

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, 2015**

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Organisation of the SICAV

REGISTERED OFFICE	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE SICAV	
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 VANDERSCHELDEN, 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 MANAGERS OF THE MANAGEMENT COMPANY	Mr Nicolas WALEWSKI, Managing Partner, Alken Asset Management Limited, 61, Conduit Street, 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 Alexis TSATSARIS, Director of Finance and Operations, Alken Asset Management Limited, 61, Conduit Street, London W1S 2GB, United Kingdom 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 Limited, 61, Conduit Street, London W1S 2GB, United Kingdom
DEPOSITORY BANK	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

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Organisation of the SICAV (continued)

CENTRAL ADMINISTRATION AGENT	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
CABINET DE RÉVISION AGRÉÉ/AUDITOR	Deloitte Audit, Société à responsabilité limitée, 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 Limited, 61, Conduit Street, London W1S 2GB, United Kingdom
COUNTERPARTY ON CONTRACTS FOR DIFFERENCE (note 10)	Merrill Lynch International London UBS AG London
COUNTERPARTY ON FORWARD EXCHANGE CONTRACTS (note 11)	Pictet & Cie (Europe) S.A. Luxembourg

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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 Depositary Bank and other establishments appointed by the Depositary 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 Depositary Bank.

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

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

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Distribution abroad

Distribution in Switzerland

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

Representative	The representative in Switzerland is FundPartner Solutions (Suisse) SA (the "Representative"), 60, route des Acacias, CH-1211 Geneva 73, Switzerland.
Paying Agent	The paying agent in Switzerland is Banque Pictet & Cie SA with its registered office in 60, route des Acacias, CH-1211 Geneva 73, Switzerland.
Place of distribution of reference documents	<p>The prospectus and the Key Investor 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>
Publications	<p>Publications in respect of the foreign collective investment scheme must be made in Switzerland on www.swissfunddata.ch.</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 www.swissfunddata.ch.</p>
Payment of remunerations and distribution remuneration	<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">• life insurance companies,• pension funds and other retirement provision institutions,• investment foundations,• Swiss fund management companies,• foreign fund management companies and providers,• investment companies. <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">• distributors subject to the duty to obtain authorisation pursuant to Art. 13 and 19 CISA,• distributors exempt from the duty to obtain authorisation pursuant to Art. 13.3 CISA and Art. 8 CISO,• sales partners who place the units of collective investment schemes exclusively with institutional investors with professional treasury facilities,• sales partners who place the units of collective investment schemes exclusively on the basis of a written asset management mandate.
Place of performance and jurisdiction	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.

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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 prospectus and the Key Investor 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 Depositary.

The latest version of the prospectus including the addendum for Austrian investors, the Key Investor 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".

ALKEN FUND

Distribution abroad (continued)

The SICAV's tax consultant in Austria is:

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

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 2015

January saw a sudden revaluation of the Swiss Franc that helped the performance in Euro of stocks exposed to the domestic Swiss market, of which the portfolio was underweight. Similarly, the ECB's introduction of an aggressive quantitative easing programme favoured the performance of long duration stocks which had an adverse impact on the portfolio's performance.

As a result, we believed investors' positioning in the latter at the expense of cyclical stocks had reached extreme levels. We also believed that European growth would be better than expected and this should trigger a return to the norm which would favour the performance of cyclical stocks.

The market's rally gathered momentum in February after the announcement of a quantitative easing programme and we saw cyclical stocks' performance close the gap with bond-like stocks. We remained constructive on European markets with the tailwinds of a low oil price, a supportive monetary policy and a weaker Euro.

The market continued its rally in March driven by the implementation of QE in Europe, the concomitant weakening of the Euro and a gradual recovery in credit. Our stance remained the same. European equities are supported by multiple tailwinds which continued to be underestimated, the most important being the lower oil price's impact on consumer spending. We made few changes to the portfolio in March.

Q2 2015

Following a strong rise that lasted most of April the market corrected as the crisis between Greece and its creditors did not show any signs of a resolution.

