

# Alken Fund

**Société d'investissement à capital variable**

(a Luxembourg domiciled open-ended investment company)

**Annual report, including audited financial  
statements, as at December 31, 2014**

R.C.S. Luxembourg B111842



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# ALKEN FUND

## Organisation of the SICAV

REGISTERED OFFICE	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS	
CHAIRMAN	Mr Nicolaus P. BOCKLANDT, Independent Certified Director, 6B, route de Trèves, L-2633 Luxembourg, Grand Duchy of Luxembourg
DIRECTORS	Ms Michèle BERGER, Managing Director, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg  Mr Jean DE COURRÈGES, Independent Director, 2, rue Jean l'Aveugle, L-1148 Luxembourg, Grand Duchy of Luxembourg  Mr Bruno VANDERSCHULDEN, Independent Director, VDS Consult, 23, rue des Bruyères, L-1274 Hesperange, Grand Duchy of Luxembourg
MANAGEMENT COMPANY	Alken Luxembourg S.A., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY	Mr Nicolas WALEWSKI, Managing Partner, Alken Asset Management LLP, 61, Conduit Street, 3rd Floor, London W1S 2GB, United Kingdom  Mr Jean DE COURRÈGES, Independent Director, 2, rue Jean l'Aveugle, L-1148 Luxembourg, Grand Duchy of Luxembourg  Mr Nicolaus P. BOCKLANDT, Independent Certified Director, 6B, route de Trèves, L-2633 Luxembourg, Grand Duchy of Luxembourg  Mr Eric CHINCHON, Partner, ME Business Solutions S.à r.l., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg
PERSONS IN CHARGE TO CONDUCT THE MANAGEMENT COMPANY'S BUSINESS	Mr Eric CHINCHON, Partner, ME Business Solutions S.à r.l., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg  Mr Arnaud DELAUNE, Chief Compliance Officer, Alken Asset Management Limited, 61, Conduit Street, 3rd Floor, London W1S 2GB, United Kingdom (until September 12, 2014)  Mr Alexis TSATSARIS, Director of Finance and Operations, Alken Asset Management Limited, 61, Conduit Street, 3rd Floor, London W1S 2GB, United Kingdom (since September 12, 2014)  Mr Philipp GREGOR, Senior Manager, Alken Luxembourg S.A., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg
INVESTMENT MANAGER	Alken Asset Management Ltd., 61, Conduit Street, 3rd Floor, London W1S 2GB, United Kingdom

# ALKEN FUND

## Organisation of the SICAV (continued)

CUSTODIAN BANK	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
CENTRAL ADMINISTRATION AGENT	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
CABINET DE REVISION AGRÉÉ/AUDITORS	Deloitte Audit, <i>Société à responsabilité limitée</i> , 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg
SWISS REPRESENTATIVE	FundPartner Solutions (Suisse) SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
SWISS PAYING AGENT	Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
FACILITY SERVICE AGENT	Alken Asset Management Ltd., 61, Conduit Street, 3rd Floor, London W1S 2GB, United Kingdom
COUNTERPARTY ON CONTRACTS FOR DIFFERENCE (note 10)	UBS AG London
COUNTERPARTY ON FORWARD EXCHANGE CONTRACTS (note 11)	Banque Pictet & Cie SA Geneva

# ALKEN FUND

## General information

ALKEN FUND (the "SICAV") publishes an annual report, including audited financial statements, within four months after the end of the financial year and an unaudited semi-annual report within two months after the end of the period to which it refers.

All these reports are made available to the Shareholders free of charge at the registered office of the SICAV, the Custodian Bank and other establishments appointed by the Custodian Bank.

Any other financial information to be published concerning the SICAV, including the KIID, the issue, redemption and conversion price of the shares, is available to the public at the registered office of the SICAV and the Custodian Bank.

The net asset value per share, the issue price and the redemption price are available, in Luxembourg, at the offices of the Custodian Bank.

Any amendments to the articles of incorporation are published in the Mémorial of the Grand Duchy of Luxembourg.

# ALKEN FUND

## Distribution abroad

### Distribution in Switzerland

The SICAV has been authorised in Switzerland as a foreign investment fund.

<b>Representative</b>	The representative in Switzerland is FundPartner Solutions (Suisse) SA (the "Representative"), 60, route des Acacias, CH-1211 Geneva 73, Switzerland.
<b>Paying Agent</b>	The paying agent in Switzerland is Banque Pictet & Cie SA with its registered office in 60, route des Acacias, CH-1211 Geneva 73, Switzerland.
<b>Place of distribution of reference documents</b>	<p>The full prospectus and the Key Investors Information Documents of the sub-funds distributed in Switzerland, the articles of incorporation and the annual and semi-annual reports are available free of charge from the representative.</p> <p>The list of purchases and sales that have taken place during the financial year under review is available free of charge on request to the Representative in Switzerland.</p>
<b>Publications</b>	<p>Publications in respect of the foreign collective investment scheme must be made in Switzerland on <a href="http://www.swissfunddata.ch">www.swissfunddata.ch</a>.</p> <p>The issue and the redemption prices or the net asset value together with a footnote stating "excluding commissions" of all shares is published each business day on <a href="http://www.swissfunddata.ch">www.swissfunddata.ch</a>.</p>
<b>Payment of remunerations and distribution remuneration</b>	<p>a) In connection with distribution in Switzerland, the Management Company may pay retrocessions to the following qualified investors who, from the commercial perspective, hold the units of collective investment schemes for third parties:</p> <ul style="list-style-type: none"><li>• life insurance companies,</li><li>• pension funds and other retirement provision institutions,</li><li>• investment foundations,</li><li>• Swiss fund management companies,</li><li>• foreign fund management companies and providers,</li><li>• investment companies.</li></ul> <p>b) In connection with distribution in Switzerland, the Management Company may pay distribution remunerations to the following distributors and sales partners:</p> <ul style="list-style-type: none"><li>• distributors subject to the duty to obtain authorization pursuant to Art. 13 and 19 CISA,</li><li>• distributors exempt from the duty to obtain authorization pursuant to Art. 13.3 CISA and Art. 8 CISO,</li><li>• sales partners who place the units of collective investment schemes exclusively with institutional investors with professional treasury facilities,</li><li>• sales partners who place the units of collective investment schemes exclusively on the basis of a written asset management mandate.</li></ul>
<b>Place of performance and jurisdiction</b>	In respect of the shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative.

## Distribution abroad (continued)

### Distribution in Germany

#### Additional information for investors in Germany

Paying and Information Agent:  
B. Metzler seel. Sohn & Co., KGaA  
Große Gallusstraße 18  
D-60311 Frankfurt am Main

Bank B. Metzler seel. Sohn & Co., KGaA, Große Gallusstraße 18, D-60311 Frankfurt am Main, assumes the role of Paying and Information Agent in the Federal Republic of Germany. Applications for the redemption and conversion of shares may be filed with the Paying and Information Agent in Germany. At the request of Shareholders, the proceeds of redemptions, any dividends as well as other payments may be paid to them via the Paying and information Agent in Germany (by credit transfer, cheque or cash deposit).

The current full prospectus and the Key Investors Information Documents, the articles of incorporation of the SICAV, the annual and semi-annual reports, the issue, redemption and conversion prices of shares as well as any other information intended for Shareholders are available free of charge from the Paying and Information Agent in Germany. In addition, the issue and redemption prices as well as any other information to Shareholders shall be published in the "Börsen-Zeitung".

A detailed schedule of changes in the investments of the different sub-funds for the reporting year is available free of charge upon request at the registered office of the SICAV and for investors in Germany also at the office of the German Paying and Information Agent.

### Distribution in Austria

#### Additional information for investors in Austria

Paying Agent for the shares of the SICAV authorised for public distribution in Austria :

Raiffeisen Bank International AG  
Am Stadtpark 9  
A-1030 Vienna

Applications for the redemption of shares of the SICAV may be sent to the Paying Agent in Austria, which will arrange for the processing of the redemptions and the payment of the redemption proceeds as well as other payments from the SICAV to Austrian Shareholders, at their request, in collaboration with the SICAV and the Custodian.

The latest version of the prospectus including the addendum for Austrian investors, the Key Investors Information Documents, the annual and semi-annual reports, the articles of incorporation of the SICAV as well as the subscription and redemption prices of the shares may be obtained from the Paying Agent in Austria, where other available documents if provided for that purpose may also be consulted.

The net asset values of the sub-funds and share classes published in Luxembourg shall also be published in Austria in the daily newspaper "Wiener Zeitung".

The SICAV's tax consultant in Austria is:

Deloitte Exinger GmbH  
Renngasse 1/Freyung  
P.O. Box 18  
A-1013 Vienna

# ALKEN FUND

## Distribution abroad (continued)

### Taxation

Shareholders are invited to contact their tax advisor in order to obtain information regarding the taxation applicable to their investment in their country of residence or in any other country concerned.

## Management report

### Equity Market Review

#### **Q1 2014**

After a very strong start to the year, equity markets floundered as fears of a meltdown in emerging markets erupted; this was amplified by a widespread sell-off in emerging currencies. Worries about the impact of tapering from the Fed and subsequent funds outflows compounded the problem. The market recovered as the emerging markets worries that erupted at the beginning of the year faded away. Most results announcements were broadly in line with expectations and this removed fears of a further weakening of the operating environment. The Ukrainian and Russian situations dominated news flow and sentiment during the month of March but the market recovered from the sell-off when it became apparent that the crisis was going to be contained.

#### **Q2 2014**

The market was rocked by further tensions over Eastern Ukraine but recovered once again on the hope that the crisis will be contained. Macro news flow was relatively benign. The market continued to rally from its lows in April on a stabilisation of tensions between Russia and Ukraine, and on hopes for further supportive measures by the ECB. Despite some volatility, the market remained flat in June as it took the latest geopolitical crisis in Iraq in its stride. We did not see a fundamental change in the monetary policies being implemented in the EU which create a supportive environment.

#### **Q3 2014**

The uncertainty over the Ukraine-Russia crisis continued in July. This, together with worries over a tapering in the US, added to the volatility in the markets with a sharp correction at the end of the month. The market recovered as sharply as it had fallen as it appeared once again that the crisis in Ukraine has been contained. Although the situation remained highly uncertain, the market was supported by comments from Mario Draghi's statement that he was considering quantitative easing in Europe in order to head off a potential deflation. The market's volatility continued in September with lingering uncertainty over the Ukraine-Russia crisis and the intensifying instability in the Middle East. On the economic front we saw signs of further weakening in Europe while the US economy kept moving ahead thus increasing fears on the back of the expectation of rate hike.

#### **Q4 2014**

With renewed macro worries, combined with the uncertainty of the spread of Ebola and a difficult geopolitical environment, October had been the most volatile month this year to date. The results season so far did not yield major negative surprises, although expectations have been lowered throughout the summer and most corporate acknowledged the slow fundamentals. The market's recovery continued in November to reach the year's highs driven by investor repositioning after having been too bearish. December saw an acceleration of the declining oil price driving a general sell-off in other commodities. This led the European equity market down on the misperception that such a decline was a sign of weak demand when it mostly reflects a supply shock. The year ended on a positive note with the pronounced decline in the oil price which will provide relief to many areas of the economy.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - EUROPEAN OPPORTUNITIES**

#### **Investment Objective**

The objective of the sub-fund is to achieve annualized capital appreciation in the long term through a risk adjusted performance against the benchmark.

#### **Investment Universe**

The sub-fund mainly invests in equity and equity related securities issued by companies that are headquartered in Europe, have a majority of their assets or other interests in Europe or conduct the majority of their activity in or from Europe.

#### **Investment Process**

ALKEN FUND - EUROPEAN OPPORTUNITIES's investment policy concentrates on the following philosophies:

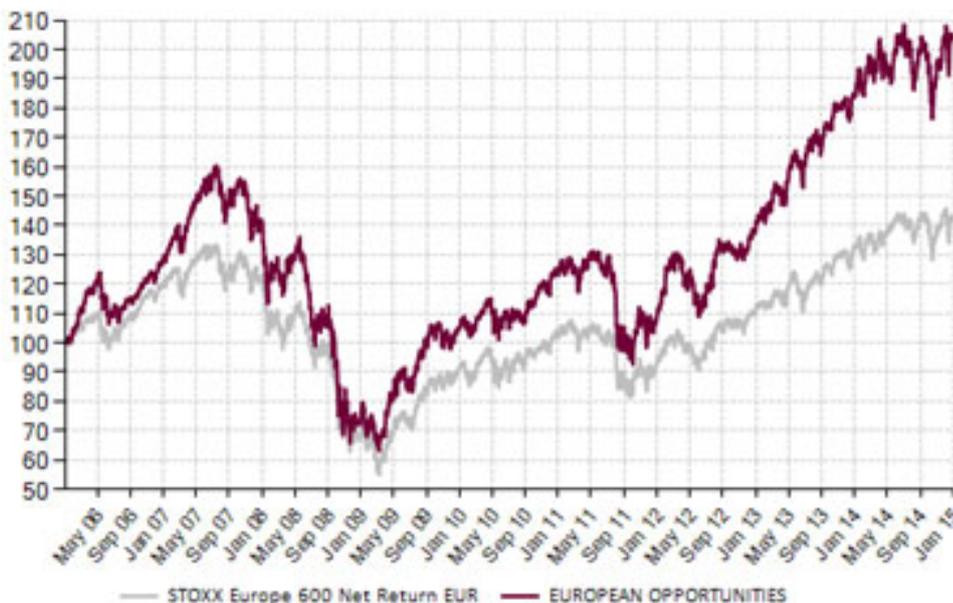
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### **Performance Review 2014**

Overall the sub-fund's class R performance for the Year 2014 (R share class - EUR) was up 10.15% while the benchmark (DJ Stoxx 600 EUR Return) was up 7.20%.

#### **Performance of class R since inception compared to the benchmark**



*Past performance is not an indicator of current or future returns.*

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund performance Q1 2014**

During the month of January, the ALKEN FUND - EUROPEAN OPPORTUNITIES posted returns of 1.07%. This represents an outperformance of the Stoxx Europe Benchmark of 2.73% for the YTD.

Within the portfolio Banco Popular was one of the largest contributors, benefiting from a recovery in the Spanish economy and from lower funding costs across Europe. Western Digital reported good results and benefited from an improved hard disk drive environment. Coloplast reported results that were well above market expectations due to strong market share gains in the US just as their Wound Care business started to recover.

On the negative side, Sberbank was a direct victim of the emerging market worries and suffered declines in its share price. Carrefour also suffered as a result of a small miss in their French hypermarket margin. ASML shares were weak because of uncertainties linked to the development of their next generation technology.

During the month of February, the ALKEN FUND - EUROPEAN OPPORTUNITIES posted returns of 5.23%. This represents an outperformance of the STOXX Europe 600 benchmark of 3.10% for the YTD.

Within the portfolio, Valeo continued its strong performance after reporting good results and providing a positive outlook for their business in 2014. The company remained a core holding of the portfolio for the quality of its management and valuation. Veolia published very good figures that were followed by upgrades for 2015 and 2016 numbers driven by a better management execution on their cost cutting programme. RWE benefited from the market finally catching up on the German government's change in stance in favour of thermal generation and away from renewables. On the negative side, Gazprom and Sberbank both suffered from the escalating tensions in Ukraine which led to a full-blown crisis in the early days of March. The fundamentals for both remained sound and we believed they would recover as the situation normalised. Seagate and Western Digital shares flattened following their full year results announcements while the market was rallying in Europe but there were no fundamental worries.

During the month of March, the ALKEN FUND - EUROPEAN OPPORTUNITIES posted returns of 1.41%. This represents an outperformance of the STOXX Europe 600 benchmark of 5.42% for the YTD.

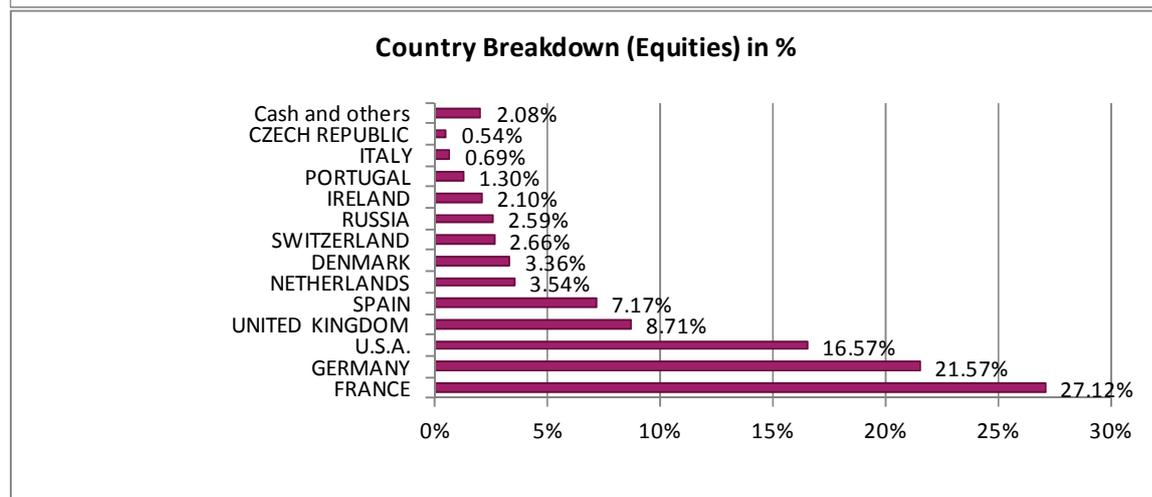
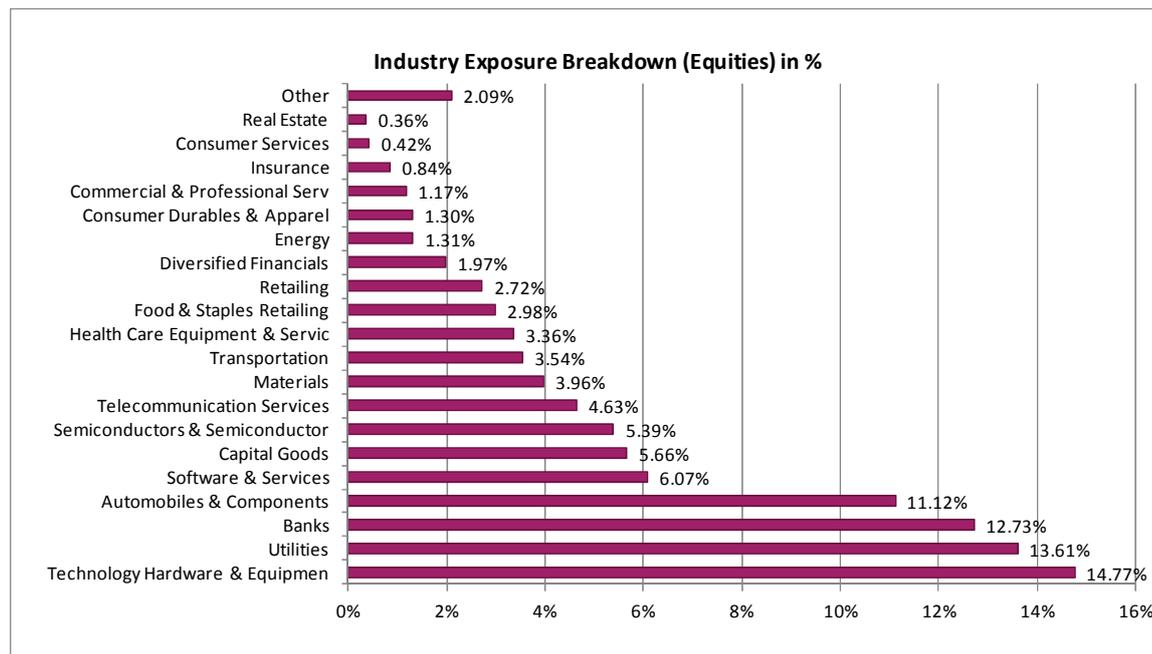
Within the portfolio, the hard disk drive manufacturers were the top contributors to performance as the market realised that the operating environment would be at least in line with expectations, providing a relief. There was also a raft of price cuts from the major online storage providers suggesting a rising demand into the second half of the year. Jazztel benefited from the consolidation moves in the Spanish market following the takeover of Ono by Vodafone and the continued strong execution of its fibre network rollout. On the negative side, the sub-fund suffered from its exposure to Gazprom and Sberbank which both fell as a result of the turmoil in Ukraine and the takeover of Crimea by Russia. Given the increased volatility in this market due to political developments we have reduced our exposure to these names. Neopost issued results in line with expectations but reduced its margin outlook as it invests in new growth drivers. We remained confident in the company's ability to grow despite its exposure to the mail market.

## Management report (continued)

### Key Statistics Q1 2014

Major Holdings	
RWE AG	7.01%
SEAGATE TECHNOLOGY	6.46%
WESTERN DIGITAL CORP	6.24%
VALEO SA	5.75%
LEGRAND SA	3.82%

Market Capitalisation	
Small Cap 0-1bn	0.78%
Small-mid Cap 1-2bn	6.75%
Mid Cap 2-5bn	20.21%
Large Cap >5bn	70.18%



Country Breakdown is based on the main Primary Exchange

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund performance Q2 2014**

During the month of April, the ALKEN FUND - EUROPEAN OPPORTUNITIES posted returns of -2.19%. This represents an outperformance of the STOXX Europe 600 benchmark of 1.45% for the YTD.

