1,000,000	83,949
	9/24/96	JPY	6,710,000	US\$	63,711	1,560
	11/13/96	JPY	239,350,000	US\$	2,500,000	266,407
	11/13/96	JPY	94,850,000	US\$	1,000,000	114,868
	11/13/96	JPY	19,900,000	US\$	190,176	4,471
	11/13/96	SEK	4,803,050	US\$	700,000	(25,973)
	1/24/97	JPY	202,900,000	US\$	2,000,000	88,654
	4/11/97	FRF	5,007,000	US\$	1,000,000	12,184
	7/16/97	GBP	666,400	US\$	1,000,000	(32,058)
						\$ 457,572

<CAPTION>  
GLOBAL INCOME FUND

	SETTLE DATE	CURRENCY	CONTRACTS TO DELIVER/RECEIVE	CURRENCY	IN EXCHANGE FOR	NET UNREALIZED APPRECIATION (DEPRECIATION)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PURCHASES	8/20/96	US\$	2,701,800	AUD	3,600,000	\$ 118,786
	8/20/96	US\$	3,484,559	DEM	5,100,000	(118,311)
	8/20/96	US\$	1,426,809	ESP	185,000,000	15,182
	8/20/96	US\$	2,834,763	SEK	19,000,000	36,295
	10/21/96	US\$	2,590,502	DEM	3,900,000	(6,402)
	10/21/96	US\$	2,407,567	DKK	14,000,000	(3,898)
	10/21/96	US\$	1,242,043	ESP	160,000,000	2,215
	10/21/96	US\$	3,834,134	JPY	410,214,000	(19,245)
	10/21/96	US\$	2,392,777	NLG	4,028,000	(10,035)
SALES	8/20/96	AUD	3,600,000	US\$	2,715,480	(105,107)
	8/20/96	DEM	9,000,000	US\$	6,217,187	276,750
	8/20/96	DKK	14,000,000	US\$	2,462,404	65,887
	8/20/96	ESP	345,000,000	US\$	2,739,400	50,282
	8/20/96	SEK	19,000,000	US\$	2,791,860	(79,198)
	10/21/96	NLG	4,028,000	US\$	2,382,022	(719)
						\$ 222,482

<CAPTION>  
PACIFIC STRATEGY FUND

	SETTLE DATE	CURRENCY	CONTRACTS TO DELIVER/RECEIVE	CURRENCY	IN EXCHANGE FOR	NET UNREALIZED APPRECIATION (DEPRECIATION)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SALES	7/22/96	JPY	160,950,000	US\$	1,500,000	\$ 22,665

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

The principal amounts of each non-U.S. dollar denominated contract is stated in the currency in which the contract is denominated.

- AUD--Australian Dollar
- DEM--German Mark
- DKK--Danish Krone
- ESP--Spanish Peseta
- FRF--French Franc
- GBP--British Pound
- JPY--Japanese Yen
- NLG--Netherland Guilder
- SEK--Swedish Krona

NOTE 9-PORTFOLIO INVESTMENT RISKS

These risks and considerations may involve adverse political and economic developments and the possible imposition of currency exchange blockages or other foreign governmental laws or restrictions. In addition, the securities of some foreign companies and securities markets are less liquid and at times more volatile than securities of comparable U.S. companies and U.S. securities.

NOTE 10-REORGANIZATION

On June 29, 1995, the Govett Global Income Fund completed the acquisition of the net assets of the Govett Developing Markets Bond Fund, pursuant to a plan of reorganization approved by the Developing Markets Bond Fund's shareholders on June 14, 1995. Shareholders of the Developing Markets Bond Fund received 0.6412 Class A shares of the Global Income Fund in exchange for one share of the Developing Markets Bond Fund. Before the merger, the Developing Markets Bond Fund had total net assets of \$903,911 and the Global Income Fund had total net assets of \$45,106,892. Following the merger, the Global Income Fund's total net assets were \$46,010,863. After completion of this reorganization the operations of the Developing Markets Bond Fund were terminated. This transaction was taxable to the shareholders of the Developing Markets Bond Fund.

MEETING OF SHAREHOLDERS

On February 23, 1996, a Special Meeting of Shareholders of The Govett Funds, Inc. was held. The following matters were proposed and all were approved by the required majority.