Despite the renewed worries over the Greek debt problem we remained firmly positive on Europe which we believed would be supported by an expansionary monetary policy, a low exchange rate and the weakness in the price of oil.

European equities recovered from the correction seen in April as the European economic recovery didn't show any signs of being derailed while negotiations on Greece are still ongoing. We have made few changes to the portfolio and remained positive on the outlook for our companies.

The market newsflow was dominated by Greece's negotiations with its creditors and subsequent descent into an IMF default. Although the uncertainty created by this situation had been disruptive to the market we believed that companies in our portfolio could handle the impact on their operations.

Rather than trying to have a view on the outcome of the Greek situation we continued to focus on the fundamentals of our companies and these remained solid. The latest weakness in the market had provided us with opportunities to consolidate our positions in some of our preferred stocks.

Management report (continued)

Q3 2015

The market newsflow was still dominated by Greece's negotiations with its creditors. Although the uncertainty created by this situation had been disruptive to the market we believe that the companies in our portfolio can handle the impact on their operations. The end of the July also saw the start of Q2 reporting season with most companies exposed to domestic consumption beating estimates and only a few warnings mainly from companies exposed to energy, commodities and cap-ex.

Rather than trying to have a view on the outcome of the Greek situation we continued to focus on the fundamentals of our companies and these remained solid. The latest weakness in the market had provided us with opportunities to consolidate our positions in some of our preferred stocks. The main structural drivers for Europe remained in place, a lower oil price, supportive ECB measures and a lower cost of capital across the region.

No sooner had the worries over Greece started to abate than China emerged as a large source of uncertainty for the markets. The Renminbi devaluation was seen as an acknowledgement from authorities that growth had started to slowdown. It raised fears of contagion and a slowdown in the world economy.

We believed that the halving in the oil price, combined with a significant reduction in the price of other commodities and an accommodating monetary policy in Europe would be major drivers of a consumption-led recovery and that these were facts that would not be overshadowed by the economic convulsion in China.

The market's volatility increased markedly in September as the US Fed decided to push back its first rate increase invoking the risks to global growth. These were further illustrated by weak economic numbers in China and several profit warnings by companies.

Although the uncertainties linked to emerging markets had increased, we continued to believe that the fall in oil and other commodity prices is a boon to the consumer globally. This view was enhanced in Europe by a very supportive monetary policy.

Q4 2015

October saw a recovery in equity markets on the realisation that the world could cope with a slowdown in China. This belief was reinforced by the continuing signs of a consumer-led recovery in most European countries.

Overall, we continued to believe that a supportive monetary stimulus in Europe together with the low oil price and a weaker currency would favour European companies.

November saw a series of macro-economic data points that were mildly reassuring. Among them, Chinese economic data was less weak than expected and Western countries adopted a softer stance towards Russia. The oil price staged a recovery ahead of the OPEC meeting on an expectation of a cut in quotas which proved elusive.

Despite the difficult environment the underlying operations of most companies in the portfolio remain sound. We used the weakness in the previous months to add to some positions.

Markets declined again in December as a result of renewed macro worries fuelled by continuing news-flow regarding a slowdown in China.

Our outlook on the ongoing weakness of oil stocks and resulting strong expected performance of some carefully selected consumer discretionary names remained unchanged. Looking ahead into 2016, we continued to be constructive on domestic European markets on the back of historically low cost of capital, supportive monetary policy in Europe, a weaker Euro and a structurally lower oil price.