Lafarge was the largest contributor to performance with the news of a merger with Holcim. If this were to take place we believed it would create value to shareholders. Peugeot had a good performance following continued strong car registrations in Europe and the smooth execution of the capital increase. Micron benefited from evidence of continued favourable supply/demand dynamics in DRAM.

Conversely, Seagate and Western Digital both suffered from a weaker cloud demand in Q2 driven by a short destock cycle which is temporary and should reverse in H2. ASML weakened following indications that large foundry customers are moderating their new technology capacity rollouts thus impacting lithography demand. We continued to believe in the structural fundamentals of the industry.

This month's weaker performance was affected by some sector rotation towards more defensive stocks as well as stocks that have a high emerging markets exposure. We believed this to be a sentiment issue which would not affect the fundamentals of our high-conviction investments. Despite the increased volatility in European markets we did not change our stance and believed the environment to still be supported by the ECB's monetary policy.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up +2.04% in May, bringing the YTD to 7.64%. This represents an outperformance of 0.89% over the benchmark YTD.

Within the portfolio, RWE was the top contributor to performance following comments from the company's CEO, highlighting a bottom in electricity generation prices. Micron performed well on further signs of strengthening demand. Iliad continued to benefit from consolidation talks in France regardless of the resulting combination. Conversely, Commerzbank reported weaker than expected results due to higher corporate costs and one-off costs despite continued orderly liquidation of the portfolio. Banco Comercial Portugues suffered from fears over a potential capital increase. Carrefour weakened on difficult pricing in the French market. The macro-based rotation into defensive sectors continued to impact the sub-fund, however the portfolio positioning remained unchanged. We believed this movement was losing momentum; we remained committed to our convictions.

The ALKEN FUND - EUROPEAN OPPORTUNITIES posted a +1.06% return despite negative market performance in June with the DJ Stoxx Europe 600 down -0.52%. This brings the YTD performance to 8.79%.

Within the portfolio, Micron Technology and the hard disk drive manufacturers performed well. All three benefited from a stabilisation of the PC market with Micron reporting good results and presenting a solid outlook for the second half of the year. RWE benefited from the most recent renewable energy reforms that have been enacted in Germany and that make renewable energy growth more controllable. Conversely, Legrand shares weakened after strong performance since the beginning of the year. Neopost suffered after reporting sales numbers below estimates although the company is comfortable about its pipeline and meeting its FY targets. We believed the company would be able to grow as it benefited from the initiatives it implemented in businesses peripheral to mail. Sports Direct suffered from a badly executed share placing and from a controversial compensation scheme. We continued to believe that the market underestimated the potential for UK profit growth and international growth. After two months of strong rotation into defensives we saw our high conviction ideas perform well again; this was helped by strong results showing that in most cases business plans were on track.

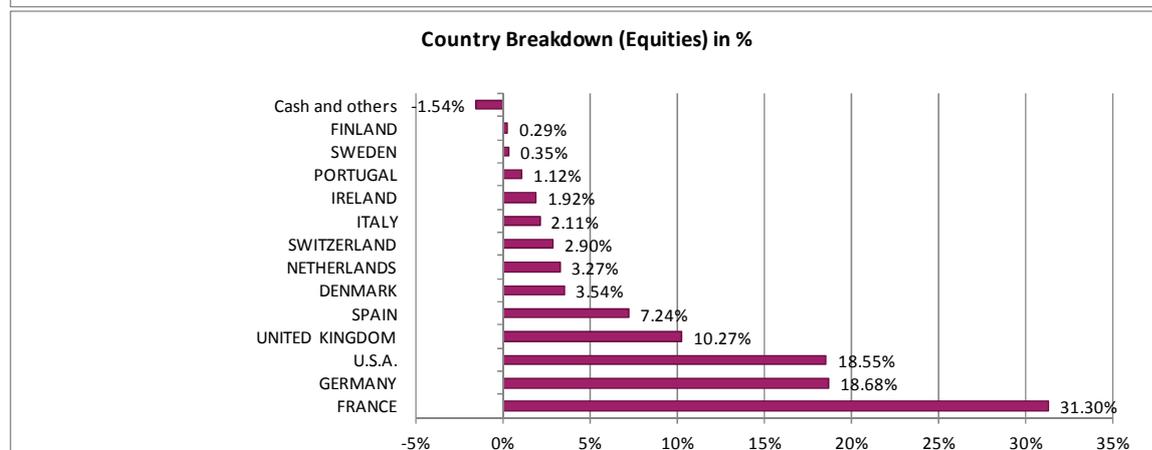
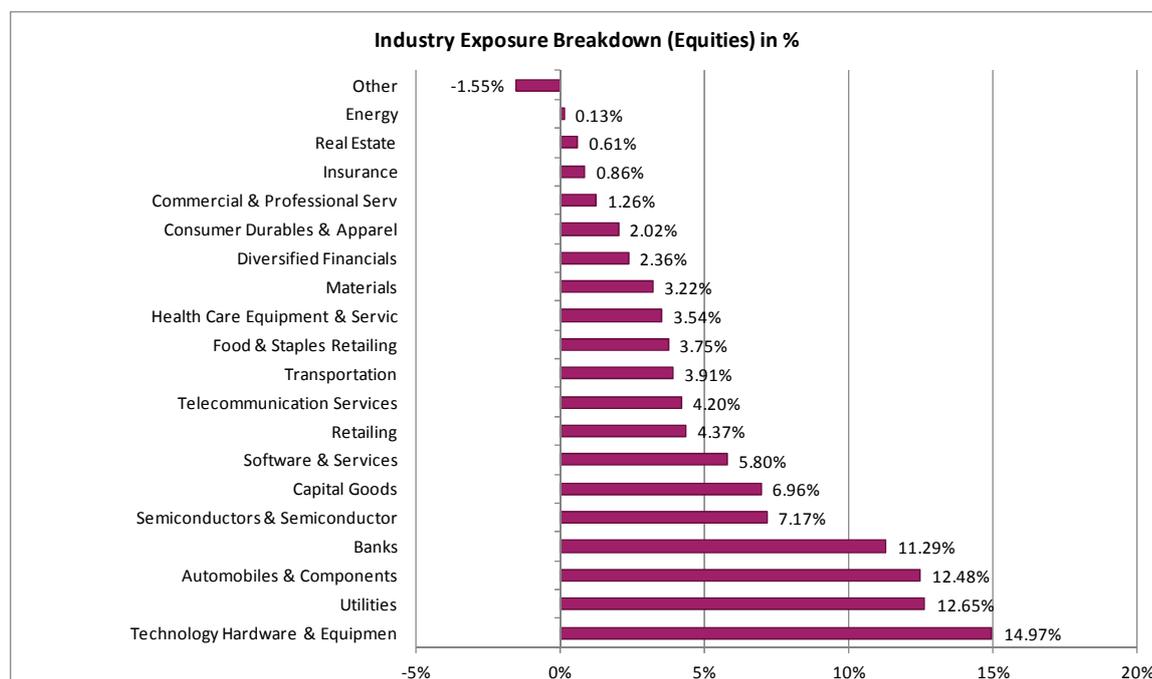
# ALKEN FUND

## Management report (continued)

### Key Statistics Q2 2014

Major Holdings	
RWE AG	7.09%
SEAGATE TECHNOLOGY	6.44%
WESTERN DIGITAL CORP	6.25%
VALEO SA	5.56%
LEGRAND SA	4.43%

Market Capitalisation	
Small Cap 0-1bn	0.13%
Small-mid Cap 1-2bn	5.54%
Mid Cap 2-5bn	18.60%
Large Cap >5bn	77.26%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund performance Q3 2014**

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -2.95% in July, bringing the YTD to 5.58%. This represents an outperformance of 1.12% over the benchmark for the year to date.

Within the portfolio, the hard disk drive manufacturers continued to rally and ASML benefited from positive comments regarding the timing of their latest generation of equipment. Banco Commercial Portugues recovered after completing a capital increase that will enable it to reimburse the government's high-interest loan. Conversely, Valeo corrected despite results in line with estimates and the sector was weak because of profit-taking. Wirecard was down following a small broker report highlighting a lack of barriers to entry; however there was no fundamental underpinning to the analysis. Legrand's results were lower than expected as the company suffered from its exposure to the French market.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 1.89% in August, bringing the YTD to 7.55%. This represents an outperformance of 0.96% over the benchmark for the year to date.

The hard disk drive manufacturers together with Micron continued their recovery driven by good news in the PC market and positive comments for the second half of the year. Signet Jewellers reported very strong Q2 results and increased the cost savings estimates that it could achieve from a recent acquisition.

Banca Monte dei Paschi suffered after results showed the bank was strengthening its balance sheet ahead of regulatory tests, but the medium term investment case is intact. Iliad suffered from the much lower likelihood of consolidation in the French sector following the failed deal between Bouygues/Iliad. The company also made an unexpected bid for T-Mobile US which weighed on the share price. We believed that our interests were aligned with management given the CEO's 55% stake in the business and the company would remain disciplined in its M&A. Peugeot shares continued to suffer from profit taking after a strong performance in the preceding months. We believed the new CEO's arrival would continue to drive meaningful cost cutting and improved free cash-flow generation. Portfolio changes related to an increase in Energy exposure in selected segments.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -0.24% in September, bringing the YTD to 7.29%. This represents an outperformance of 0.28% over the benchmark for the year to date.

The market's volatility continued in September with lingering uncertainty over the Ukraine-Russia crisis and the intensifying instability in the Middle East. On the economic front we saw signs of further weakening in Europe while the US economy kept moving ahead thus increasing fears on the back of the expectation of rate hike.

Within the portfolio, Jazztel benefitted from a formal takeover offer by Orange which we believed significantly undervalued the company. Our views, that we would not tender our shares, were made public – this was also followed by some investors. Micron continued to perform well after publishing good Q2 results showing a favourable supply/demand environment. Neopost benefited from a reassuring Q2 sales release showing a return to growth and giving confidence that the full-year targets will be met.

Conversely, Seagate shares corrected after its investors day in a typical case of 'sky-high' expectations. Peabody shares were down as the supply/demand environment remained challenged; we expect a gradual recovery as the current coal price leads the weaker players out of the market. Carrefour suffered from a worsening economic environment in France and in Brazil.

Although the market had been indiscriminate in the sell-off of some of our names, we were holding on to our convictions and had taken advantage of specific situations to reinforce our positions. Within an uncertain growth environment we continued to focus on companies where the fundamentals can improve through industry consolidation, increased pricing power and re-leveraging potential amongst others.

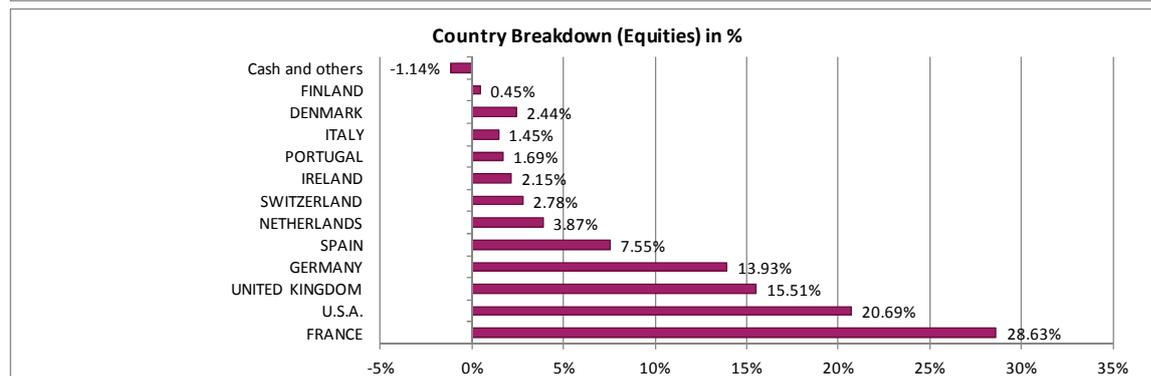
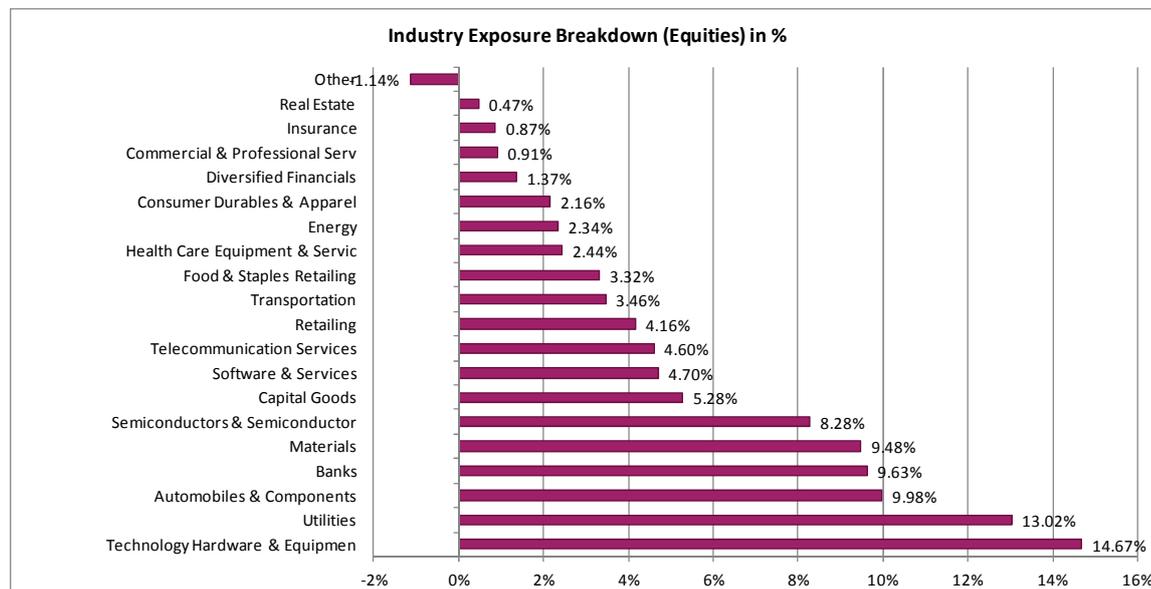
*Past performance is not an indicator of current or future returns.*

## Management report (continued)

### Key Statistics Q3 2014

Major Holdings	
RWE AG	6.89%
WESTERN DIGITAL CORP	6.38%
SEAGATE TECHNOLOGY	6.16%
GLENCORE XSTRATA PLC	6.11%
VALEO SA	4.95%

Market Capitalisation	
Small Cap 0-1bn	1.01%
Small-mid Cap 1-2bn	3.49%
Mid Cap 2-5bn	18.87%
Large Cap >5bn	77.78%



Country Breakdown is based on the main Primary Exchange

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund performance Q4 2014**

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -1.76% in October, bringing the YTD performance to 5.41%. This represents an outperformance of 0.25% over the benchmark for the year to date.

Within the portfolio, Seagate and Western Digital published good Q3 results in line with high expectations and gave a positive outlook for Q4. Persimmon's share price benefited from good newsflow from UK housebuilders, as well as funds flowing out of the Eurozone and into the UK. Legrand also benefited from a positive read-through from competitors' results.

On the negative side, Banca Monte Dei Paschi Siena suffered from a EUR 2.1bn capital gap following the ECB's Comprehensive Assessment. Glencore shares were weak as a result of a sell-off in mining companies. RWE was penalised by the UK government's refusal to issue a comfort letter on the sale of their subsidiary DEA. We believed this only would delay the sale in the short-term without endangering it.

The volatility witnessed in October did not change our fundamental outlook and the boost that Europe was getting from an accommodating monetary policy.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 4.64% November, bringing the YTD to 10.29%. This represents an outperformance of 1.71% over the benchmark for the year to date.

Within the portfolio, Valeo recovered from its previous weakness which we believed was unfounded from the offset. Wirecard reported good results which were in line with its pre-announcement and provided strong 2015 guidance indicating EBITDA growth. Good results from Seagate following the positive sentiment of a good Q3 and encouraging visibility into next year. Conversely, Eiffage reported results below expectations and revised its guidance accordingly. Despite this short term worry we still believed that margins would strengthen. Banco Comercial Portugues pre-announced its Q3 results showing progress on costs offset by slow loan growth. The large declines in the oil price was good news for most economies across the globe and this together with the supportive monetary environment in Europe should overcome growth headwinds European companies are facing.

The ALKEN FUND - EUROPEAN OPPORTUNITIES posted returns of -0.13% in December, with the benchmark falling -1.28%. This resulted in YTD returns of +10.15% for the sub-fund, an outperformance of 2.95% over the benchmark.

Within the portfolio, the hard disk drive manufacturers ended the year on historical highs driven by further evidence of a supportive environment, driven by PC stability and strong cloud deployment. Ryanair continued its strong performance driven by a falling oil price and we took advantage of the market sell-off in December to add to positions. Valeo recovered strongly after the mid-December sell-off. Conversely, RWE reflected the strong decline in German power prices, mainly driven by the decline in coal prices, and increased worries about the company's dividend policy. Commerzbank suffered from reports that US sanctions could be higher than expected however the company had already made a sizeable provision. Neopost weakened after downgrading FY 2014 expectations based on lower revenues and margins. Management mentioned a step down in French revenues. Offsetting this, the other businesses were performing well and the company had launched new initiatives early in 2014 which should have a full impact in 2015.

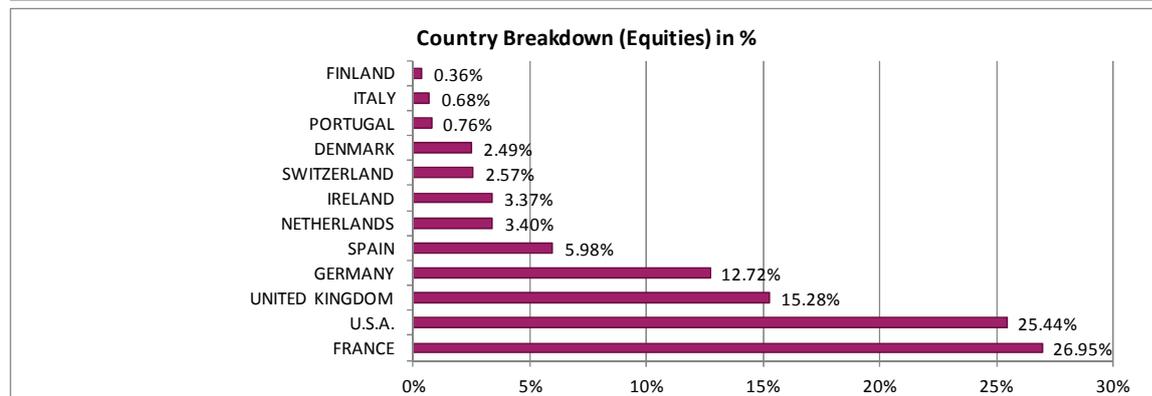
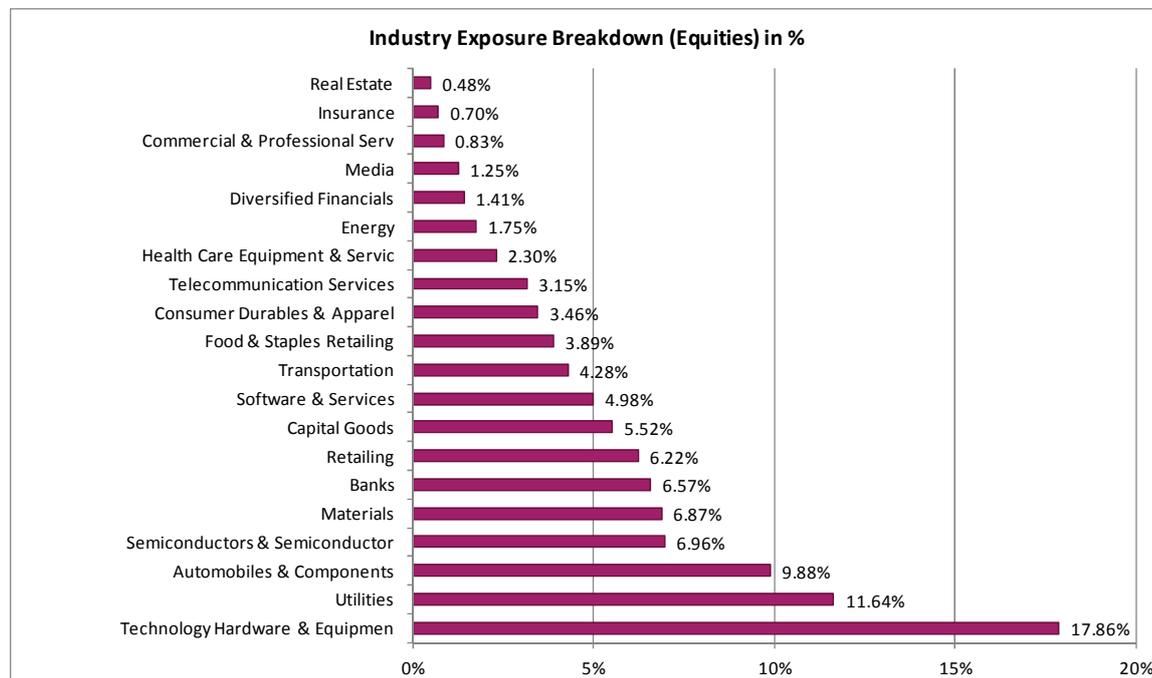
# ALKEN FUND

## Management report (continued)

### Key Statistics Q4 2014

Major Holdings	
WESTERN DIGITAL CORP	7.61%
SEAGATE TECHNOLOGY	7.21%
RWE AG	6.25%
VALEO AG	5.15%
MICRON TECHNOLOGY INC	4.65%

Market Capitalisation	
Small Cap 0-1bn	0.85%
Small-mid Cap 1-2bn	5.56%
Mid Cap 2-5bn	13.96%
Large Cap >5bn	79.62%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - SMALL CAP EUROPE**

#### **Investment Objective**

The objective of the sub-fund is to achieve annualized capital appreciation in the long term through a risk adjusted outperformance against the benchmark.