PROPOSAL I: In connection with the acquisition of the Manager by AIB, to approve the adoption of a new Investment Management Contract between the Company and the Manager with respect to all Funds. The following votes were cast:

<TABLE>  
<CAPTION>

BY FUND	FOR	AGAINST	ABSTAIN
<S>	<C>	<C>	<C>
International Equity Fund.....	1,364,251.562	10,177.898	23,126.855
Emerging Markets Fund.....	3,732,405.649	37,778.831	79,325.049
Smaller Companies Fund.....	10,116,895.581	98,188.963	238,774.817
Pacific Strategy Fund.....	1,093,208.490	2,840.815	7,351.040
Latin America Fund.....	555,842.346	9,991.877	6,649.835
Global Income Fund.....	2,517,101.827	20,000.232	85,366.538

</TABLE>

PROPOSAL IA: In connection with the acquisition of the Manager by AIB, to approve the adoption of a new Investment Subadvisory Agreement between the Manager and the Subadvisor with respect to the Govett Smaller Companies Fund. The following votes were cast:

<TABLE>  
<CAPTION>

BY FUND	FOR	AGAINST	ABSTAIN
<S>	<C>	<C>	<C>
Smaller Companies Fund.....	10,091,959.777	118,749.758	243,149.826

</TABLE>

PROPOSAL II: To elect five Directors to the Board of Directors of the Company, with respect to all Funds. The following votes were cast:

<TABLE>  
<CAPTION>

INTERNATIONAL EQUITY FUND	AFFIRMATIVE	WITHHOLD

	AFFIRMATIVE	WITHHOLD
<S>		
Elliott L. Atamian.....	1,377,168.550	20,387.765
Sir Victor Garland.....	1,375,536.163	22,020.152
James M. Oates.....	1,377,461.060	20,095.255
Kevin J.T. Pakenham.....	1,375,078.163	22,478.152
Frank R. Terzolo.....	1,377,919.060	19,637.255
EMERGING MARKETS FUND		
Elliott L. Atamian.....	3,782,630.551	66,878.978
Sir Victor Garland.....	3,783,819.966	65,689.563
James M. Oates.....	3,787,664.817	61,844.712
Kevin J.T. Pakenham.....	3,785,095.913	64,413.616
Frank R. Terzolo.....	3,786,502.498	63,007.031

<CAPTION>

	AFFIRMATIVE	WITHHOLD
<S>		
Elliott L. Atamian.....	10,302,425.577	151,433.784
Sir Victor Garland.....	10,300,425.447	153,433.914
James M. Oates.....	10,313,329.205	140,530.156
Kevin J.T. Pakenham.....	10,306,992.198	148,867.163
Frank R. Terzolo.....	10,313,717.567	140,141.794

</TABLE>

MEETING OF SHAREHOLDERS (CONTINUED)

<TABLE>

<CAPTION>

	AFFIRMATIVE	WITHHOLD
PACIFIC STRATEGY FUND		
Elliott L. Atamian.....	1,099,754.918	3,645.427
<S>		
Sir Victor Garland.....	1,098,103.829	5,296.516
James M. Oates.....	1,099,801.910	3,598.435
Kevin J.T. Pakenham.....	1,098,103.829	5,296.516
Frank R. Terzolo.....	1,099,754.918	3,645.427

<CAPTION>

	AFFIRMATIVE	WITHHOLD
LATIN AMERICA FUND		
Elliott L. Atamian.....	560,022.225	12,461.833
<S>		
Sir Victor Garland.....	556,397.824	16,086.234
James M. Oates.....	560,327.099	12,156.959
Kevin J.T. Pakenham.....	556,397.824	16,086.234
Frank R. Terzolo.....	560,186.099	12,297.959

<CAPTION>

	AFFIRMATIVE	WITHHOLD
GLOBAL INCOME FUND		
Elliott L. Atamian.....	2,520,402.115	102,066.482
<S>		
Sir Victor Garland.....	2,516,904.729	105,563.868
James M. Oates.....	2,521,682.971	100,785.626
Kevin J.T. Pakenham.....	2,514,684.969	107,783.628
Frank R. Terzolo.....	2,520,747.079	101,721.518

</TABLE>

PROPOSAL III: To ratify the selection of Price Waterhouse LLP as independent auditors of the Company for the current fiscal year end with respect to all Funds. The following votes were cast:

<TABLE>

<CAPTION>

BY FUND	FOR	AGAINST	ABSTAIN
<S>			
International Equity Fund.....	1,375,397.765	2,914.567	19,243.983
Emerging Markets Fund.....	3,764,306.916	24,520.996	60,681.617
Smaller Companies Fund.....	10,198,505.124	55,901.117	199,453.120
Pacific Strategy Fund.....	1,093,165.792	1,586.597	8,647.956
Latin America Fund.....	560,644.100	6,671.860	5,168.098
Global Income Fund.....	2,524,762.286	10,976.642	86,729.669

</TABLE>

<TABLE>

<S>

VAN KAMPEN AMERICAN CAPITAL DISTRIBUTORS, INC.  
ONE PARKVIEW PLAZA  
OAKBROOK TERRACE, ILLINOIS 60181

<C>

BULK RATE  
U.S.  
POSTAGE  
PAID  
VAN KAMPEN  
AMERICAN  
CAPITAL

</TABLE>