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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:

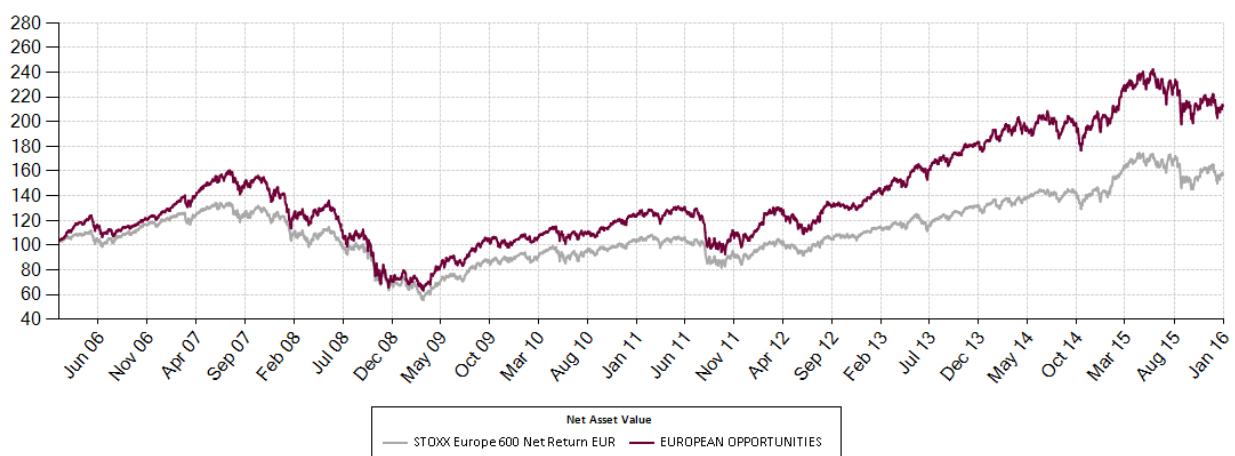
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2015

Overall the sub-fund's class R performance for the Year 2015 (R share class - EUR) was up 4.13% while the benchmark (DJ Stoxx 600 EUR Return) was up 9.60%.

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 2015

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 2.03% in January. This represented an underperformance of -5.22% versus the benchmark for the year to date.

Within the portfolio, Valeo, Peugeot and Renault were the top contributors after showing good pricing discipline combined with cost cutting allowing the companies to keep the significant benefit of falling oil and other input prices. Carrefour and Inditex benefited from their exposure to the consumer which will be a primary beneficiary from falling oil prices.

Conversely, Seagate Technology published results in line but gave a quarterly guidance that was slightly disappointing. Similarly, Micron results were good but its quarterly guidance was light. We believed both instances to be short term issues that would be overcome as the year progresses. Glencore suffered from a correction in the copper price but we believed the long term fundamentals were good given the potential for rising consumption driven by a lower oil price.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 10.14% in February this represented an outperformance of 3.15% versus the benchmark. Year to date the sub-fund was up 12.38%.

Within the portfolio Renault was the top performer after announcing results ahead of expectations and avoiding losses in Russia. Glencore performed well as copper prices found a bottom allaying concerns about the company's balance sheet and potential credit rating downgrades. Western Digital shares recovered after the post-results sell-off which we viewed as unjustified at the time.

Conversely, Enagas shares suffered from their defensive characteristics and were flat in a rising market. Pitney Bowes reported results in line with expectations but provided a guidance that included extra marketing costs that were not expected. We believed the company would be able to grow its underlying earnings by close to 10% which, combined with its dividend yield and trading multiple, made the shares attractive. Signet underperformed after reporting results in line with expectations which, given last year's strong performance, acted as a brake.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -0.41% in March, bringing the YTD to 11.92%. This represented an underperformance of -4.75% versus the benchmark for the year to date.

Within the portfolio, Ryanair benefited from continuing traffic growth and lower fuel costs. Valeo gave a positive investor day presentation with long term guidance in line with expectations. Aperam benefited from a decision by the EU to impose tariffs on stainless steel imports from China and Taiwan.

Conversely, Western Digital and Seagate suffered from cautious newsflow within the PC industry as the stronger USD made PCs more expensive. We believed the market to be over-reacting to this headwind as PCs are the least profitable segment for hard disk drive manufacturers. Higher cloud usage is a more important driver and this is accelerating as a result of the competition to offer cloud services among Google, Amazon and Apple. Lastly, Western Digital and Seagate still traded at low multiples of 9x earnings and were highly cash generative. They also had significant buyback programmes in place signalling their confidence in the long term outlook. Peabody shares were weak on continued deterioration in coal markets, whether seaborne or domestically in the US.