#### **Investment Universe**

The sub-fund will mainly invest in equity and equity related securities issued by small and mid-cap companies that are headquartered in Europe, have a majority of their assets or other interests in Europe, or conduct the majority of their activity in Europe or from Europe.

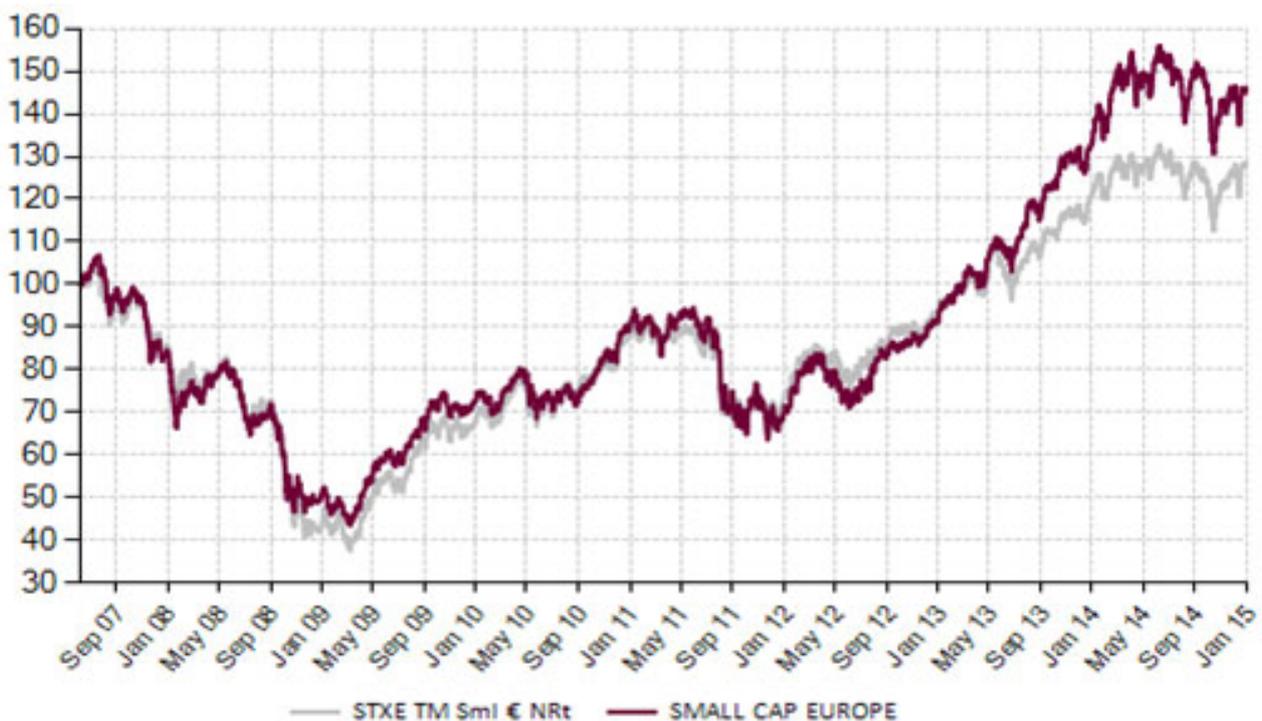
#### **Investment Process**

ALKEN FUND - SMALL CAP EUROPE sub-fund's investment policy concentrates on the following philosophies:

- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### **Performance of class R since inception compared to benchmark**



*Past performance is not an indicator of current or future returns.*

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - SMALL CAP EUROPE sub-fund performance Q1 2014**

During the month of January, the ALKEN FUND - SMALL CAP EUROPE posted returns of 3.43%. This represents an outperformance of the Stoxx Total Market Small Cap of 3.05% for the YTD.

Within the portfolio Jazztel, Pitney Bowes and Neopost were the strongest contributors to performance. Jazztel continued to perform well following further speculation about consolidation in the Spanish telecoms market. Pitney Bowes delivered a strong set of results that was well above market expectations and that provided further proof of the credibility and good execution of management's strategy. Neopost benefited from changing perception of its business model after hosting a detailed presentation outlining opportunities to grow beyond the immediate mail business. Conversely, Beneteau suffered from profit taking after strong performance into the year-end that was compounded by a guidance given later in the month that was below expectations. Elringklinger announced results that were below expectations, largely due to forex movements and issued a cautious guidance to avoid further warnings.

During the month of February, the ALKEN FUND - SMALL CAP EUROPE posted returns of 8.88%. This represents an outperformance of the STOXX Total Market Small Cap benchmark of 5.34% for the YTD.

Within the portfolio REC Silicon and REC Solar were the top performers. REC Silicon benefited from a rise in polysilicon prices that started late in December and gathered momentum during January and February. REC Solar made a positive pre-announcement on Q4 results 23% above expectations. Valeo continued its strong performance after reporting good results and providing a positive outlook for their business in 2014. The company remained a core holding in the portfolio for the quality of its management and valuation. On the negative side, Western Digital shares were flat following their full year results announcements while the market was rallying in Europe but there were no fundamental worries. Telecity's 2014 guidance disappointed the market but it was due to an adverse forex environment rather than operational difficulties. As a whole we kept our constructive view on equity markets and keep looking

During the month of March, the ALKEN FUND - SMALL CAP EUROPE posted returns of 1.09%. This represents an outperformance of the STOXX Total Market Small Cap benchmark of 7.53% for the YTD.

Banca Ifis benefited from the rally in Italian banks with the change in government prompting hopes for an economic recovery. Jazztel benefited from the consolidation moves in the Spanish market following the takeover of Ono by Vodafone and the continued strong execution of its fibre network rollout. Brunel performed well following good results showing outperformance in the Dutch staffing market together with strong sales growth in the company's specialist energy business.

On the negative side, Neopost issued results in line with expectations but reduced its margin outlook as it invested in new growth drivers. We remained confident in the company's ability to grow despite its exposure to the mail market. The solar stocks were weak as news flow was subdued and polysilicon prices flattened after a strong rise.

On the whole we did not change the sub-fund's positioning and did not see major changes in the underlying environment for the companies in the portfolio.

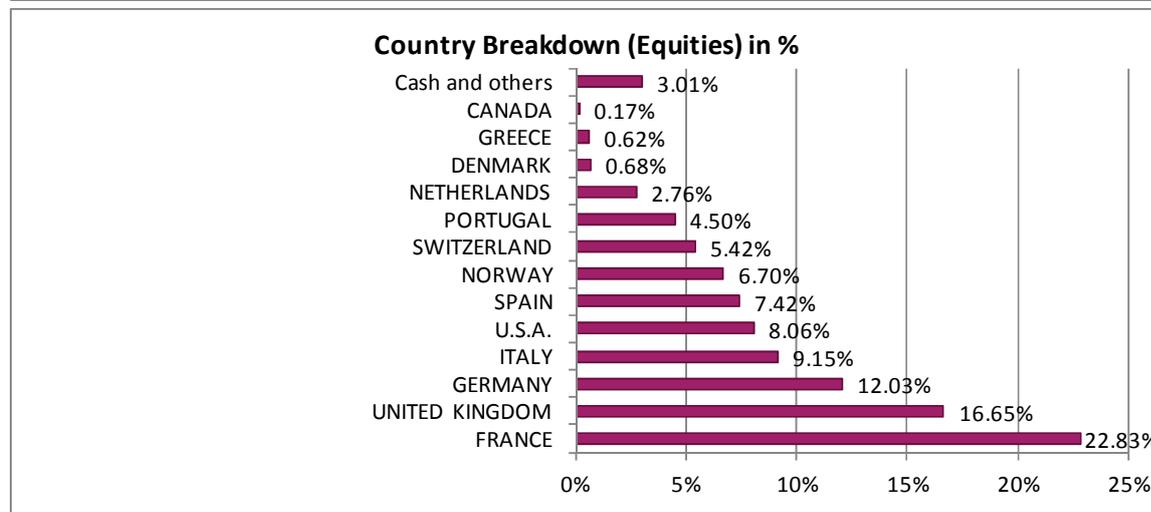
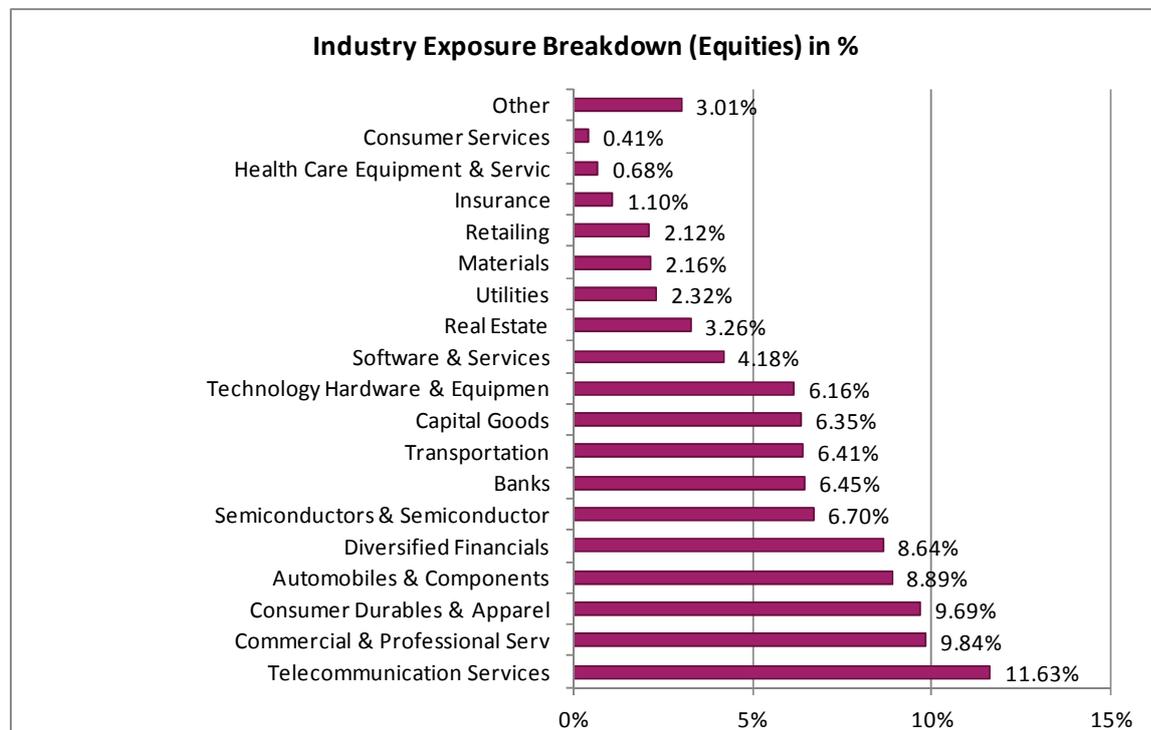
# ALKEN FUND

## Management report (continued)

### Key Statistics Q1 2014

Major Holdings	
BANCA IFIS SPA	5.32%
PITNEY BOWES INC	4.48%
VALEO SA	4.30%
BENETEAU	4.22%
DRILLISCH AG	4.03%

Market Capitalisation	
Small Cap 0-2bn	48.46%
Mid Cap 2-5bn	32.40%
Large Cap >5bn	16.14%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

## Management report (continued)

### **ALKEN FUND - SMALL CAP EUROPE sub-fund performance Q2 2014**

During the month of April, the ALKEN FUND - SMALL CAP EUROPE posted returns of -1.52%. This represents an outperformance of the STOXX Total Market Small Cap benchmark of 7.14% for the YTD.

Beneteau published good results benefiting the shares after a period of under-performance. IPF shares were strong following good results highlighting once again the quality of management's execution. Pitney Bowes shares reported strong results showing revenue growth for the second quarter running driven by a moderating decline in their traditional mailing activities combined with strong growth in software. These results gave further credibility to management's strategy to turnaround the business. Conversely, the sub-fund suffered from its exposure to REC Silicon, the shares were weak as a result of flattening prices in polysilicon combined with worries of additional supply. The weakness was compounded by margin calls on local investors but this movement has been exhausted. Meyer Burger issued a profit warning for the year and raised capital. We continued to believe the company would benefit from increased demand in solar and an improving supply/demand environment for module manufacturers. Talk Talk shares consolidated after reaching a historical high in March. Despite the increased volatility in European markets we did not change our stance and believed the environment to still be supported by the ECB's monetary policy.

The ALKEN FUND - SMALL CAP EUROPE was up +1.73% in May, bringing the YTD to 14.04%. This represents an outperformance of 6.63% over the benchmark YTD.

Within the portfolio both REC Silicon and REC Solar performed well. REC Silicon reported results below expectations due to a longer-than-expected outage at its plant but gave a reassuring message on its ramp up while the demand outlook remained strong. REC Solar reported results showing better-than-expected ASPs. Talk Talk recovered nicely after it published a good set of Q1 results and reported more detail to support their 2017 guidance helping to dispel some of the doubts the market had. On the negative side, Beneteau shares were weak following a small adjustment to their guidance because of slower emerging markets. Banca IFIS suffered from a general market caution towards Southern Europe. Banco Comercial Portugues shares were weak over fears related to a potential capital increase. The macro-based rotation into defensive sectors continued to impact the sub-fund, however the portfolio positioning remained unchanged. We believed this movement to be losing momentum; we remained committed to our convictions and saw more opportunities based on stock-picking.

The ALKEN FUND - SMALL CAP EUROPE was down -0.79% in June, bringing the YTD to 13.14%. This represents an outperformance of 7.05% over the benchmark for the year to date.

Within the portfolio, Beneteau shares went up after making a value-creating acquisition in the US. Drillisch appeared increasingly to be the main beneficiary of the German mobile market consolidation. Temenos benefited from a better outlook for their banking clients illustrated by a successful Temenos Community Forum held at the end of May.

On the negative side, REC Solar and REC Silicon moved on very little news-flow while prices for their underlying products remained broadly stable. Thomas Cook suffered from weak results at the end of May compounded a few weeks later by a Lufthansa profit warning. After two months of strong rotation into defensives we saw our high conviction ideas perform well again; this was helped by strong results showing that in most cases business plans were on track.

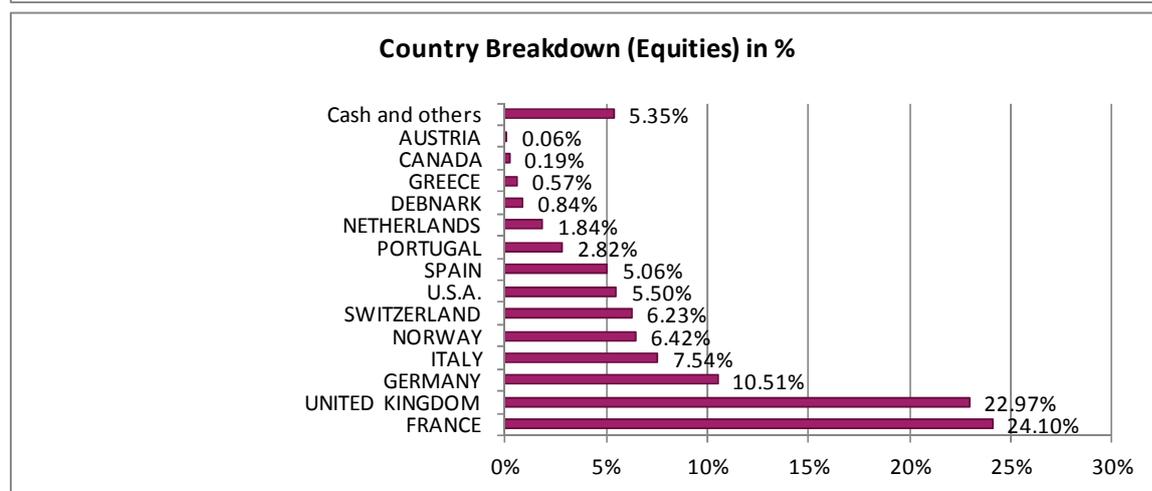
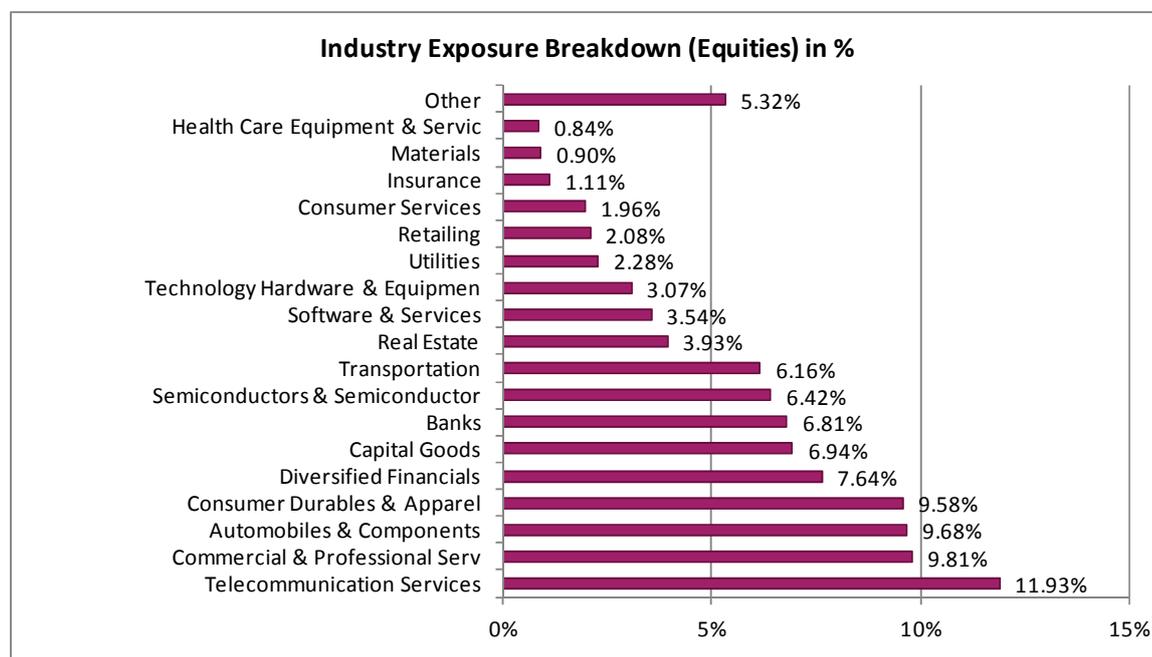
# ALKEN FUND

## Management report (continued)

### Key Statistics Q2 2014

Major Holdings	
PITNEY BOWES INC	4.90%
BENETEAU	4.63%
DRILLISCH AG	4.56%
VALEO SA	4.22%
ONESAVINGS BANK PLC	4.15%

Market Capitalisation	
Small Cap 0-2bn	49.49%
Mid Cap 2-5bn	31.09%
Large Cap >5bn	14.07%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### ALKEN FUND - SMALL CAP EUROPE sub-fund performance Q3 2014

The ALKEN FUND - SMALL CAP EUROPE was down -2.98% in July, bringing the YTD to 9.77%. This represents an outperformance of 6.27% over the benchmark for the year to date.

Within the portfolio, Berendsen performed well after issuing a trading update confirming that their business is on track with solid organic growth and margin progression. OneSavingsBank recovered from its low after its floatation. The bank is a challenger in the mortgage market with a focus on niche higher-margin growth segments. Peugeot's results showed a better-than-expected cash generation. Conversely, Valeo corrected despite results in line with estimates and the sector was weak because of profit-taking. Panalpina's restructuring was slower than expected resulting in margins below expectations. REC Solar suffered from a smaller-than-expected decline in its cost base but management was still confident on a meaningful reduction in the second half of the year. Although volatility remained relatively higher we did not see a change in the macro environment and kept our high conviction investments while looking for new opportunities.

The ALKEN FUND - SMALL CAP EUROPE was up 2.00% in August, bringing the YTD to 11.96%. This represents an outperformance of 7.13% over the benchmark for the year to date.

OneSavingsBank performed well after reporting good results. Banca Ifis recovered after reporting good results showing recovering core business earnings. REC Solar shares were strong after reporting two large contracts with US customers that will double their share in the US market, a premium market, in 2015. Iliad suffered from the much lower likelihood of consolidation in the French sector following the falling through of the Bouygues/Iliad deal. The company also made an unexpected bid for T-Mobile US which weighed on the share price. We believed that our interests were aligned with management given the CEO's 55% stake in the business and that the company would remain disciplined in its M&A. Peugeot shares continued to suffer from profit taking after a strong performance in the preceding months. We believed the new CEO's arrival would continue to drive meaningful cost cutting and improved free cash-flow generation. International Personal Finance shares were weak despite in-line results on concerns about the cost of entering the Spanish market. Portfolio changes related to an increase in Energy exposure in selected segments. We had not changed our outlook and maintained our constructive stance on European equity markets because of the supportive monetary policies being implemented by the ECB.