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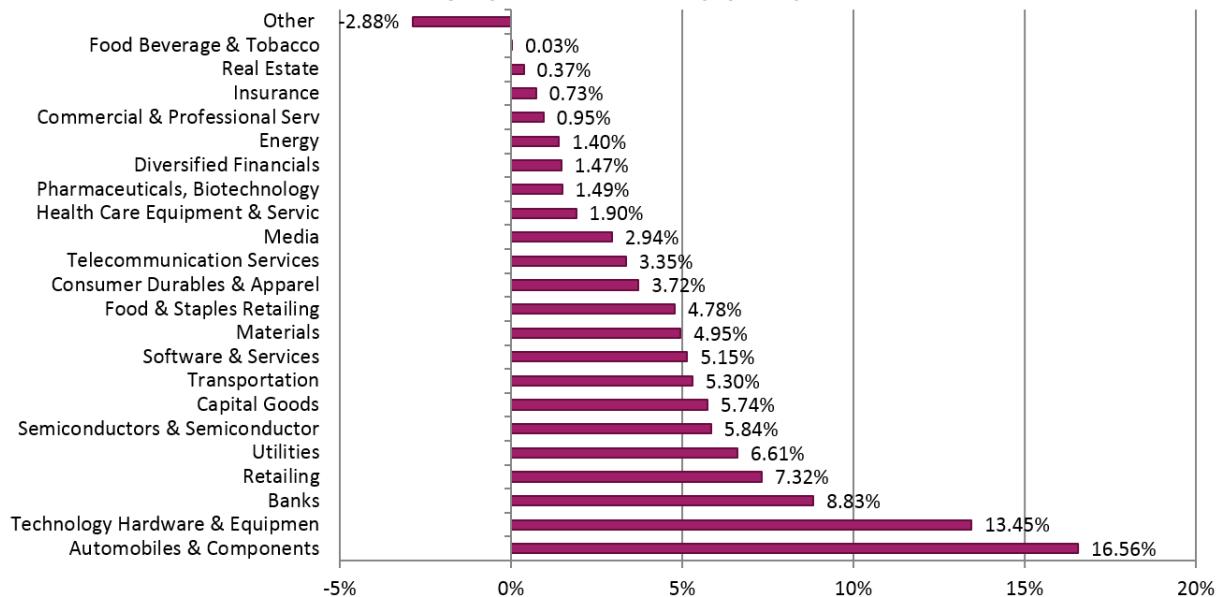
Management report (continued)

Key Statistics Q1 2015

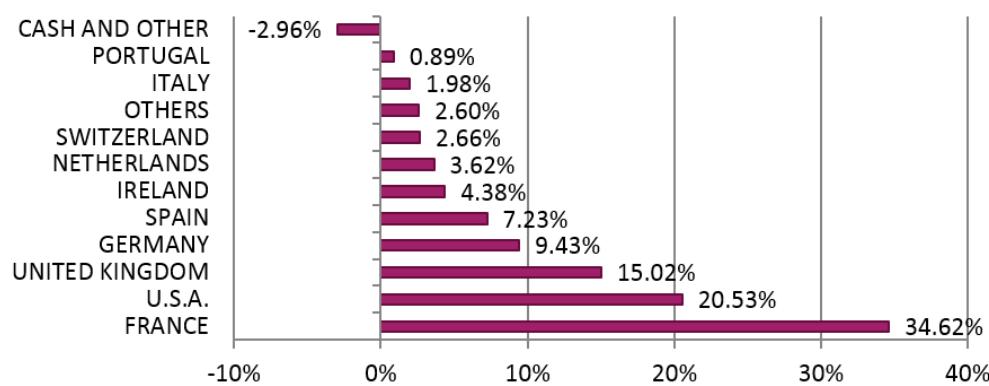
Major Holdings	
VALEO SA	6.29%
WESTERN DIGITAL	6.25%
SEAGATE TECHNOLOGY	5.65%
CARREFOUR SA	4.78%
RYANAIR HLDGS	4.35%

Market Capitalisation	
Small Cap 0-1bn	0.86%
Small-mid Cap 1-2bn	3.96%
Mid Cap 2-5bn	14.69%
Large Cap >5bn	83.46%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 Q2 2015

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 1.27% in April, bringing the YTD to 13.33%. This represented an underperformance of -3.45% versus the benchmark for the year to date.