The ALKEN FUND - SMALL CAP EUROPE was down -1.67% in September, bringing the YTD to 10.10%. This represents an outperformance of 7.33% over the benchmark for the year to date.

Within the portfolio, Jazztel benefitted from a formal takeover offer by Orange which we believed significantly undervalued the company. Our views, that we would not tender our shares, were made public – this was also followed by some investors. Grand City Properties performed well after reporting strong results in August. Neopost benefited from a reassuring Q2 sales release showing a return to growth and giving confidence that the full-year targets will be met. Conversely, REC Silicon suffered from a decision by the Chinese government to close a loophole that had allowed US-based producers of polysilicon to avoid paying tariffs at Chinese customs. Although the headline announcement was clearly worrying, we believed REC Silicon would still be able to benefit from this loophole well into next year and that a compromise would be found as had been the case with previous solar disputes. Peabody shares were down as the supply/demand environment remained challenged; we expected a gradual recovery as the current coal price leads the weaker players out of the market. Drillisch shares were weak reflecting uncertainties on execution as they committed to buy up to 20% of Telefonica's current capacity over the next 5 years.

Although the market had been indiscriminate in the sell-off of some of our names, we are holding on to our convictions and had taken advantage of specific situations to reinforce our positions. Within an uncertain growth environment we continued to focus on companies where the fundamentals could improve through industry consolidation, increased pricing power and re-leveraging potential amongst others.

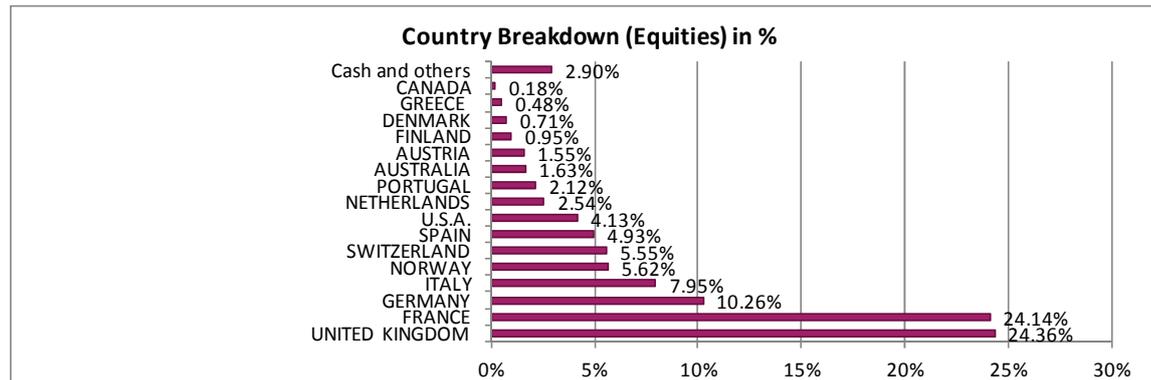
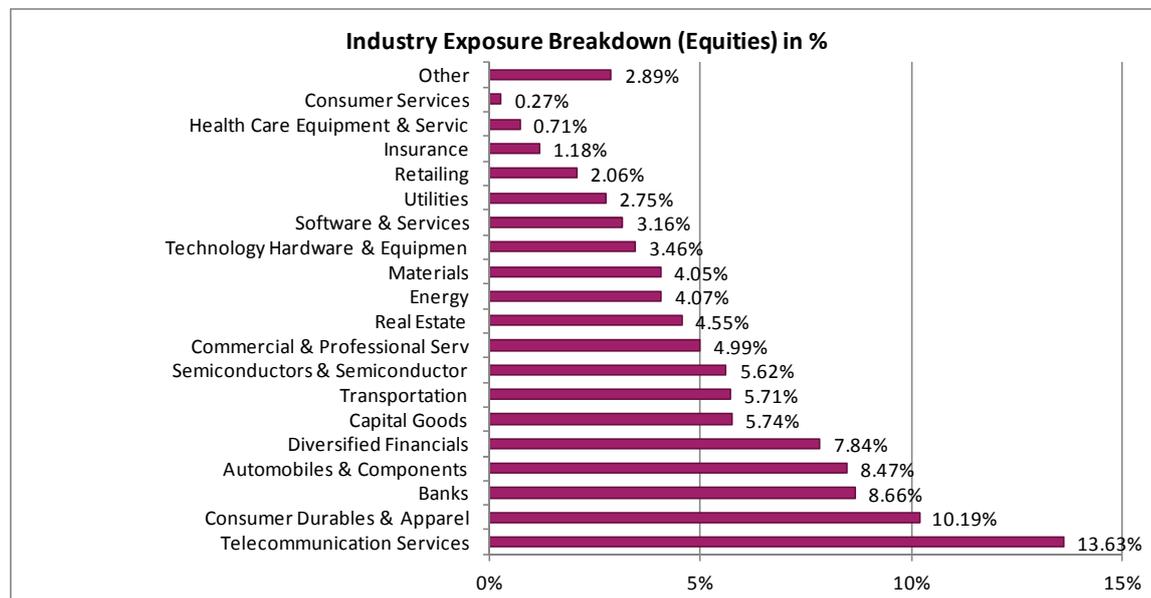
# ALKEN FUND

## Management report (continued)

### Key Statistics Q3 2014

Major Holdings	
ONESAVINGS BANK PLC-WI	6.05%
BANCA IFIS SPA	4.85%
JAZZTEL PLC	4.71%
BENETEAU	4.67%
GRAND CITY PROPERTIES	4.55%

Market Capitalisation	
Small Cap 0-2bn	49.97%
Mid Cap 2-5bn	27.74%
Large Cap >5bn	19.38%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - SMALL CAP EUROPE sub-fund performance Q4 2014**

The ALKEN FUND - SMALL CAP EUROPE was down -2.83% in October, bringing the YTD performance to 6.98%. This represents an outperformance of 5.23% over the benchmark for the year to date.

Within the portfolio, Persimmon and Barratt's share price benefitted from good news-flow from UK housebuilders, as well as funds flowing out of the Eurozone and into the UK. REC Solar recovered after reporting strong results showing good execution on the cost reduction plans and outperforming the general decline in solar module prices. Drillisch recovered from a September broke downgrade and introduced new competitive offers early in October. On the negative side, Banca Ifis suffered from the sell-off in Italian banks following the release of the ECBs Comprehensive Assessment, although the bank was not directly affected by it. Peabody shares were weak as a result of a sell-off in mining companies. Beneteau was down on cyclical weakness. The volatility witnessed in October did not change our fundamental outlook and the boost that Europe was getting from an accommodating monetary policy.

The ALKEN FUND - SMALL CAP EUROPE was up 2.07% in November, bringing the YTD to 9.19%. This represents an outperformance of 5.31% over the benchmark for the year to date

Within the portfolio, Valeo recovered its previous weakness which we believed was unfounded from the offset. Grand City Properties reported strong results across the board and also saw its credit rating being upgraded to investment grade by S&P. REC Solar's board announced the acceptance of an offer to be purchased by Bluestar at a 27% premium to the last three months' average price. Lenzing announced strong results showing improved ASPs combined with good execution on its cost cutting programme. Conversely, REC Silicon suffered from a general sell-off on the Norwegian market despite reporting results above expectations and providing a confident forecast for the rest of the year. Whitehaven Coal was weakened because of a decline in the coal price. OneSavings Bank released an interim management statement showing over-delivery on all of its IPO targets but the shares remained weak despite this.

The ALKEN FUND - SMALL CAP EUROPE was up 0.29% in December, bringing the YTD to 9.50%. This represents an outperformance of 3.36% over the benchmark for the year to date.

Within the portfolio, OneSavingsBank was the top contributor following its IPO; investors have started seeing the merits of this specialty lender. Berendsen performed well after releasing an in-line trading statement highlighting good organic growth and margin progression despite a difficult economic environment. Grand City Properties continued its strong performance. Conversely, REC Silicon shares were weak following an announcement by the US Department of Commerce making a final decision on solar tariffs for Chinese modules. This increased the risk of retaliation from the Chinese government but we believed the company would be able to weather the storm. Neopost weakened after downgrading FY 2014 expectations based on lower revenues and margins. Management mentioned a step down in French revenues. Offsetting this, the other businesses were performing well and the company had launched new initiatives early in 2014 which we believed would have a full impact in 2015. Peabody suffered from the general sell-off in commodities which affected the coal price.

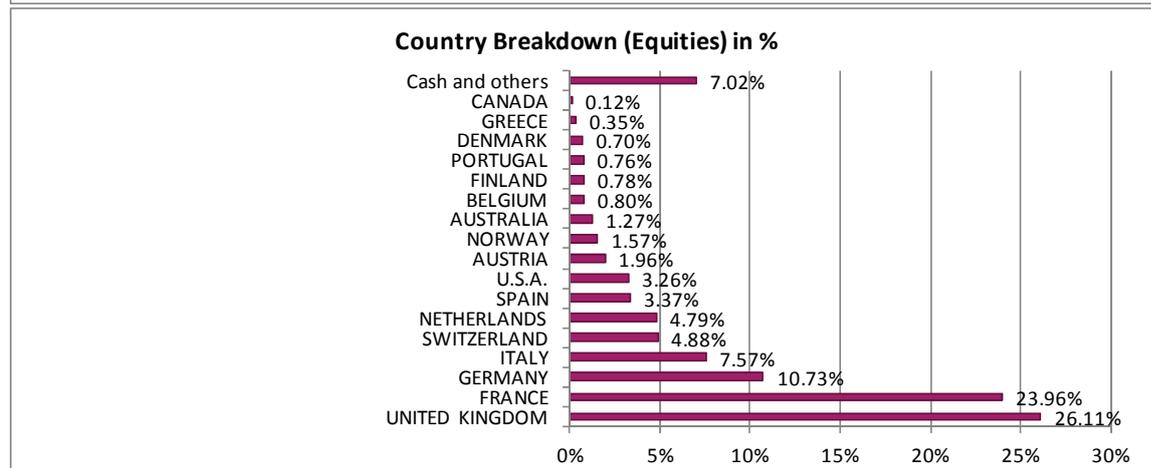
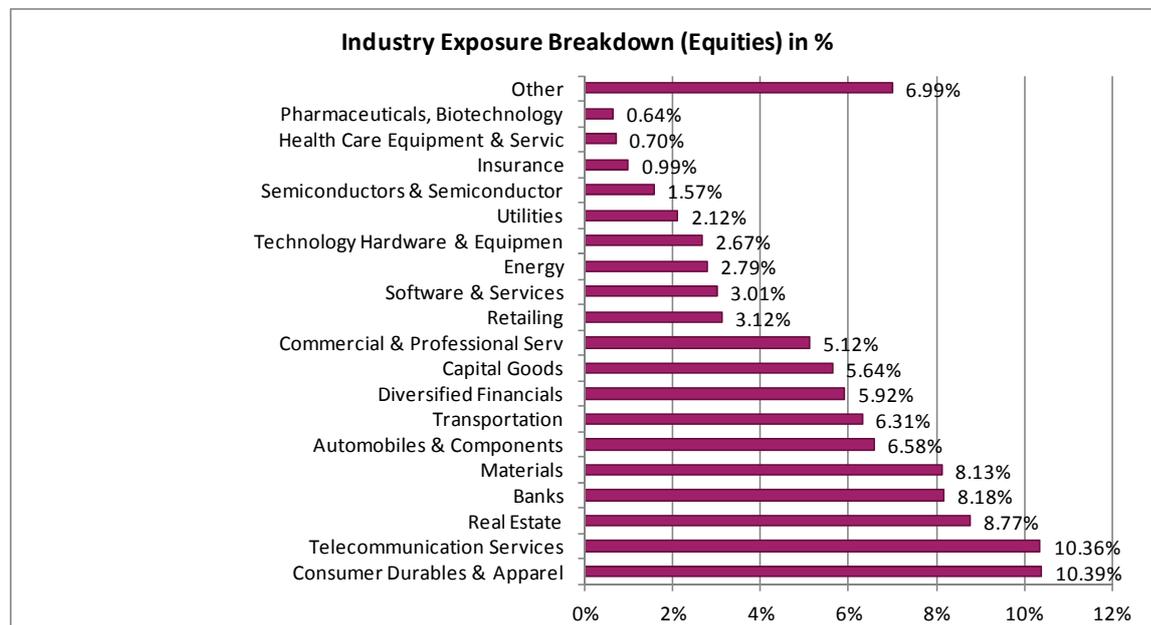
# ALKEN FUND

## Management report (continued)

### Key Statistics of Q4 2014

Major Holdings	
ONESAVINGS BANK PLC-WI	6.19%
DRILLISCH AG	5.85%
GRAND CITY PROPERTIES	4.89%
APERAM	4.79%
VALEO SA	4.50%

Market Capitalisation	
Small Cap 0-2bn	54.41%
Mid Cap 2-5bn	20.49%
Large Cap >5bn	18.08%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### ALKEN FUND - ABSOLUTE RETURN EUROPE

#### **Investment Objective**

The sub-fund aims to provide capital growth and a positive absolute return over a long-term period through long and short market exposure in the European markets primarily in equities or related derivative contracts, and specifically to deliver absolute (more than zero) returns in each year, although an absolute return performance is not guaranteed.

#### **Investment Universe**

The sub-fund will have flexible net exposure to equity markets by taking long and short exposures on European equities primarily through the use of transferable securities, linear financial derivatives “delta one” (i.e. non optional, derivative instruments like contracts for difference (CFD) and portfolio swaps) and index futures, in both cases for hedging purposes.

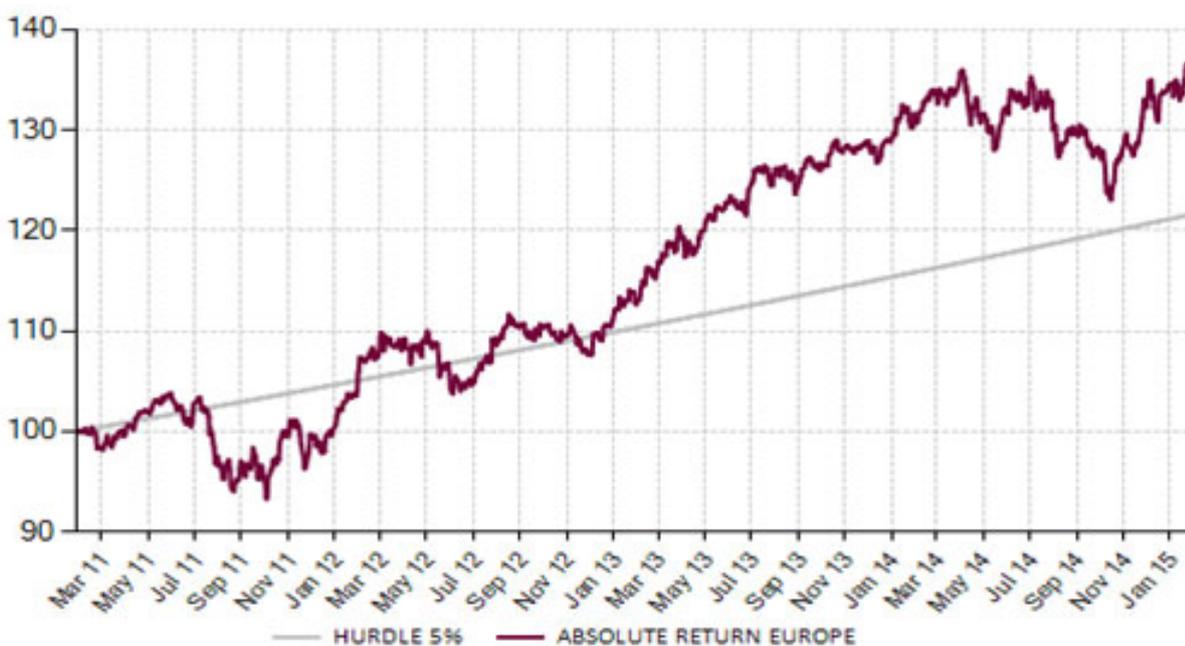
#### **Investment Process**

Alken ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund’s investment policy concentrates on the following philosophies:

- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### **Performance of class I since inception of class I compared to the 5% annualized hurdle rate**



*Past performance is not an indicator of current or future returns.*

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund performance Q1 2014**

During the month of January the ALKEN FUND - ABSOLUTE RETURN EUROPE posted returns of 1.74%. The net exposure was 39.05% at the end of the month.

Within the portfolio, Peugeot was the strongest contributor as it recovered from year-end weakness following the first signs of a recovery in the European autos sector. The shares were also helped by clarification over the terms of the company's capital increase. Coloplast reported results that were well above market expectations thanks to strong market share gains in the US just as their Wound Care business started to recover. Banco Popular benefited from a recovery in the Spanish economy and from lower funding costs across Europe. On the negative side, Sberbank was a direct victim of the emerging market worries and suffered declines in its share price. Carrefour also suffered as a result of a small miss in their French hypermarket margin. ASML shares were weak because of uncertainties linked to the development of their next generation technology.

The ALKEN FUND - ABSOLUTE RETURN EUROPE I class posted returns of 1.97% in February. The net exposure was reduced in February to 35.81% at the end of the month.

Valeo continued its strong performance after reporting good results and providing a positive outlook for their business in 2014. The company remained a core holding of the portfolio for the quality of its management and valuation. REC Silicon benefited from a rise in polysilicon prices that started late in December and gathered momentum during January and February. Ryanair reported results in line with expectations but gave positive comments on yield improvement this summer, a key season for the company. On the negative side, Gazprom and Sberbank both suffered from the escalating tensions in Ukraine which led to a full-blown crisis in the early days of March. The fundamentals for both remain sound and they should recover as the situation normalises. Seagate shares were flat following their full year results announcements while the market was rallying in Europe but there were no fundamental worries.

The ALKEN FUND - ABSOLUTE RETURN EUROPE posted returns of 0.74% in March. The net exposure was reduced in March to 30.15% at the end of the month.

Seagate was the top contributor to performance as the market realised that the operating environment would be at least in line with expectations, providing a relief. There was also a raft of price cuts from the major online storage providers suggesting a rising demand into the second half of the year. Jazztel benefited from the consolidation moves in the Spanish market following the takeover of Ono by Vodafone and the continued strong execution of its fibre network rollout. Peugeot benefited from a faster than expected European car market recovery while gaining market share. On the negative side, the sub-fund suffered from its exposure to Gazprom and Sberbank which both fell as a result of the turmoil in Ukraine and the takeover of Crimea by Russia. Given the increased volatility in this market due to political developments we reduced our exposure to these names. Neopost issued results in line with expectations but reduced its margin outlook as it invests in new growth drivers. We remained confident in the company's ability to grow despite its exposure to the mail market. The solar stocks were weak as news flow was subdued and polysilicon prices flattened after a strong rise.

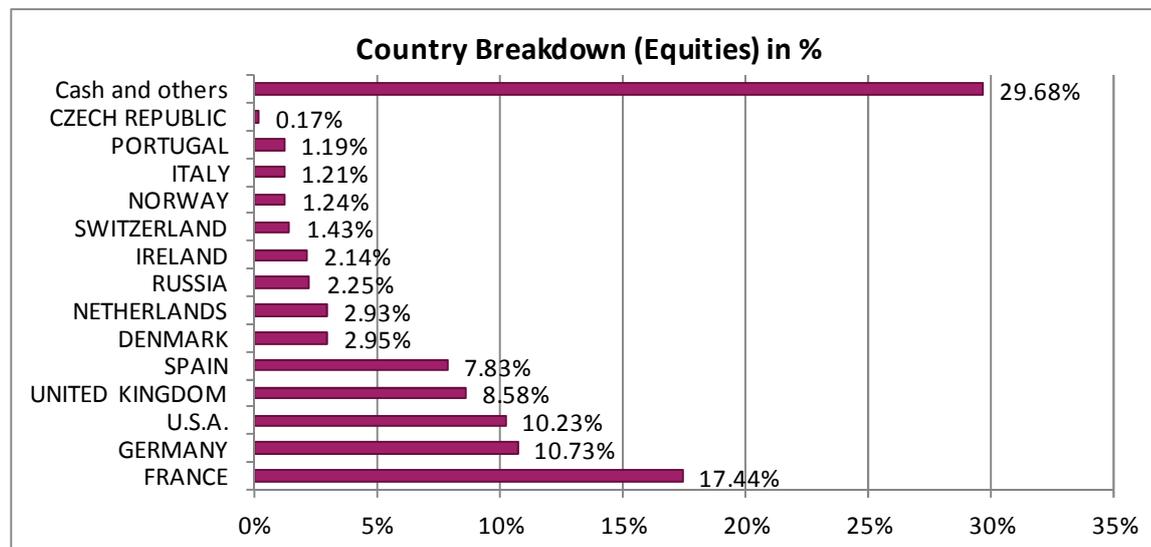
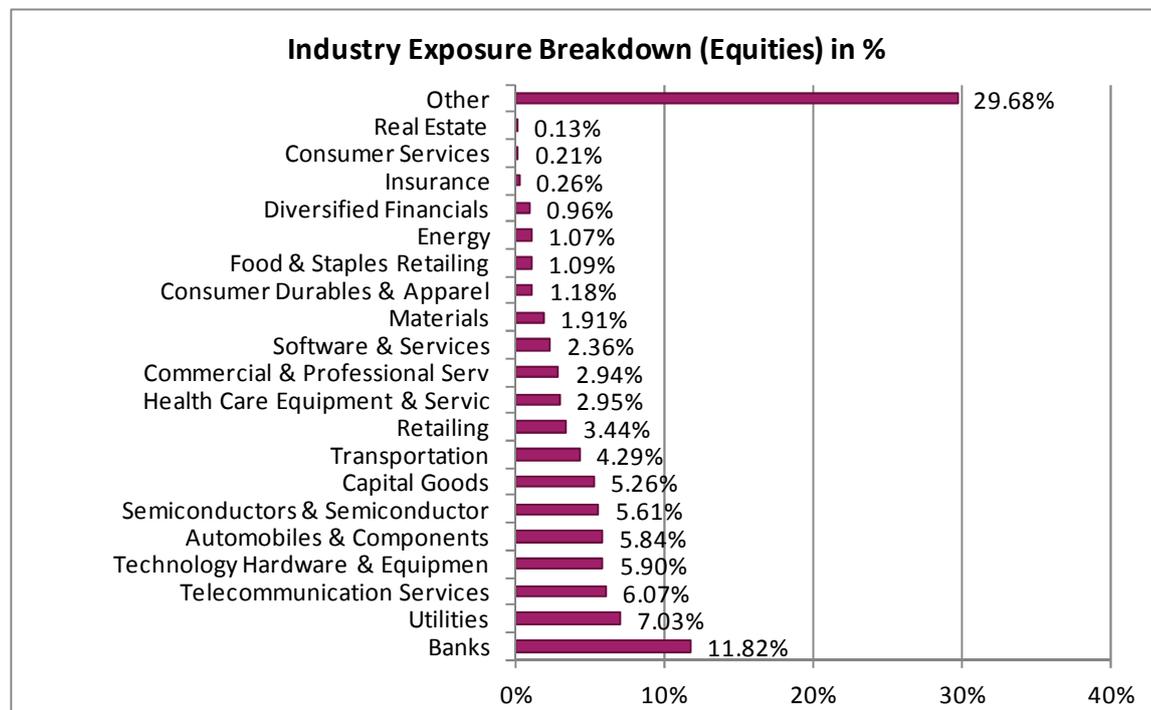
# ALKEN FUND

## Management report (continued)

### Key Statistics Q1 2014

Major Holdings	
LEGRAND SA	4.27%
COMMERZBANK AG	3.39%
BANCO POPULAR ESPANOL	2.98%
MICRON TECHNOLOGY INC	2.63%
SEAGATE TECHNOLOGY	2.55%

Market Capitalisation	
Small Cap 0-2bn	5.49%
Mid Cap 2-5bn	19.20%
Large Cap >5bn	45.65%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund performance Q2 2014**

The ALKEN FUND - ABSOLUTE RETURN EUROPE posted returns of -2.44% in April. The net exposure was kept in line with that of the previous month, dropping slightly on price impact to close at +26.14% at the end of the month.

Micron benefited from evidence of continued favourable supply/demand dynamics in DRAM. Legrand shares were up on the good results reported by its competitors implying a good operating environment for the company. Conversely, Talk Talk shares consolidated after reaching a historical high in March. Commerzbank had been volatile throughout the month with no fundamental reason. Ryanair suffered from worries over their full year results published in May. This month's weaker performance was affected by heavy sector rotation towards more defensive stocks as well as stocks that have a high emerging markets exposure. We believed this is to be a sentiment issue which would not affect the fundamentals of our high-conviction investments. Despite the increased volatility in European markets we did not change our stance and believe the environment to still be supported by the ECB's monetary policy.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up +0.30% in May, bringing the YTD to 2.28%. The net and gross exposures finished the month slightly higher at 30.90% and 117.8% respectively.

The market continued to rally from its lows in April on a stabilisation of tensions between Russia and Ukraine, and on hopes for further supportive measures by the ECB.

Within the portfolio Micron performed well on further signs of strengthening demand. Talk Talk recovered nicely after it published a good set of Q1 results and reported more detail to support their 2017 guidance helping to dispel some of the doubts the market had. Iliad continued to benefit from consolidation talks in France regardless of the resulting combination. On the negative side, Commercial Portugues suffered from fears over a potential capital increase. Commerzbank reported weaker than expected results because of higher corporate costs and one-off costs despite continued orderly liquidation of the portfolio.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up +0.47% in June, bringing the YTD to 2.76%. The net and gross exposures finished the month higher at 38.62% and 125.83% respectively.

Within the portfolio, Micron Technology and Seagate Technology performed well. Both benefited from a stabilisation of the PC market with Micron reporting good results and giving a solid outlook for the second half of the year. RWE benefited from the most recent renewable energy reforms that have been enacted in Germany that make renewable energy growth more controllable. Conversely, Sports Direct suffered from a badly executed share placing and from a controversial compensation scheme. We continue to believe that the market underestimated the potential for UL profit growth and international growth. Legrand shares weakened after strong performance since the beginning of the year. Air France shares suffered after a profit warning from Lufthansa.

After two months of strong rotation into defensives we saw our high conviction ideas perform well again; this was helped by strong results showing that in most cases business plans were on track.

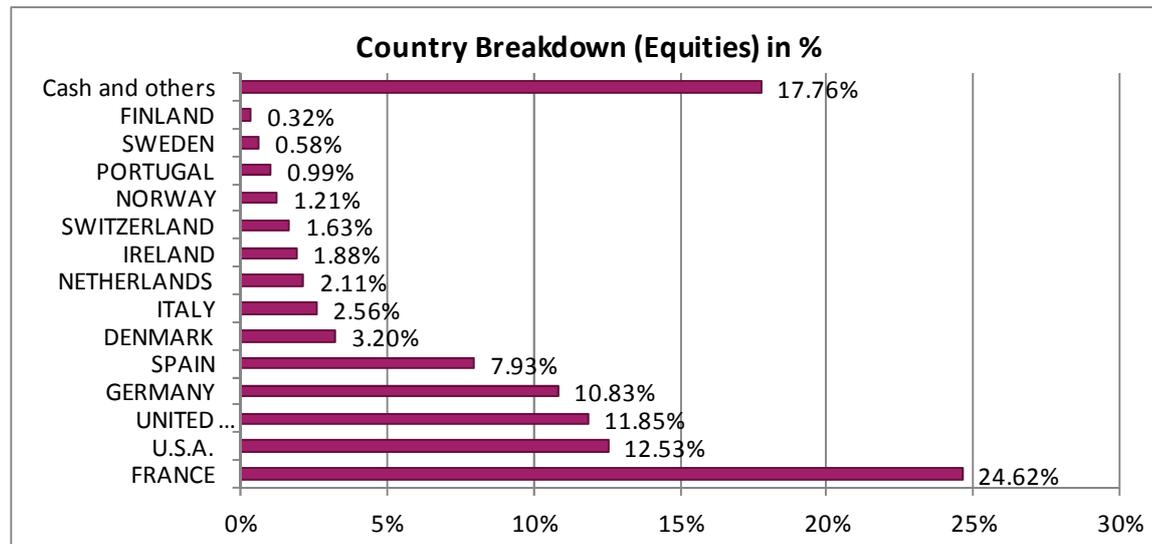
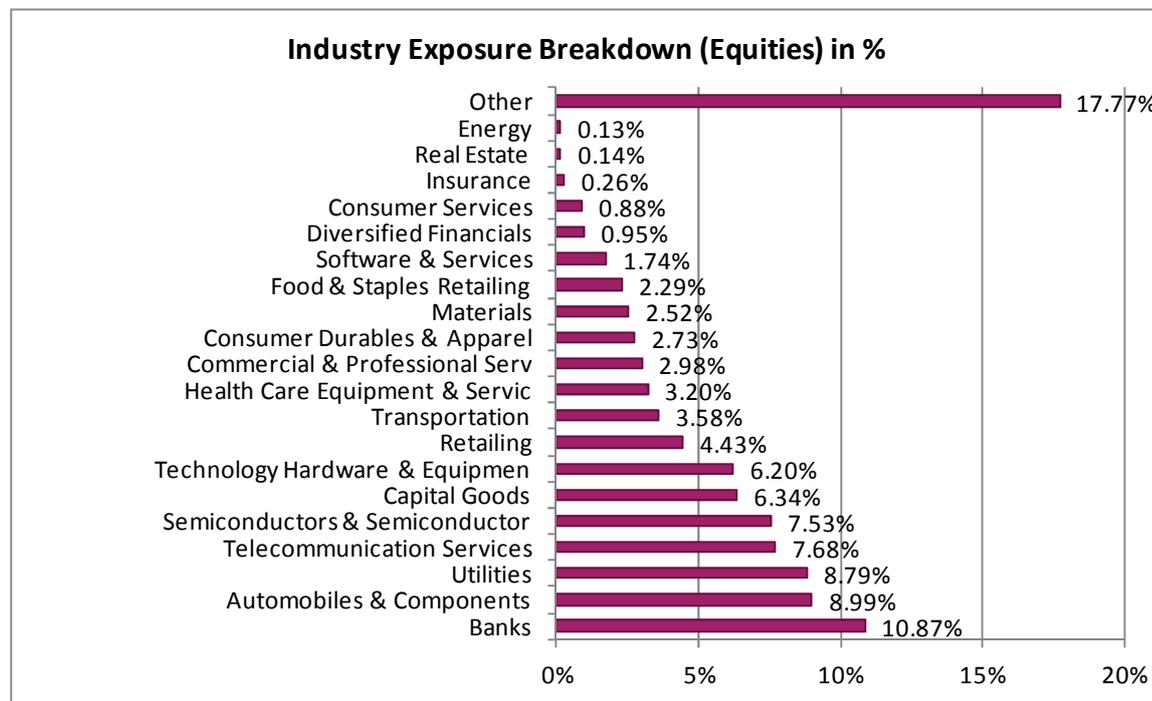
# ALKEN FUND

## Management report (continued)

### Key Statistics Q2 2014

Major Holdings	
MICRON TECHNOLOGY INC	4.63%
LEGRAND SA	4.09%
COMMERZBANK AG	3.71%
PEUGEOT SA	3.31%
SEAGATE TECHNOLOGY	2.55%

Market Capitalisation	
Small Cap 0-2bn	6.04%
Mid Cap 2-5bn	16.09%
Large Cap >5bn	60.10%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund performance Q3 2014**

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -1.07% in July, bringing the YTD to 1.66%. The net and gross exposures finished the month slightly higher at 43.10% and 130.68% respectively.

Within the portfolio, Enagas benefited from a lift in the uncertainty related to Spanish regulation which was a major hurdle to the share price performance. Another positive contributor was the hard disk drive manufacturers which continued their rally. Conversely, Legrand suffered as its results were lower than expected as the company suffered from its exposure to the French market. Micron suffered from an announcement by Samsung about capacity additions which means that the price increases will be less steep than expected. Commerzbank shares fell along with European banks but we remained confident that the restructuring efforts of the company would bring positive earnings surprises.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -0.87% in August, bringing the YTD to 0.76%. The net exposure was lower at 23.80%, while the gross exposure was increased to 160.90%.

The hard disk drive manufacturers together with Micron continued their recovery driven by good news in the PC market and positive comments for the second half of the year. Commerzbank shares recovered after weakness in the preceding months. Banca Monte dei Paschi shares were weak on concerns that an asset quality review may lead to higher loan loss provisions but we believed that its recent capital increase would help it cushion these charges. Iliad suffered from the much lower likelihood of consolidation in the French sector following the falling through of the Bouygues/Iliad deal. We believed that our interests were aligned with management given the CEO's 55% stake in the business and the company will remain disciplined in its M&A. The company also made an unexpected bid for T-Mobile US which weighed on the share price. Peugeot shares continued to suffer from profit taking after a strong performance in the preceding months. We believed the new CEO's arrival would continue to drive meaningful cost cutting and improved free cash-flow generation.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -1.40% in September, bringing the YTD to -0.65%. The net exposure was increased to 36.43%, while the gross exposure was increased to 167.30%.

Within the portfolio, Jazztel benefitted from a formal takeover offer by Orange which we believed significantly undervalued the company. Our views, that we would not tender our shares, were made public – this was also followed by some investors. Micron continued to perform well after publishing good Q2 results showing a favourable supply/demand environment. Spirit Pub shares went up on rumours of a takeover offer from Greene King that was rejected by the company. Greene King confirmed that they had made an approach and had until October 21st to clarify their position. Conversely, Peabody shares were down as the supply/demand environment remained challenged; we expected a gradual recovery as the coal price lead the weaker players out of the market. SportsDirect were hurt by a sell-off in UK retailers. Carrefour suffered from a worsening economic environment in France and in Brazil.

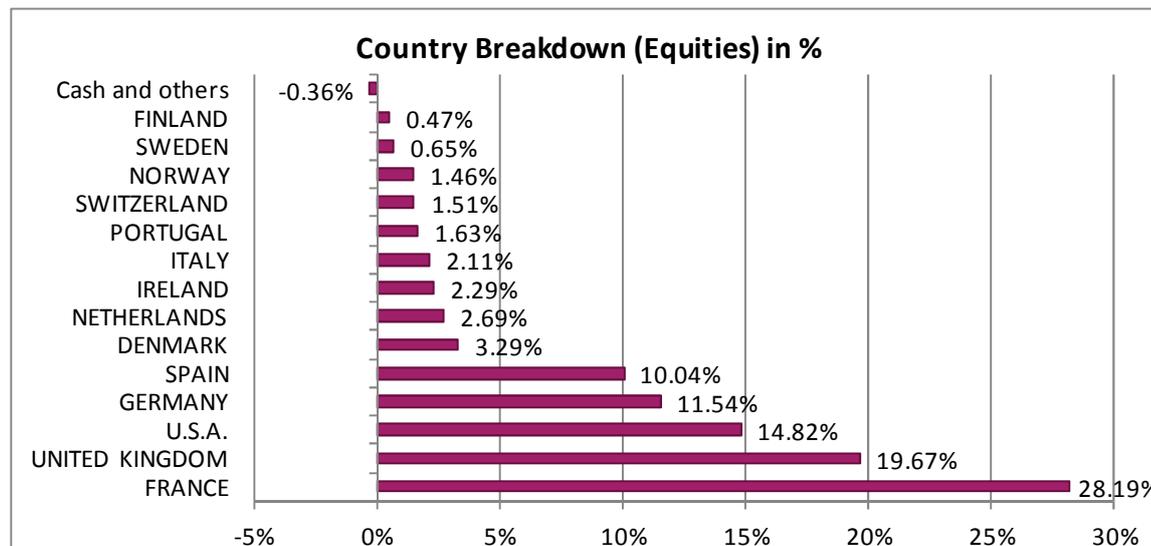
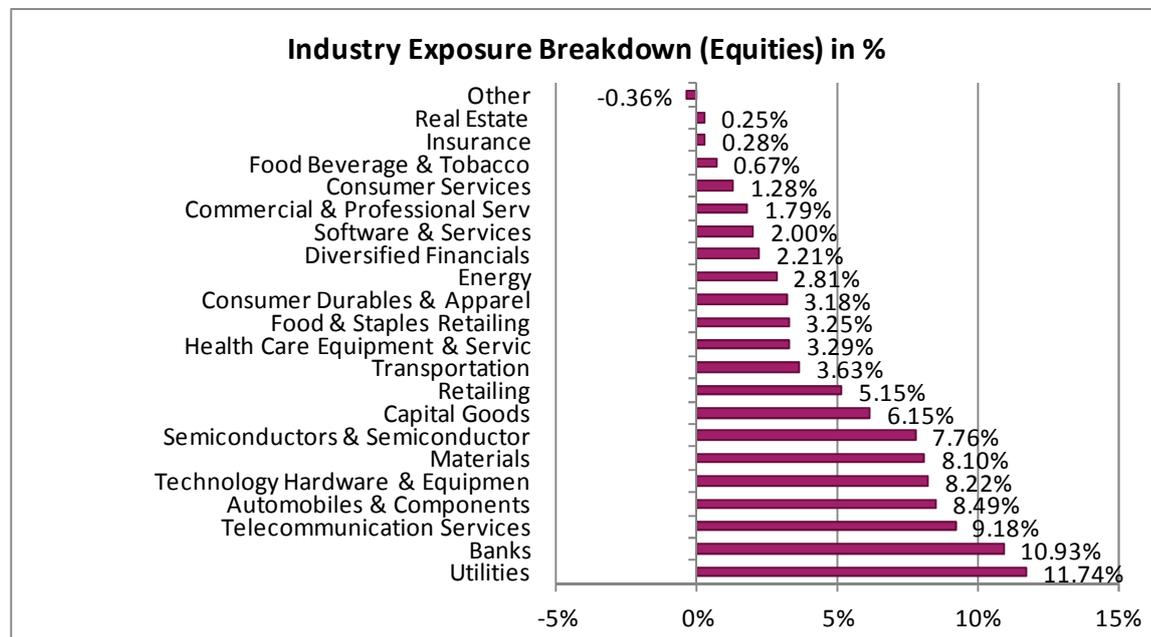
# ALKEN FUND

## Management report (continued)

### Key Statistics Q3 2014

Major Holdings	
GLENCORE XSTRATA PLC	4.85%
LEGRAND SA	4.82%
MICRON TECHNOLOGY INC	4.23%
RWE AG	3.70%
SEAGATE TECHNOLOGY	3.68%

Market Capitalisation	
Small Cap 0-2bn	9.24%
Mid Cap 2-5bn	20.87%
Large Cap >5bn	70.25%



Country Breakdown is based on the main Primary Exchange

Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)

### **ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund performance Q4 2014**

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -0.09% in October, bringing the YTD performance to -0.74%. The net exposure was reduced to 23.85%, while the gross exposure was increased to 174.97%.

Within the portfolio, Seagate and Western Digital published good Q3 results in line with high expectations and gave a positive outlook for Q4. Legrand benefited from a positive read-through from competitors' results. The sub-fund also benefited from short positions taken on selected companies in the oil sector before the oil price correction. On the negative side, Banca Monte Dei Paschi Siena suffered from a EUR 2.1bn gap that was identified following the ECB's Comprehensive Assessment. Glencore shares were weak as a result of a sell-off in mining companies. RWE was penalised by the UK government's refusal to issue a comfort letter on the sale of their subsidiary DEA. We believed this would only delay the sale in the short term without endangering it.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 3.87% in November, bringing the YTD to 3.11%. The net exposure was increased to 44.83%, while the gross exposure was decreased to 160.42%.

The sub-fund benefited from a number of short positions on oil-related stocks purchased before the decline in oil prices. We believed that we were entering a period of low oil prices for the next few years. Micron rode the positive sentiment triggered following a good Q3 and an encouraging forecast of visibility into the coming year. Conversely, the sub-fund suffered from a short position in a retail stock that went up following good October sales. GN Store Nord reported results slightly below expectations but the company reiterated its full-year outlook and the underlying revenue progression was determined as being good. Legrand announced results below expectations and guided investors towards the low-end of its target range; however we remained positive due to rising returns.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 1.11% in December, bringing the YTD to 4.25%. The net exposure was marginally increased to 43.16%, while the gross exposure was increased to 164.34%.

Western Digital ended the year on a historical high as a result of further evidence of a supportive environment, mostly driven by PC stability and strong cloud deployment. Ryanair continued its strong performance resulting from a falling oil price and we took advantage of the market sell-off in December to add to positions. The sub-fund also benefited from short positions on oil-exposed stocks that performed well with the continuing decline of oil prices.

Conversely, RWE reflected the strong decline in German power prices, mainly driven by the decline in coal prices and increased worries about the company's dividend policy. Commerzbank suffered from reports that US sanctions could be higher than expected but the company had already made a sizeable provision. Banca Monte Dei Paschi suffered from continued balance sheet uncertainty despite the recent ECB assessment.

The year ended on a positive note with the pronounced decline in the oil price which will provide relief to many areas of the economy. We see this event together with a continuation of a favourable monetary policy in Europe as supportive for European equities in 2015.