The strongest performances within the portfolio came from Renault, Peugeot and Valeo which reported better Q1 sales thanks to a stronger than expected European car market and an improving pricing environment. Seagate recovered from a weak performance in March which was related to the slowdown in the PC market. The company reported resilient pricing and cash generation in Q1 and offered a positive outlook for the second half of the year supported by strong cloud capacity deployments.

Conversely, Ryanair shares were weak as the recovery in the oil price dampened sentiment towards the stock but the shares recovered subsequently. Inditex underperformed after a strong Q1 but there were no fundamental reasons. Commerzbank shares fell after the announcement of a surprise capital increase although its Q1 results were well above expectations. The management justified their decision by the need to strengthen their core tier 1 ratio.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 2.92% in May, bringing the YTD to 16.65%. This represented an underperformance of -2.08% over the benchmark for the year to date.

Peugeot and Valeo shares continued their rally on a strong car market. In Peugeot's case the performance was further helped by their investor day in China showing good progress in the company's Chinese margins. Ryanair shares continued their recovery following a momentary underperformance triggered by the recovery in the oil price.

Seagate shares corrected on worries of PC weakness although their environment remained sound. Wirecard shares were weak on rumours of fraud. As was the case in the past, we believed these rumours were unfounded. Banca Monte Paschi shares were weak ahead of the announcement of a Eur 3bn capital increase which triggered a sell-off from retail investors and the foundations who were unable to participate. We participated in the capital increase because we believed the bank to be better managed and the shares undervalued.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -6.25% in June, bringing the YTD to 9.36%. This represented an underperformance of -4.04% versus the benchmark for the year to date.

Within the portfolio, Sports Direct and B&M European Value benefited from their exposure to a recovery in European consumption driven by the lower oil price. Barratt Developments continued its solid performance helped by a favourable housebuilder environment in the UK with a strong demand and attractive land prices. Ryanair benefited from better-than-expected passenger traffic statistics pointing towards a solid set of results.

Conversely, the hard disk drive manufacturers and Micron suffered from a weaker-than-expected PC market. We believed the share price correction had been overdone as this weakness is purely cyclical and it leaves the stocks trading at very low valuations.