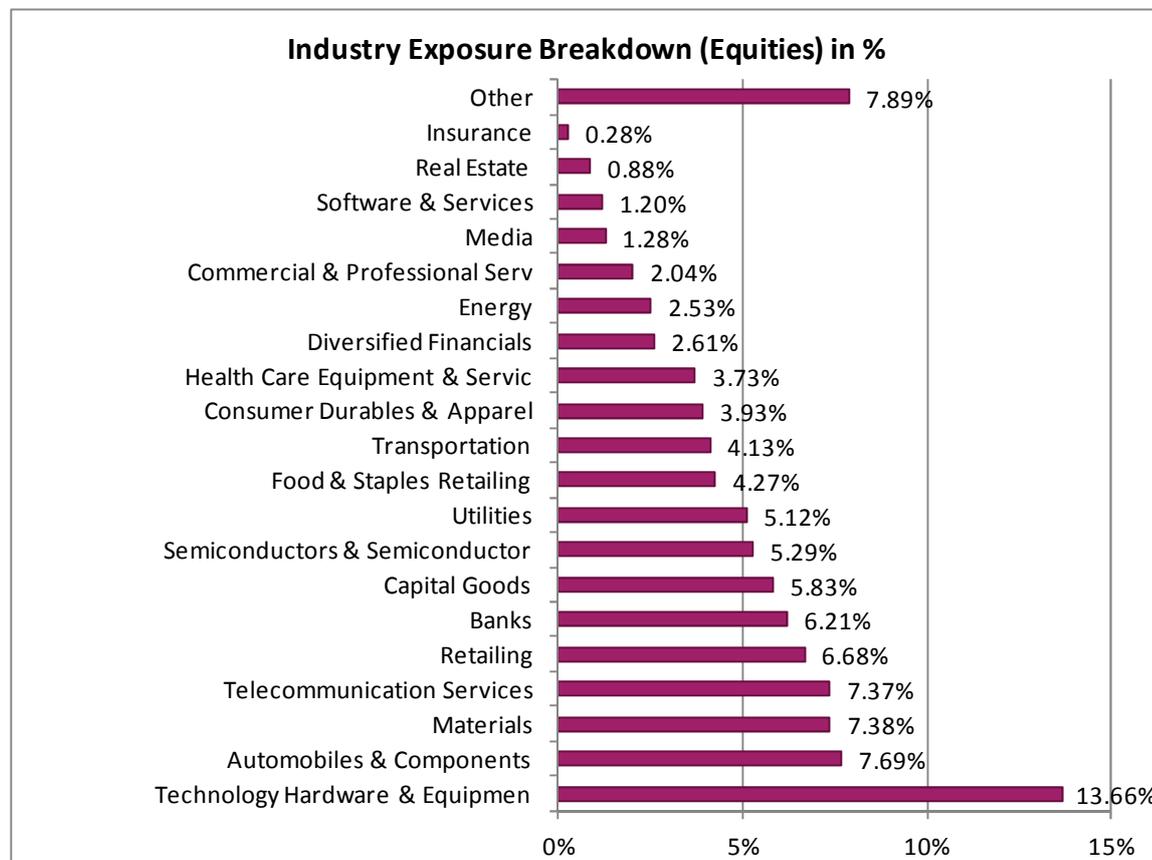
# ALKEN FUND

## Management report (continued)

### Key Statistics Q4 2014

Major Holdings	
SEAGATE TECHNOLOGY	4.93%
WESTERN DIGITAL CORP	4.72%
RWE AG	4.52%
MICRON TECHNOLOGY	4.31%
CARREFOUR SA	3.98%

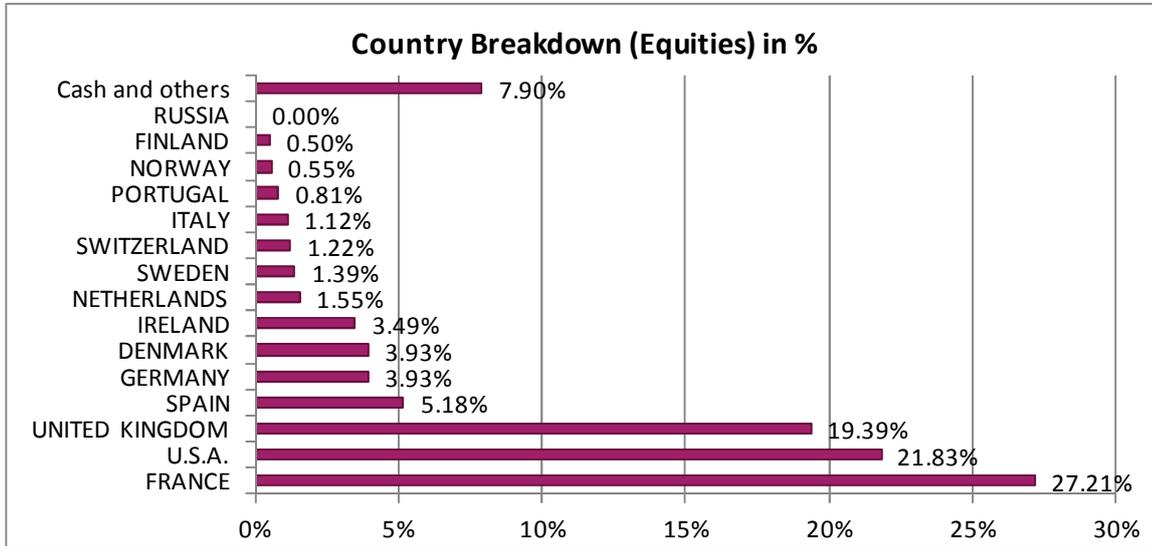
Market Capitalisation	
Small Cap 0-2bn	9.23%
Mid Cap 2-5bn	16.94%
Large Cap >5bn	77.57%



Past performance is not an indicator of current or future returns.

# ALKEN FUND

## Management report (continued)



*Country Breakdown is based on the main Primary Exchange*

February 2015

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

# ALKEN FUND

## Report of the réviseur d'entreprises agréé / Auditor's report

To the Shareholders of  
ALKEN FUND  
Société d'investissement à capital variable  
(a Luxembourg domiciled open-ended investment company)  
15, avenue J.F. Kennedy, L 1855 Luxembourg

Following our appointment by the Annual General Meeting of the Shareholders dated April 25, 2014, we have audited the accompanying financial statements of ALKEN FUND (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2014 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the SICAV for the financial statements*

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

### *Responsibility of the réviseur d'entreprises agréé*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

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

## Report of the réviseur d'entreprises agréé / Auditor's report (continued)

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ALKEN FUND and of each of its sub-funds as at December 31, 2014, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### *Other matter*

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

For Deloitte Audit  
*Société à responsabilité limitée*  
*Cabinet de révision agréé*



N. Hennebert, *Réviseur d'entreprises agréé*  
Partner

Luxembourg, April 17, 2015  
560, rue de Neudorf,  
L-2220 Luxembourg

## Statement of net assets as at December 31, 2014

	COMBINED	ALKEN FUND - EUROPEAN OPPORTUNITIES	ALKEN FUND - SMALL CAP EUROPE	ALKEN FUND - ABSOLUTE RETURN EUROPE
	EUR	EUR	EUR	EUR
<b>ASSETS</b>				
Investments in securities at acquisition cost	6,394,813,016.80	4,455,336,092.56	133,383,928.88	1,806,092,995.36
Net unrealised gain on investments	1,583,090,707.68	1,343,425,792.33	24,690,047.42	214,974,867.93
Investments in securities at market value (note 2)	7,977,903,724.48	5,798,761,884.89	158,073,976.30	2,021,067,863.29
Cash at banks (note 2)	177,917,986.79	1,036,052.49	11,912,847.77	164,969,086.53
Interest receivable, net	101,712.33	0.00	0.00	101,712.33
Net unrealised gain on forward exchange contracts (note 11)	2,529,942.79	331,180.32	0.00	2,198,762.47
	8,158,453,366.39	5,800,129,117.70	169,986,824.07	2,188,337,424.62
<b>LIABILITIES</b>				
Management fee payable (note 4)	28,717,892.86	19,616,099.61	677,831.04	8,423,962.21
Performance fee payable (note 5)	71,058.12	70,969.98	88.14	0.00
Other fees payable (note 7)	6,882,941.55	4,758,449.55	141,051.21	1,983,440.79
Credit line and guarantees (note 13)	44,988.07	44,988.07	0.00	0.00
	35,716,880.60	24,490,507.21	818,970.39	10,407,403.00
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2014</b>	<b>8,122,736,485.79</b>	<b>5,775,638,610.49</b>	<b>169,167,853.68</b>	<b>2,177,930,021.62</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2013</b>	<b>6,090,083,161.61</b>	<b>4,699,119,307.46</b>	<b>145,340,834.42</b>	<b>1,245,623,019.73</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2012</b>	<b>2,500,102,979.25</b>	<b>2,239,554,315.05</b>	<b>31,016,089.65</b>	<b>229,532,574.55</b>

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

## Statement of operations and changes in net assets for the year ended December 31, 2014

	COMBINED	ALKEN FUND - EUROPEAN OPPORTUNITIES	ALKEN FUND - SMALL CAP EUROPE	ALKEN FUND - ABSOLUTE RETURN EUROPE
	EUR	EUR	EUR	EUR
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<b>6,090,083,161.61</b>	<b>4,699,119,307.46</b>	<b>145,340,834.42</b>	<b>1,245,623,019.73</b>
<b>INCOME</b>				
Dividends, net	143,229,449.53	106,862,864.25	3,215,013.50	33,151,571.78
Interest on bonds, net	393,357.49	41,688.65	24,375.00	327,293.84
Bank interest	390,413.85	3,847.78	329.34	386,236.73
	144,013,220.87	106,908,400.68	3,239,717.84	33,865,102.35
<b>EXPENSES</b>				
Management fee (note 4)	113,993,727.28	76,248,054.07	2,791,088.37	34,954,584.84
Performance fee (note 5)	45,977,755.56	31,244,550.90	1,317,024.75	13,416,179.91
Custodian fee, bank charges and interest	217,217.11	86,708.02	27,551.10	102,957.99
Transaction fees (note 2.m)	18,470,774.15	10,656,394.23	320,428.37	7,493,951.55
Operating and administrative expenses (note 6)	27,052,688.87	18,323,416.52	584,276.88	8,144,995.47
Other expenses	2,629,150.05	904,437.39	98,429.83	1,626,282.83
	208,341,313.02	137,463,561.13	5,138,799.30	65,738,952.59
<b>NET INVESTMENT LOSS</b>	<b>-64,328,092.15</b>	<b>-30,555,160.45</b>	<b>-1,899,081.46</b>	<b>-31,873,850.24</b>
Net realised gain/loss on sales of investments	271,042,358.36	266,839,728.03	19,051,405.56	-14,848,775.23
Net realised gain/loss on forward exchange contracts	28,846,447.01	700,900.83	-41.47	28,145,587.65
Net realised gain/loss on foreign exchange	-1,329,296.56	-519,117.40	92,568.38	-902,747.54
Net realised gain/loss on futures contracts	-40,407,581.18	-2,914,474.37	2.58	-37,493,109.39
<b>NET REALISED GAIN/LOSS</b>	<b>193,823,835.48</b>	<b>233,551,876.64</b>	<b>17,244,853.59</b>	<b>-56,972,894.75</b>
<b>Change in net unrealised appreciation/depreciation:</b>				
- on investments	360,687,853.43	265,484,442.87	-2,732,558.80	97,935,969.36
- on forward exchange contracts	2,310,647.56	331,180.32	0.00	1,979,467.24
<b>INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>556,822,336.47</b>	<b>499,367,499.83</b>	<b>14,512,294.79</b>	<b>42,942,541.85</b>
Proceeds from subscriptions of shares	4,565,075,162.55	2,349,101,215.00	43,601,131.18	2,172,372,816.37
Cost of shares redeemed	-3,096,721,455.43	-1,771,949,411.80	-34,286,406.71	-1,290,485,636.92
Revaluation difference*	7,477,280.59	0.00	0.00	7,477,280.59
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>8,122,736,485.79</b>	<b>5,775,638,610.49</b>	<b>169,167,853.68</b>	<b>2,177,930,021.62</b>

\* The difference mentioned above is the result of fluctuations in the exchange rates used to convert the different items related to share classes denominated in a currency other than the currency of the sub-funds into the currency of the sub-funds concerned between December 31, 2013 and December 31, 2014.

# ALKEN FUND

## Statistics

Sub-fund	Class	Currency	Number of shares	Net asset value	Net asset value	Net asset value
			outstanding	per share	per share	per share
			31.12.2014	31.12.2014	31.12.2013	31.12.2012
ALKEN FUND - EUROPEAN OPPORTUNITIES	H	EUR	214,224.59	214.99	194.02	144.18
	R	EUR	19,697,179.73	203.94	185.14	138.44
	CH1	CHF	1,056.00	110.23	101.46	-
	CH2	CHF	8,100.17	120.69	111.69	-
	EU1	EUR	6,792,934.23	149.54	135.27	101.14
	US1	USD	219,900.67	117.68	121.08	-
	US1h (note 1)	USD	546,688.30	100.58	-	-
	US2	USD	253,564.10	106.86	110.51	-
	GB1	GBP	100,319.57	125.94	122.06	-
	U	EUR	1,177,488.11	158.32	143.73	107.44
	Z	EUR	803,263.08	193.52	175.68	131.37
A	EUR	1,430,018.46	173.77	158.96	119.75	
ALKEN FUND - SMALL CAP EUROPE	R	EUR	888,235.03	146.09	133.41	91.26
	EU1	EUR	252,734.79	120.20	109.29	-
	A	EUR	65,181.55	138.45	127.05	-
ALKEN FUND - ABSOLUTE RETURN EUROPE	A	EUR	2,833,082.71	124.54	120.33	104.37
	CH1	CHF	56,667.91	106.98	102.50	-
	CH2	CHF	22,589.71	106.36	102.31	-
	CH3 (note 1)	CHF	62,511.43	99.40	-	-
	I	EUR	6,404,813.40	134.48	129.00	111.00
	EU1	EUR	5,221,043.46	119.62	114.31	-
	US1	USD	942,171.59	122.69	117.38	100.73
	US2	USD	400,336.33	106.34	102.13	-
	US3 (note 1)	USD	640,083.76	99.46	-	-
	GB1	GBP	582,752.79	109.03	104.12	-
	K	EUR	259,028.48	136.65	131.05	112.68
H	EUR	191,558.75	138.21	131.72	112.63	

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

# ALKEN FUND - EUROPEAN OPPORTUNITIES

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>BERMUDA</i>			
LANCASHIRE HOLDINGS	5,628,105.00	40,612,801.90	0.70
SIGNET JEWELERS	807,794.00	87,832,298.43	1.52
		128,445,100.33	2.22
<i>DENMARK</i>			
COLOPLAST 'B'	1,323,779.00	92,265,587.56	1.60
GREAT NORDIC STORE NORD	2,275,929.00	41,200,786.68	0.71
PANDORA	165,094.00	11,185,344.57	0.19
		144,651,718.81	2.50
<i>FINLAND</i>			
OUTOKUMPU	4,351,899.00	20,767,262.03	0.36
		20,767,262.03	0.36
<i>FRANCE</i>			
CARREFOUR	8,918,753.00	225,644,450.90	3.91
EIFFAGE	1,960,386.00	82,571,458.32	1.43
FAURECIA	413,939.00	12,796,924.19	0.22
ILIAD	327,104.00	64,995,564.80	1.13
LAFARGE	1,161,813.00	67,478,099.04	1.17
LEGRAND	3,891,376.00	169,449,967.92	2.93
NATIXIS	16,290,352.00	89,352,580.72	1.55
NEOPOST	1,910,406.00	90,066,090.87	1.56
PEUGEOT	10,116,255.00	103,388,126.10	1.79
RENAULT S.A.	2,363,516.00	143,063,623.48	2.48
VALEO	2,882,102.00	298,585,767.20	5.17
VEOLIA ENVIRONNEMENT	10,001,174.00	147,567,322.37	2.55
VINCI	533,568.00	24,282,679.68	0.42
		1,519,242,655.59	26.31
<i>GERMANY</i>			
COMMERZBANK	13,588,138.00	149,197,755.24	2.58
DRILLISCH	363,124.00	10,741,207.92	0.19
FREENET	9,045.00	214,321.28	0.00
R.W.E.	14,135,913.00	362,586,168.45	6.28
WIRECARD	4,559,416.00	166,213,510.28	2.88
		688,952,963.17	11.93
<i>IRELAND</i>			
RYANAIR HOLDINGS	19,904,808.00	194,868,070.32	3.37
SEAGATE TECHNOLOGY	7,608,188.00	418,118,737.90	7.24
		612,986,808.22	10.61

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

# ALKEN FUND - EUROPEAN OPPORTUNITIES

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>ITALY</i>			
BANCA MONTE PASCHI	83,514,627.00	39,251,874.69	0.68
		39,251,874.69	0.68
<i>JERSEY</i>			
GLENCORE XSTRATA	64,091,050.00	246,769,064.30	4.27
		246,769,064.30	4.27
<i>LUXEMBOURG</i>			
APERAM	2,580,775.00	63,448,353.38	1.10
GRAND CITY PROPERTIES	2,285,009.00	27,808,559.53	0.48
		91,256,912.91	1.58
<i>NETHERLANDS</i>			
ASML HOLDING	1,496,170.00	133,907,215.00	2.32
ICHOR COAL	4,547,874.00	20,524,555.36	0.36
SEQUA PETROLEUM	9,375,000.00	28,500,000.00	0.49
		182,931,770.36	3.17
<i>PORTUGAL</i>			
BANCO COMERCIAL PORTUGUES	669,917,748.00	44,013,596.04	0.76
		44,013,596.04	0.76
<i>SPAIN</i>			
BANCO POPULAR ESPANOL	14,231,105.00	59,201,396.80	1.03
ENAGAS	3,569,613.00	93,470,316.41	1.62
FERROVIAL	1,639,609.00	26,930,577.83	0.47
GAMESA CORPORACION TECNOLOGICA	2,199,184.00	16,623,631.86	0.29
INDITEX INDUSTRIA DE DISENO TEXTIL	6,356,592.00	150,683,013.36	2.61
		346,908,936.26	6.02
<i>SWITZERLAND</i>			
PANALPINA WELTTRANS	478,791.00	53,160,683.60	0.92
TEMENOS GROUP	3,240,715.00	95,682,498.09	1.66
		148,843,181.69	2.58
<i>UNITED KINGDOM</i>			
BARRATT DEVELOPMENTS	14,280,843.00	86,673,729.90	1.50
DRAX GROUP	1,852,260.00	10,993,566.71	0.19
INTERNATIONAL PERSONAL FINANCE	2,938,979.00	17,026,897.43	0.29
LIBERTY GLOBAL 'A'	1,743,384.00	72,333,049.88	1.25
PERSIMMON	3,958,981.00	80,501,347.66	1.39
PROVIDENT FINANCIAL	2,040,312.00	64,728,771.86	1.12
SCOTTISH & SOUTHERN ENERGY	2,910,100.00	60,823,512.60	1.05
SPORTS DIRECT INTERNATIONAL	13,317,427.00	122,012,032.04	2.11
TALKTALK TELECOM GROUP	27,213,177.00	106,637,118.46	1.85
TAYLOR WIMPEY	12,613,016.00	22,396,538.38	0.39
TELECITY GROUP	2,623,929.00	27,201,375.30	0.47
		671,327,940.22	11.61

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

# ALKEN FUND - EUROPEAN OPPORTUNITIES

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>UNITED STATES</i>			
APPLE	946,523.00	86,341,245.90	1.49
MICRON TECHNOLOGY	9,323,398.00	269,751,013.20	4.67
PEABODY ENERGY	8,140,071.00	52,067,401.43	0.90
PITNEY BOWES	2,380,486.00	47,942,194.64	0.83
WESTERN DIGITAL	4,824,144.00	441,331,202.73	7.65
		897,433,057.90	15.54
<b>TOTAL SHARES</b>		<b>5,783,782,842.52</b>	<b>100.14</b>
<b>WARRANTS</b>			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	10,630,974.00	14,979,042.37	0.26
		14,979,042.37	0.26
<b>TOTAL WARRANTS</b>		<b>14,979,042.37</b>	<b>0.26</b>
<b>TOTAL INVESTMENTS</b>		<b>5,798,761,884.89</b>	<b>100.40</b>
CASH AT BANKS		1,203,118.52	0.02
OTHER NET LIABILITIES		-24,326,392.92	-0.42
<b>TOTAL NET ASSETS</b>		<b>5,775,638,610.49</b>	<b>100.00</b>

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

# ALKEN FUND - EUROPEAN OPPORTUNITIES

## Geographical and industrial classification of investments as at December 31, 2014

### Geographical classification

(in % of net assets)	
France	26.57
United States	15.54
Germany	11.93
United Kingdom	11.61
Ireland	10.61
Spain	6.02
Jersey	4.27
Netherlands	3.17
Switzerland	2.58
Denmark	2.50
Bermuda	2.22
Luxembourg	1.58
Portugal	0.76
Italy	0.68
Finland	0.36
	<b>100.40</b>

### Industrial classification

(in % of net assets)	
Computer and office equipment	14.64
Retail and supermarkets	10.15
Automobiles	9.66
Public utilities	9.14
Electronics and electrical equipment	8.76
Banks and credit institutions	7.72
Internet, software and IT services	7.24
Construction and building materials	6.30
Miscellaneous	5.23
Communications	5.13
Transport and freight	4.76
Utilities	2.88
Mining and steelworks	2.72
Environmental conservation and waste management	2.55
Pharmaceuticals and cosmetics	1.60
Insurance	0.70
Real estate	0.48
Holding and finance companies	0.29
Warrants	0.26
Miscellaneous consumer goods	0.19
	<b>100.40</b>

# ALKEN FUND - SMALL CAP EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>AUSTRALIA</i>			
WHITEHAVEN COAL	2,286,710.00	2,165,083.79	1.28
		2,165,083.79	1.28
<i>AUSTRIA</i>			
LENZING	63,150.00	3,330,531.00	1.97
		3,330,531.00	1.97
<i>BELGIUM</i>			
WAREHOUSES DE PAUW SICAFI	21,639.00	1,356,332.52	0.80
		1,356,332.52	0.80
<i>BERMUDA</i>			
LANCASHIRE HOLDINGS	167,259.00	1,206,952.72	0.71
SIGNET JEWELERS	12,793.00	1,390,996.46	0.82
		2,597,949.18	1.53
<i>CANADA</i>			
ARGEX TITANIUM	605,896.00	198,861.33	0.12
		198,861.33	0.12
<i>DENMARK</i>			
GREAT NORDIC STORE NORD	65,995.00	1,194,697.16	0.71
		1,194,697.16	0.71
<i>FINLAND</i>			
OUTOKUMPU	278,653.00	1,329,732.12	0.79
		1,329,732.12	0.79
<i>FRANCE</i>			
ADOCIA	22,493.00	1,085,287.25	0.64
BENETEAU	597,268.00	6,934,281.48	4.10
EIFFAGE	85,755.00	3,612,000.60	2.14
FAURECIA	99,097.00	3,063,583.76	1.81
FINANCIERE DE L'ODET	1,843.00	1,511,260.00	0.89
GROUPE NORBERT DENTRESSANGLE	38,294.00	4,671,868.00	2.76
ILIAD	16,549.00	3,288,286.30	1.94
NEOPOST	96,094.00	4,530,351.63	2.68
TRIGANO	34,616.00	771,936.80	0.46
VALEO	73,802.00	7,645,887.20	4.52
VEOLIA ENVIRONNEMENT	213,522.00	3,150,517.11	1.86
		40,265,260.13	23.80

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

# ALKEN FUND - SMALL CAP EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>GERMANY</i>			
DRILLISCH	336,115.00	9,942,281.70	5.88
		9,942,281.70	5.88
<i>GREECE</i>			
FOURLIS HOLDING	183,007.00	589,282.54	0.35
		589,282.54	0.35
<i>ITALY</i>			
BANCA IFIS	499,840.00	6,842,809.60	4.04
DANIELI & C. OFFICINE MECCANICHE	135,631.00	2,791,285.98	1.65
DANIELI & C. OFFICINE MECCANICHE RISP. -NC-	197,165.00	2,707,075.45	1.60
SIAS	6,325.00	50,505.13	0.03
VITTORIA ASSICURAZIONI	55,133.00	474,143.80	0.28
		12,865,819.96	7.60
<i>LUXEMBOURG</i>			
APERAM	331,234.00	8,143,387.89	4.81
GRAND CITY PROPERTIES	682,565.00	8,306,816.05	4.91
		16,450,203.94	9.72
<i>NORWAY</i>			
RENEWABLE ENERGY CORPORATION	13,483,472.00	2,651,392.16	1.57
		2,651,392.16	1.57
<i>PORTUGAL</i>			
BANCO COMERCIAL PORTUGUES	19,590,657.00	1,287,106.16	0.76
		1,287,106.16	0.76
<i>SPAIN</i>			
AXIA REAL ESTATE SOCIMI	106,362.00	1,150,305.03	0.68
GAMESA CORPORACION TECNOLOGICA	64,068.00	484,290.01	0.29
MERLIN PROPERTIES	408,839.00	4,100,655.17	2.42
		5,735,250.21	3.39
<i>SWITZERLAND</i>			
PANALPINA WELTTRANS	40,434.00	4,489,430.84	2.65
TEMENOS GROUP	128,920.00	3,806,378.42	2.25
		8,295,809.26	4.90
<i>UNITED KINGDOM</i>			
BARRATT DEVELOPMENTS	832,491.00	5,052,579.88	2.99
BERENDSEN	502,508.00	7,122,761.46	4.21
DRAX GROUP	75,075.00	445,586.48	0.26
ELEMENTIS	243,393.00	821,089.42	0.49
INTERNATIONAL PERSONAL FINANCE	198,030.00	1,147,281.59	0.68
ONESAVINGS BANK	3,810,922.00	10,533,436.73	6.23
PARAGON GROUP OF COMPANIES	387,409.00	2,077,708.02	1.23
PERSIMMON	241,441.00	4,909,426.41	2.90

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

# ALKEN FUND - SMALL CAP EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
PROVIDENT FINANCIAL	65,153.00	2,066,974.89	1.22
SPORTS DIRECT INTERNATIONAL	362,514.00	3,321,292.45	1.96
TALKTALK TELECOM GROUP	1,117,754.00	4,380,012.87	2.59
TELECITY GROUP	126,551.00	1,311,910.98	0.78
		43,190,061.18	25.54
<i>UNITED STATES</i>			
PEABODY ENERGY	402,748.00	2,576,149.74	1.52
PITNEY BOWES	78,294.00	1,576,815.07	0.93
		4,152,964.81	2.45
<b>TOTAL SHARES</b>		<b>157,598,619.15</b>	<b>93.16</b>
<b>WARRANTS</b>			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	337,372.00	475,357.15	0.28
		475,357.15	0.28
<b>TOTAL WARRANTS</b>		<b>475,357.15</b>	<b>0.28</b>
<b>TOTAL INVESTMENTS</b>		<b>158,073,976.30</b>	<b>93.44</b>
CASH AT BANKS		11,912,847.77	7.04
OTHER NET LIABILITIES		-818,970.39	-0.48
<b>TOTAL NET ASSETS</b>		<b>169,167,853.68</b>	<b>100.00</b>

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

# ALKEN FUND - SMALL CAP EUROPE

## Geographical and industrial classification of investments as at December 31, 2014

### Geographical classification

(in % of net assets)	
United Kingdom	25.54
France	24.08
Luxembourg	9.72
Italy	7.60
Germany	5.88
Switzerland	4.90
Spain	3.39
United States	2.45
Austria	1.97
Norway	1.57
Bermuda	1.53
Australia	1.28
Belgium	0.80
Finland	0.79
Portugal	0.76
Denmark	0.71
Greece	0.35
Canada	0.12
	<b>93.44</b>

### Industrial classification

(in % of net assets)	
Banks and credit institutions	13.48
Communications	11.12
Mining and steelworks	8.52
Construction and building materials	8.03
Real estate	6.39
Automobiles	6.33
Electronics and electrical equipment	5.57
Transport and freight	5.44
Gastronomy	4.56
Textiles and clothing	4.21
Construction of machines and appliances	3.25
Retail and supermarkets	2.78
Chemicals	2.46
Utilities	2.42
Environmental conservation and waste management	1.86
Public utilities	1.83
Holding and finance companies	1.57
Insurance	0.99
Computer and office equipment	0.93
Miscellaneous	0.78
Biotechnology	0.64
Warrants	0.28
	<b>93.44</b>

# ALKEN FUND - ABSOLUTE RETURN EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>BERMUDA</i>			
LANCASHIRE HOLDINGS	837,190.00	6,041,221.98	0.28
SIGNET JEWELERS	296,411.00	32,229,082.43	1.48
		38,270,304.41	1.76
<i>DENMARK</i>			
COLOPLAST 'B'	670,668.00	46,744,643.23	2.15
GREAT NORDIC STORE NORD	1,923,680.00	34,824,078.13	1.60
PANDORA	63,609.00	4,309,596.85	0.20
		85,878,318.21	3.95
<i>FINLAND</i>			
OUTOKUMPU	2,271,696.00	10,840,533.31	0.50
		10,840,533.31	0.50
<i>FRANCE</i>			
CARREFOUR	3,688,468.00	93,318,240.40	4.28
EIFFAGE	568,276.00	23,935,785.12	1.10
ILIAD	127,463.00	25,326,898.10	1.16
LAFARGE	674,464.00	39,172,869.12	1.80
LEGRAND	1,899,965.00	82,733,975.93	3.80
NATIXIS	6,903,288.00	37,864,534.68	1.74
NEOPOST	481,405.00	22,695,838.73	1.04
PEUGEOT	3,532,519.00	36,102,344.18	1.66
RENAULT S.A.	915,261.00	55,400,748.33	2.54
TERREIS	137,712.00	3,676,910.40	0.17
VALEO	621,013.00	64,336,946.80	2.95
VEOLIA ENVIRONNEMENT	4,431,873.00	65,392,286.12	3.00
VINCI	88,301.00	4,018,578.51	0.18
		553,975,956.42	25.42
<i>GERMANY</i>			
DRILLISCH	898,531.00	26,578,546.98	1.22
FREENET	2,018,346.00	47,824,708.47	2.20
		74,403,255.45	3.42
<i>IRELAND</i>			
RYANAIR HOLDINGS	7,771,899.00	76,086,891.21	3.49
SEAGATE TECHNOLOGY	1,958,384.00	107,625,764.03	4.93
		183,712,655.24	8.42
<i>ITALY</i>			
BANCA IFIS	445,221.00	6,095,075.49	0.28
BANCA MONTE PASCHI	39,298,880.00	18,470,473.60	0.85
		24,565,549.09	1.13

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

# ALKEN FUND - ABSOLUTE RETURN EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>JERSEY</i>			
GLENCORE XSTRATA	22,531,858.00	86,754,164.82	3.98
		86,754,164.82	3.98
<i>LUXEMBOURG</i>			
APERAM	997,383.00	24,520,661.06	1.13
GRAND CITY PROPERTIES	642,564.00	7,820,003.88	0.36
		32,340,664.94	1.49
<i>NETHERLANDS</i>			
ASML HOLDING	104,249.00	9,330,285.50	0.43
ICHOR COAL	789,617.00	3,563,541.52	0.16
SEQUA PETROLEUM	9,375,000.00	28,500,000.00	1.31
		41,393,827.02	1.90
<i>NORWAY</i>			
RENEWABLE ENERGY CORPORATION	61,032,936.00	12,001,526.61	0.55
		12,001,526.61	0.55
<i>PORTUGAL</i>			
BANCO COMERCIAL PORTUGUES	268,261,491.00	17,624,779.96	0.81
		17,624,779.96	0.81
<i>SPAIN</i>			
BANCO POPULAR ESPANOL	6,029,952.00	25,084,600.32	1.15
FERROVIAL	590,625.00	9,701,015.63	0.45
GAMESA CORPORACION TECNOLOGICA	929,421.00	7,025,493.34	0.32
INDITEX INDUSTRIA DE DISENO TEXTIL	2,681,554.00	63,566,237.57	2.92
MERLIN PROPERTIES	770,117.00	7,724,273.51	0.35
		113,101,620.37	5.19
<i>SWEDEN</i>			
SVENSKA HANDELSBANKEN 'A'	783,421.00	30,319,340.11	1.39
		30,319,340.11	1.39
<i>SWITZERLAND</i>			
PANALPINA WELTTRANS	125,590.00	13,944,393.80	0.64
TEMENOS GROUP	427,013.00	12,607,609.91	0.58
		26,552,003.71	1.22
<i>UNITED KINGDOM</i>			
BARRATT DEVELOPMENTS	5,677,913.00	34,460,563.55	1.58
BERENDSEN	1,469,915.00	20,835,198.45	0.96
DRAX GROUP	1,106,252.00	6,565,846.67	0.30
INTERNATIONAL PERSONAL FINANCE	2,125,702.00	12,315,198.55	0.57
LIBERTY GLOBAL 'A'	674,627.00	27,990,292.70	1.29
PARAGON GROUP OF COMPANIES	1,148,799.00	6,161,108.53	0.28
PERSIMMON	1,784,355.00	36,282,816.77	1.67
PROVIDENT FINANCIAL	1,218,577.00	38,659,279.87	1.78

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

# ALKEN FUND - ABSOLUTE RETURN EUROPE

## Statement of investments and other net assets as at December 31, 2014 (expressed in EUR)

Description	Currency	Quantity/Nominal	Market value (note 2)	% of net assets
SCOTTISH & SOUTHERN ENERGY		1,908,822.00	39,895,968.86	1.83
SPORTS DIRECT INTERNATIONAL		5,485,086.00	50,253,437.75	2.31
TALKTALK TELECOM GROUP		15,651,082.00	61,330,078.63	2.82
TAYLOR WIMPEY		6,071,999.00	10,781,858.88	0.50
TELECITY GROUP		1,313,710.00	13,618,782.65	0.63
			<b>359,150,431.86</b>	<b>16.52</b>
<i>UNITED STATES</i>				
APPLE		713,274.00	65,064,415.58	2.99
MICRON TECHNOLOGY		3,252,403.00	94,100,777.91	4.31
PEABODY ENERGY		3,619,456.00	23,151,600.09	1.06
PITNEY BOWES		1,181,406.00	23,793,123.09	1.09
WESTERN DIGITAL		1,127,264.00	103,126,435.88	4.73
			<b>309,236,352.55</b>	<b>14.18</b>
<b>TOTAL SHARES</b>			<b>2,000,121,284.08</b>	<b>91.83</b>
<b>BONDS</b>				
<i>NETHERLANDS</i>				
5.00% CV CLOUD HOTEL INVESTMENTS 14/17 -S-	EUR	7,500,000.00	8,850,000.00	0.41
			<b>8,850,000.00</b>	<b>0.41</b>
<b>TOTAL BONDS</b>			<b>8,850,000.00</b>	<b>0.41</b>
<b>WARRANTS</b>				
<i>FRANCE</i>				
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17		8,585,223.00	12,096,579.21	0.56
			<b>12,096,579.21</b>	<b>0.56</b>
<b>TOTAL WARRANTS</b>			<b>12,096,579.21</b>	<b>0.56</b>
<b>TOTAL INVESTMENTS</b>			<b>2,021,067,863.29</b>	<b>92.80</b>
CASH AT BANKS			166,097,241.72	7.63
OTHER NET LIABILITIES			-9,235,083.39	-0.43
<b>TOTAL NET ASSETS</b>			<b>2,177,930,021.62</b>	<b>100.00</b>

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

# ALKEN FUND - ABSOLUTE RETURN EUROPE

## Geographical and industrial classification of investments as at December 31, 2014

### Geographical classification

(in % of net assets)	
France	25.98
United Kingdom	16.52
United States	14.18
Ireland	8.42
Spain	5.19
Jersey	3.98
Denmark	3.95
Germany	3.42
Netherlands	2.31
Bermuda	1.76
Luxembourg	1.49
Sweden	1.39
Switzerland	1.22
Italy	1.13
Portugal	0.81
Norway	0.55
Finland	0.50
	<b>92.80</b>

### Industrial classification

(in % of net assets)	
Computer and office equipment	13.12
Retail and supermarkets	10.99
Banks and credit institutions	8.28
Communications	8.09
Automobiles	7.15
Internet, software and IT services	7.13
Construction and building materials	6.83
Electronics and electrical equipment	6.17
Miscellaneous	5.92
Transport and freight	4.58
Environmental conservation and waste management	3.00
Mining and steelworks	2.85
Public utilities	2.68
Pharmaceuticals and cosmetics	2.15
Textiles and clothing	0.96
Holding and finance companies	0.57
Warrants	0.56
Real estate	0.53
Bonds issued by companies	0.41
Utilities	0.35
Insurance	0.28
Miscellaneous consumer goods	0.20
	<b>92.80</b>

## Notes to the financial statements as at December 31, 2014

### NOTE 1

#### GENERAL

ALKEN FUND (the "SICAV") is an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable (SICAV) under Part I of the amended Luxembourg Law of December 17, 2010 relating to Undertakings for Collective Investment (the "Law") and Luxembourg Law of August 10, 1915 related to Commercial Companies as amended, whose object is to invest in transferable securities under the principle of risk spreading in accordance with, and as more fully described in its Articles and the Prospectus.

The SICAV was incorporated for an indefinite period on November 16, 2005, with an initial capital of EUR 31,000. Its articles of incorporation were published in the official gazette Mémorial on December 14, 2005. They were last amended by a notarial deed dated October 22, 2012, published in the Mémorial on November 26, 2012.

The SICAV is registered at the Trade and Companies Register of Luxembourg under the number B111842.

Alken Luxembourg S.A., a public limited company (société anonyme) with registered office at 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, was appointed management company of the SICAV as of May 25, 2007. It is a management company within the meaning of chapter 15 of the Law.

The SICAV's capital shall at all times be equal to the value of its total net assets.

As at December 31, 2014, the SICAV includes three sub-funds in operation:

- ALKEN FUND - EUROPEAN OPPORTUNITIES, denominated in Euro (EUR);
- ALKEN FUND - SMALL CAP EUROPE, denominated in Euro (EUR);
- ALKEN FUND - ABSOLUTE RETURN EUROPE, denominated in Euro (EUR).

The SICAV reserves the possibility to create new sub-funds according to economic circumstances.

As at December 31, 2014, the following classes of shares were active for each sub-fund:

- ALKEN FUND - EUROPEAN OPPORTUNITIES:
  - Class H,
  - Class R,
  - Class CH1,
  - Class CH2,
  - Class EU1,
  - Class US1,
  - Class US1h (launched on November 24, 2014),
  - Class US2,
  - Class GB1,
  - Class U,
  - Class Z and
  - Class A;

## Notes to the financial statements as at December 31, 2014 (continued)

- ALKEN FUND - SMALL CAP EUROPE:
  - Class R,
  - Class EU1 and
  - Class A;
- ALKEN FUND - ABSOLUTE RETURN EUROPE:
  - Class A,
  - Class CH1,
  - Class CH2,
  - Class CH3 (launched on March 21, 2014)
  - Class I,
  - Class EU1,
  - Class US1,
  - Class US2,
  - Class US3 (launched on March 6, 2014),
  - Class GB1,
  - Class K and
  - Class H.

On January 8, 2014, the Board of Directors of the SICAV resolved to reopen to subscriptions, from January 8, 2014 until January 10, 2014, the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

On January 30, 2014, the Board of Directors of the SICAV resolved to reopen to subscriptions, from January 30, 2014 until January 31, 2014, the Class EU1 of the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

With effect as of March 1, 2014, the Board of Directors of the SICAV has resolved, in order to limit the possibility of further subscriptions from the existing shareholders of the sub-fund ALKEN FUND - EUROPEAN OPPORTUNITIES, to decrease the maximum amount of EUR 500,000.00 per day per existing shareholder to EUR 250,000.00 per day per existing shareholder. The Board of Directors of the SICAV nevertheless may accept larger orders upon request if it considers this appropriate and the Board may consider re-opening the sub-fund or increasing the daily maximum limit in the future.

As at March 12, 2014, the Board of Directors of the SICAV has resolved, with effect as from March 19, 2014, to close the sub-fund ALKEN FUND - ABSOLUTE RETURN EUROPE to any further subscriptions from new investors, and to limit the possibility of further subscriptions from the sub-fund's existing shareholders to a maximum amount of EUR 500,000.00 per day per existing shareholder. The Board of Directors of the SICAV nevertheless may accept larger orders upon request if it considers this appropriate.

On March 19, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions, from March 24, 2014 until March 25, 2014, the Classes R and EU1 of the sub-fund ALKEN FUND - SMALL CAP EUROPE, which were closed to subscriptions from investors since October 25, 2013.

On May 26, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions, from May 27, 2014 until May 28, 2014, the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

On June 25, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions, from June 26, 2014 until June 27, 2014, the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

## Notes to the financial statements as at December 31, 2014 (continued)

On October 7, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions, from October 9, 2014 until October 10, 2014, the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

On October 14, 2014, the Board of Directors of the SICAV has resolved to reopen the Class R of the sub-fund ALKEN FUND - SMALL CAP EUROPE from October 14, 2014 until October 15, 2014.

On October 14, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions all the Classes of the sub-funds ALKEN FUND - EUROPEAN OPPORTUNITIES and ALKEN FUND - ABSOLUTE RETURN EUROPE with the exception of their respective Classes H, with effect as from November 3, 2014.

On November 17, 2014, the Board of Directors of the SICAV has resolved to reopen to subscriptions, from November 18, 2014 until November 25, 2014, the sub-fund ALKEN FUND - SMALL CAP EUROPE, which was closed to subscriptions from investors since October 25, 2013.

### NOTE 2

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Presentation of financial statements

The financial statements are prepared in accordance with generally accepted accounting principles and presented in accordance with the legal reporting requirements applicable in Luxembourg relating to undertakings for collective investment.

##### b) Foreign exchange translation for each sub-fund

Cash at banks, other net assets as well as the market value of the investment portfolio in currencies other than the currency of the sub-fund are translated into the currency of the sub-fund at the exchange rate prevailing at the year-end.

Income and expenses in currencies other than the currency of the sub-fund are translated into the currency of the sub-fund at the exchange rate prevailing at the transaction date.

Resulting realised and change in unrealised foreign exchange gains and losses are included in the statement of operations and changes in net assets.

##### c) Combined financial statements of the SICAV

The combined financial statements of the SICAV are expressed in Euro (EUR) and correspond to the sum of the corresponding items in the financial statements of the different sub-funds, converted into EUR at the exchange rate prevailing at the end of the year.

## Notes to the financial statements as at December 31, 2014 (continued)

### d) Valuation of investment securities

1) Securities and other assets listed or dealt in on a stock exchange or another regulated market are valued at the last available price; where such securities or other assets are listed or dealt in one or by more than one stock exchange or any other regulated market, the Board of Directors of the SICAV shall make regulations for the order of priority in which stock exchanges or other regulated markets are used for the provisions of prices of securities or assets.

2) Assets not listed or dealt in on a stock exchange or another organised market, or assets so listed or dealt in for which the last available price is not representative of a fair market value, are valued, prudently and in good faith by the Board of Directors of the SICAV, on the basis of their estimated sale prices.

3) Cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received will be valued at their face value with interest accrued.

4) The units/shares of open-ended undertakings for collective investment are valued on the basis of the last known Net Asset Value ("NAV") or, if the price so determined is not representative of their fair market value, are valued as the Board of Directors of the SICAV may deem fair and reasonable. Units/shares of closed-ended undertakings for collective investment are valued on the basis of their last available market value.

5) For each sub-fund, securities whose value is expressed in a currency other than the reference currency of that sub-fund are converted into that reference currency at the average rate between the last available buy/sell rate in Luxembourg or, failing that, in a financial centre which is most representative for those securities.

6) Any other security, instrument or asset will be valued, prudently and in good faith, on the basis of their estimated sale prices by the Board of Directors of the SICAV.

### e) Net realised gain/loss on sales of investments

The net realised gain/loss on sales of investments is calculated on the basis of the average cost of the investments sold.

### f) Cost of investment securities

Cost of investment securities in currencies other than the currency of the sub-fund is translated into the currency of the sub-fund at the exchange rate applicable at purchase date.

### g) Valuation of forward exchange contracts

The unrealised gains or losses resulting from outstanding forward exchange contracts are determined on the basis of the forward rates applicable at the year-end and are recorded in the statement of net assets.

## Notes to the financial statements as at December 31, 2014 (continued)

### h) Valuation of futures contracts

The liquidating value of futures contracts dealt in on a stock exchange or another organized market is based on the last available settlement prices for the relevant NAV date published by such stock exchange or other regulated market where these particular futures contracts are traded. If a futures contract could not be liquidated on the valuation day of the relevant assets, the basis for determining the liquidating value of such contract is such value as the Board of Directors of the SICAV may deem fair and reasonable.

### i) Valuation of contracts for difference ("CFD")

CFD are valued on the basis of the difference between the price of their underlying on the valuation date and on the acquisition date.

### j) Accounting of futures contracts and CFD

Unrealised gains and losses on futures contracts and CFD are settled daily through the reception/payment of a cash amount corresponding to the daily increase/decrease of the market value of each opened future contract or CFD. Such cash amount is recorded under the caption "Cash at banks" in the statement of net assets and the corresponding amount is recorded under the caption "Net realised gain and/or loss on futures contracts" in the statement of operations and changes in net assets.

### k) Income

Dividends are recorded at ex-date. Interest is recorded on an accrual basis.

### l) Formation expenses

Formation expenses are amortised over a maximum period of five years.

### m) Transaction fees

The transaction fees represent the costs incurred by each sub-fund in connection with purchases and sales of investments.

Transaction fees include brokerage fees as well as bank commissions, foreign tax, depositary fees and other transaction fees, and are included in the statement of operations and changes in net assets.

## NOTE 3

### "TAXE D'ABONNEMENT"

The SICAV's net assets are subject to a subscription tax ("Taxe d'abonnement") of 0.05% per annum payable at the end of each calendar quarter and calculated on the basis of the SICAV's total net assets at the end of the relevant quarter; such tax is reduced to 0.01% per annum in respect of share classes comprising institutional investors only (as per article 174 of the Law). This tax is not applicable for the portion of the assets of a sub-fund invested in other Luxembourg undertakings for collective investment already subject to "taxe d'abonnement".

# ALKEN FUND

## Notes to the financial statements as at December 31, 2014 (continued)

### NOTE 4

#### MANAGEMENT FEE

The Management Company is entitled to receive a management fee payable out of the net assets of the respective share class of the sub-fund on a quarterly basis at a maximum annual rate of:

Sub-fund	Class	Up to
ALKEN FUND - EUROPEAN OPPORTUNITIES	H	0.90%
	R	1.50%
	CH1	1.00%
	CH2	1.50%
	EU1	1.00%
	US1	1.00%
	US1h	1.00%
	US2	1.50%
	GB1	1.00%
	U	1.50%
	Z	1.50%
A	2.25%	
ALKEN FUND - SMALL CAP EUROPE	R	1.75%
	EU1	1.25%
	A	2.25%
ALKEN FUND - ABSOLUTE RETURN EUROPE	A	2.25%
	CH1	1.10%
	CH2	1.50%
	CH3	2.25%
	I	1.50%
	EU1	1.10%
	US1	1.10%
	US2	1.50%
	US3	2.25%
	GB1	1.10%
	K	1.50%
H	0.90%	

The Management Company is responsible for the payment of the fees and expenses of the Investment Manager and, where relevant, the distributors.

### NOTE 5

#### PERFORMANCE FEE

The Management Company is also entitled to receive a performance fee that may be levied only in case there is a difference in favour of the Investor between the relative evolution of the relevant sub-fund and a reference index (i.e. an outperformance).

The performance fee is calculated and accrued at each Applicable NAV on the basis of NAV after deducting all expenses, the management fee (but not the performance fee) and adjusted for subscriptions and redemptions during the relevant performance year. Such performance fee is payable quarterly in arrears.

Details about the performance fee calculation method can be found in the latest appendices to the prospectus.

# ALKEN FUND

## Notes to the financial statements as at December 31, 2014 (continued)

The performance fee for the year ended December 31, 2014 amounts to:

- EUR 31,244,550.90 for the sub-fund ALKEN FUND - EUROPEAN OPPORTUNITIES,
- EUR 1,317,024.75 for the sub-fund ALKEN FUND - SMALL CAP EUROPE,
- EUR 13,416,179.91 for the sub-fund ALKEN FUND - ABSOLUTE RETURN EUROPE.

### NOTE 6

#### OPERATING AND ADMINISTRATIVE EXPENSES

The Operating and administrative expenses are calculated as a percentage of the average daily net assets of each share class. They are accrued daily and payable quarterly at a maximum rate of 0.35% for all sub-fund or share class unless specified differently in the prospectus.

The Operating and administrative expenses cover:

a) Expenses directly contracted by the SICAV, including but not limited to the Custodian fees and expenses, auditing fees and expenses, the Luxembourg Taxe d'Abonnement, "Directors" fees and reasonable out-of-pocket expenses incurred by the Directors.

b) A "fund servicing fee" paid to the Management Company which will be the remaining amount of the Operating and Administrative Expenses after deduction of the expenses detailed under section a) above.

The Management Company then bears all fees and expenses incurred in the day to day operation and administration of the SICAV, including but not limited to formation expenses such as organisation and registration costs, accounting expenses covering fund accounting and administration services; transfer agency expenses covering registrar and transfer agency services; the Administrative Agent and Domiciliary Agent services; the fees and reasonable out-of-pocket expenses of the paying agents and representatives; legal fees and expenses; ongoing registration, listing and quotation fees, including translation expenses; the cost of publication of the Share prices and postage, telephone, facsimile transmission and other electronic means of communication; and the costs and expenses of preparing, printing, and distributing the Fund's Prospectus, Key Investors Information Documents or any offering document, financial reports and other documents made available to Shareholders. The expenses incurred by the Management Company in relation to the launch of additional sub-funds may, at the discretion of the Board of Directors, be capitalized and amortized over a period not exceeding five years, as permitted by Luxembourg law.

The Management Company instructs the SICAV to pay for the expenses directly contracted by it (as listed above) as well as for the SICAV Administrator Fees and Expenses directly out of the assets of the SICAV. In such case the fee due to the Management Company is reduced accordingly.

Operating and administrative expenses do not include Management fees, Performance fees, Taxes, Transactions Fees and Extraordinary Expenses.

### NOTE 7

#### OTHER FEES PAYABLE

As at December 31, 2014, the other fees payable include mainly operating expenses.

# ALKEN FUND

## Notes to the financial statements as at December 31, 2014 (continued)

### NOTE 8

#### SUBSCRIPTION AND REDEMPTION COMMISSION (DILUTION LEVY)

The issue price for shares in each class is equal to the NAV of each share in that class, dated on the Business Day of the applicable day of subscription.

The redemption price for shares in each class is equal to the NAV of each share in that class dated the Business Day on which application for redemption has been accepted.

Under certain circumstances (for example, large volumes of deals) investment and/or disinvestment costs may have an adverse effect on the Shareholders' interest in the SICAV. In order to prevent this effect, called "dilution", the Board of Directors of the SICAV has the power to charge a "dilution levy" on the issue, redemption and/or conversion of shares. If charged, the dilution levy is paid into the relevant sub-fund and becomes part of the relevant sub-fund. The dilution levy for each sub-fund is calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy depends on the volume of issues, redemptions or conversions. The Board of Directors of the SICAV may charge a discretionary dilution levy on the issue, redemption and/or conversion of shares, if in its opinion, the existing Shareholders (for issues) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In any case the dilution levy shall not exceed 2.00% of the NAV per share.

In addition the issue or redemption price may be increased/reduced by sales commissions, which are paid to intermediaries and do not exceed:

- Maximum 3.00% of the NAV of each share for subscription,
- Maximum 3.00% of the NAV of each share for redemption.

The issue price/redemption price shall be increased/reduced to cover any duties, taxes and stamp duties which might have to be paid.

In addition, for the Class CH1, Class US1 and Class EU1: up to 2.00% of the NAV per share subscribed may be charged at the discretion of the Board of Directors of the SICAV for the benefit of the Management Company.

### NOTE 9

#### FUTURES CONTRACTS

The SICAV had the following futures contracts outstanding as at December 31, 2014:

##### ALKEN FUND - ABSOLUTE RETURN EUROPE

	Maturity	Currency	Commitment in EUR
Sale of 25,155.00 EUROSTOXX 50 ESTX 50 EUR -PRICE-	20/03/2015	EUR	-791,484,466.50

# ALKEN FUND

## Notes to the financial statements as at December 31, 2014 (continued)

### NOTE 10 CONTRACTS FOR DIFFERENCE ("CFD")

The SICAV had the following CFD outstanding as at December 31, 2014:

#### ALKEN FUND - ABSOLUTE RETURN EUROPE

Description	Quantity/Nominal value	Currency	Commitment in EUR
AERCAP HOLDINGS	-1,517,093.00	USD	-48,670,336.06
AIR LEASE 'A'	-351,576.00	USD	-9,968,654.71
BASF REG	-280,123.00	EUR	-19,574,995.24
BG GROUP	-4,557,601.00	GBP	-51,199,024.22
CHENIERE ENERGY	-999,716.00	USD	-58,162,899.95
COMMERZBANK	5,757,274.00	EUR	63,214,868.52
CONTINENTAL RESOURCES	-1,090,727.00	USD	-34,577,326.62
ENAGAS	2,236,908.00	EUR	58,573,435.98
GALP ENERGIA 'B'	-3,728,103.00	EUR	-31,431,636.39
GROUPE EUROTUNNEL -REGROUPEMENT-	-1,459,151.00	EUR	-15,612,915.70
HALLIBURTON	-804,024.00	USD	-26,133,026.50
JC DECAUX	-40,816.00	EUR	-1,165,909.04
LANXESS	-287,455.00	EUR	-11,054,082.03
MICHELIN 'B' NOM.	-297,043.00	EUR	-22,358,426.61
MORRISON WM. SUPERMARKETS	-5,364,783.00	GBP	-12,833,675.70
PRECISION CASTPARTS	-172,461.00	USD	-34,331,153.25
REPSOL	-2,755,306.00	EUR	-42,831,231.77
REPSOL ISS.14	-1,536,417.00	EUR	-23,883,602.27
RWE	4,043,882.00	EUR	103,725,573.30
SAINSBURY J.	-7,261,091.00	GBP	-23,263,781.16
SAP	-198,818.00	EUR	-11,583,136.68
SCHLUMBERGER	-160,728.00	USD	-11,344,804.40
SEADRILL	-3,016,990.00	NOK	-28,748,570.08
SIEMENS	-178,977.00	EUR	-16,779,093.75
SUBSEA 7	-2,842,789.00	NOK	-23,986,517.62
WIRECARD	796,990.00	EUR	29,054,270.45

### NOTE 11 FORWARD EXCHANGE CONTRACTS

Forward exchange contracts on identical currency pairs listed below are aggregated. Only the longest maturity date is shown.

The SICAV has the following forward exchange contracts outstanding as at December 31, 2014:

#### ALKEN FUND - EUROPEAN OPPORTUNITIES

	Purchase		Sale	Maturity
USD	54,846,923.84	EUR	44,980,416.47	30/01/2015

The net unrealised gain on this contract as at December 31, 2014 was EUR 331,180.32 and is included in the statement of net assets.

# ALKEN FUND

## Notes to the financial statements as at December 31, 2014 (continued)

### ALKEN FUND - ABSOLUTE RETURN EUROPE

	Purchase		Sale	Maturity
CHF	14,622,656.92	EUR	12,159,809.17	30/01/2015
GBP	63,251,135.08	EUR	80,606,526.24	30/01/2015
USD	221,137,724.85	EUR	181,349,618.54	30/01/2015

The net unrealised gain on these contracts as at December 31, 2014 was EUR 2,198,762.47 and is included in the statement of net assets.

### NOTE 12

#### WARRANTS

As at December 31, 2014, the SICAV had the following Warrants:

#### ALKEN FUND - EUROPEAN OPPORTUNITIES

Quantity Name	Currency	Commitment in EUR
10,630,974 PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	EUR	34,174,098.97

#### ALKEN FUND - SMALL CAP EUROPE

Quantity Name	Currency	Commitment in EUR
337,372 PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	EUR	1,084,508.73

#### ALKEN FUND - ABSOLUTE RETURN EUROPE

Quantity Name	Currency	Commitment in EUR
8,585,223 PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	EUR	27,597,872.07

### NOTE 13

#### CREDIT LINE AND GUARANTEES

On September 30, 2014, the SICAV renewed its Loan agreement (the "Loan Agreement") with Pictet & Cie (Europe) S.A. (the "Bank"), which was entered into on September 16, 2013, in respect of the sub-fund ALKEN FUND - EUROPEAN OPPORTUNITIES, for an unconfirmed credit line amount fixed to EUR 250,000,000.

Under the terms of the Loan Agreement, the SICAV agreed to duly pledge the portfolio of the Participating sub-fund in favour of the Bank.

As at December 31, 2014, the sub-fund is using this credit line for an amount of EUR 44,988.07.

On October 30, 2014, the SICAV entered into a Loan agreement with the Bank, in respect of the sub-fund ALKEN FUND - SMALL CAP EUROPE, for an unconfirmed credit line amount fixed to EUR 10,000,000.

Under the terms of the Loan Agreement, the SICAV agreed to duly pledge the portfolio of the participating sub-fund in favour of the Bank.

As at December 31, 2014, the sub-fund is not using this credit line.

## Notes to the financial statements as at December 31, 2014 (continued)

On September 1, 2014, the SICAV entered into a Loan agreement with the Bank, in respect of the sub-fund ALKEN FUND - ABSOLUTE RETURN EUROPE, for an unconfirmed credit line amount fixed to EUR 200,000,000.

Under the terms of the Loan Agreement, the SICAV agreed to duly pledge the portfolio of the Participating sub-fund in favour of the Bank.

As at December 31, 2014, the sub-fund is not using this credit line.

### NOTE 14

#### CHANGES IN THE COMPOSITION OF THE PORTFOLIO DURING THE YEAR

The statement of changes in the composition of the portfolio during the year is made available free of charge to shareholders at the registered office of the SICAV.

### NOTE 15

#### COLLATERAL ON OTC DERIVATIVES PRODUCTS

In the framework of their transactions on OTC derivatives products (CFD), the sub-fund ALKEN FUND - ABSOLUTE RETURN EUROPE has not received any collateral from the counterparties with which it deals.

# ALKEN FUND

## Total Expense Ratio ("TER") and Portfolio Turnover Ratio ("PTR") (unaudited)

Sub-fund	Class	Currency	TER in % including	TER in % excluding	PTR
			performance fees	performance fees	
			31.12.2014	31.12.2014	31.12.2014
ALKEN FUND - EUROPEAN OPPORTUNITIES	H	EUR	1.84	1.25	41.18%
	R	EUR	2.46	1.85	41.18%
	CH1	CHF	2.17	1.35	41.18%
	CH2	CHF	2.30	1.85	41.18%
	EU1	EUR	1.91	1.35	41.18%
	US1	USD	1.89	1.35	41.18%
	US1h	USD	3.48	3.48	41.18%
	US2	USD	2.40	1.85	41.18%
	GB1	GBP	1.89	1.35	41.18%
	U	EUR	2.45	1.85	41.18%
	Z	EUR	2.45	1.85	41.18%
	A	EUR	3.18	2.61	41.18%
ALKEN FUND - SMALL CAP EUROPE	R	EUR	2.91	2.11	64.51%
	EU1	EUR	2.42	1.61	64.51%
	A	EUR	3.36	2.61	64.51%
ALKEN FUND - ABSOLUTE RETURN EUROPE	A	EUR	3.14	2.60	14.10%
	CH1	CHF	2.08	1.45	14.10%
	CH2	CHF	2.15	1.85	14.10%
	CH3	CHF	2.60	2.59	14.10%
	I	EUR	2.42	1.85	14.10%
	EU1	EUR	2.07	1.45	14.10%
	US1	USD	1.88	1.45	14.10%
	US2	USD	2.36	1.85	14.10%
	US3	USD	2.67	2.59	14.10%
	GB1	GBP	1.78	1.45	14.10%
	K	EUR	3.14	1.85	14.10%
H	EUR	2.03	1.25	14.10%	

### Calculation of TER:

$$\text{TER \%} = \frac{\text{TOTAL OPERATING EXPENSES (*)}}{\text{AVERAGE NAV (**)}} \times 100$$

### Calculation of the PTR:

$$\text{PTR} = \frac{(\text{TOTAL PURCHASES} + \text{TOTAL SALES}) - (\text{TOTAL SUBSCRIPTIONS} + \text{TOTAL REDEMPTIONS})}{\text{AVERAGE NAV (**)}} \times 100$$

(\*) Operating and Administrative Expense of a maximum of 0.35% per annum of the sub-fund's total average net assets in line with the historical Total Expense Ratio are paid by each sub-fund. Operating and administrative expenses do not include Management fees, Performance fees, Taxes, Transactions Fees and Extraordinary Expenses (refer to note 6).

(\*\*) Calculated on the basis of the daily average of net assets for the year ended December 31, 2014.

# ALKEN FUND

## Performance (unaudited)

Sub-fund	Class	Currency	Performance in %	Performance in %	Performance in %
			for the fiscal year ending	for the fiscal year ending	for the fiscal year ending
			31.12.2014	31.12.2013	31.12.2012
ALKEN FUND - EUROPEAN OPPORTUNITIES	H	EUR	10.81	34.57	28.58
	R	EUR	10.15	33.73	27.81
	CH1	CHF	8.64	1.46*	-
	CH2	CHF	8.06	11.69*	-
	EU1	EUR	10.55	33.75	1.14*
	US1	USD	-2.81	21.08*	-
	US1h	USD	0.58 *	-	-
	US2	USD	-3.30	10.51*	-
	GB1	GBP	3.18	22.06*	-
	U	EUR	10.15	33.78	27.83
	Z	EUR	10.15	33.73	27.85
A	EUR	9.32	32.74	26.91	
ALKEN FUND - SMALL CAP EUROPE	R	EUR	9.50	46.19	32.07
	EU1	EUR	9.98	9.29*	-
	A	EUR	8.97	27.05*	-
ALKEN FUND - ABSOLUTE RETURN EUROPE	A	EUR	3.50	15.29	4.37*
	CH1	CHF	4.37	2.50*	-
	CH2	CHF	3.96	2.31*	-
	CH3	CHF	-0.28*	-	-
	I	EUR	4.25	16.22	10.79
	EU1	EUR	4.65	14.31*	-
	US1	USD	4.52	16.53	0.73*
	US2	USD	4.12	2.13*	-
	US3	USD	-0.43*	-	-
	GB1	GBP	4.72	4.12*	-
	K	EUR	4.27	16.30	10.81
H	EUR	4.93	16.95	11.50	

\* The performance of share classes launched during the year was calculated by comparing the net asset value per share as at the launch date of the share class with the net asset value per share as at the end of the year.

Past performance is not an indicator of current or future returns. Performance data do not take into account the fees and expenses arising from the issue and redemption of units.

## Other information to Shareholders (unaudited)

### Information on risk measurement

This note aims to give a summary of the Global Exposure monitoring for the sub-funds of ALKEN FUND. The period under review is the year 2014.

#### 1) Methodology for the Global Exposure monitoring

ALKEN FUND is composed of three sub-funds:

- ALKEN FUND - EUROPEAN OPPORTUNITIES
- ALKEN FUND - SMALL CAP EUROPE
- ALKEN FUND - ABSOLUTE RETURN EUROPE

The table below summarizes the methodology used for the monitoring of the Global Exposure for each sub-fund.

	Global Exposure Monitoring - ALKEN FUND
ALKEN FUND - EUROPEAN OPPORTUNITIES	Commitment approach
ALKEN FUND - SMALL CAP EUROPE	Commitment approach
ALKEN FUND - ABSOLUTE RETURN EUROPE	Absolute VaR approach

*ALKEN FUND - Methodology used for the Global Exposure monitoring*

NB: The conversion methodology for the commitment approach is the market value of the equivalent position in the derivative's underlying asset. The limit stated in the risk management policies of Alken Luxembourg S.A. is a maximum commitment of 100% of the NAV of the sub-fund.

#### 2) VaR and leverage overview for the ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund

ALKEN FUND - ABSOLUTE RETURN EUROPE's Global Exposure is monitored via the absolute VaR approach. The VaR figure as well as the leverage of the sub-fund is monitored on a daily basis.

## Other information to Shareholders (unaudited) (continued)

The limits and the methodologies used for the leverage and the VaR monitoring according to the risk management policies of Alken Luxembourg S.A. are summarized in the table below.

	Risk Management Policies
<b>VaR</b>	
Methodology	Monte Carlo
Observation period	200 weeks of weekly data
Holding period	20 Business Days
Confidence interval	99%
VaR Limit according to the Risk Management Policies	17%
<b>Leverage</b>	
Methodology	Sum of notionals (absolute value)
Leverage Limit according to the Risk Management Policies	150%

*VaR and leverage monitoring in Alken Luxembourg S.A. risk management policies*

The table below summarizes the VaR and the leverage figures for the ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund for the year 2014.

	ALKEN FUND - ABSOLUTE RETURN EUROPE
<b>VaR</b>	
Minimum VaR	3.8%
Maximum VaR	6.6%
Average VaR	5.3%
<b>Leverage</b>	
Minimum leverage	29.7%
Maximum leverage	80.1%
Average leverage	52.3%

*ALKEN FUND - ABSOLUTE RETURN EUROPE - VaR and leverage figures - 2014*