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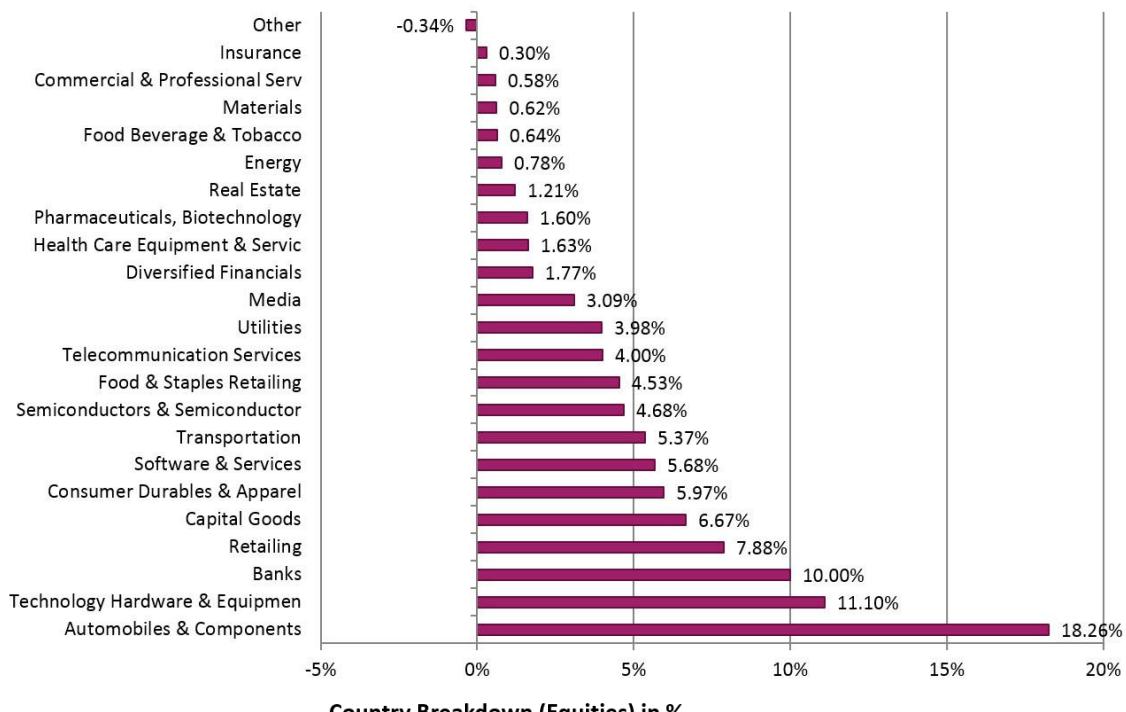
Management report (continued)

Key Statistics Q2 2015

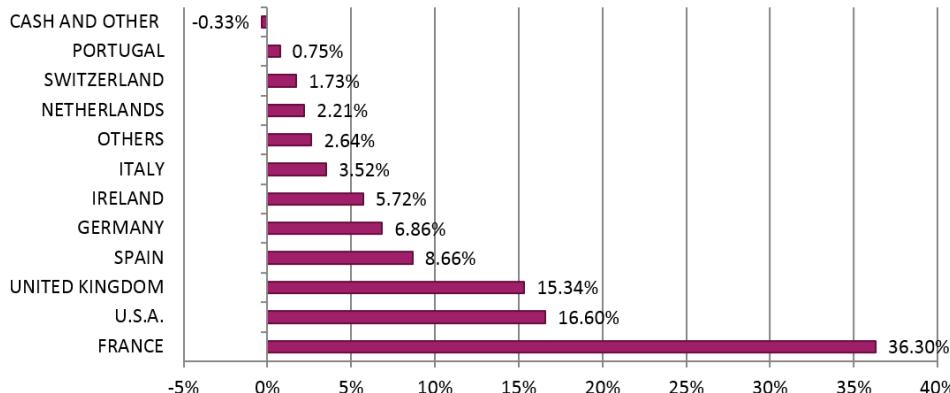
Major Holdings	
VALEO SA	6.50%
PEUGEOT SA	5.52%
WESTERN DIGITAL CORP	5.32%
SEAGATE TECHNOLOGY	5.09%
RYANAIR	5.08%

Market Capitalisation	
Small Cap 0-1bn	0.89%
Small-mid Cap 1-2bn	1.32%
Mid Cap 2-5bn	16.86%
Large Cap >5bn	81.26%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 2015

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 2.14% in July, bringing the YTD to 11.70%. This represented an underperformance of -6.26% versus the benchmark for the year to date.

Within the portfolio, the hard disk drive manufacturers rebounded sharply as several signs emerged that the PC market was finally bottoming out. Carrefour and Legrand benefited from an improving environment in both France and Italy.

Conversely, Peugeot, Renault and Valeo suffered from a deterioration of the Chinese car market even though the positive impact of a strong European market is much more important for them. All three stocks recovered later in the month as their Q2 publications confirmed that. Talktalk was hit by a more competitive UK broadband market in the relatively small Q2 and higher wholesale costs ahead of its switch to O2 network later that year.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -6.09% in August, bringing the YTD to 4.90%. This represented an underperformance of -3.35% versus the benchmark for the year to date.

Within the portfolio, Eiffage was the top contributor following a good set of Q2 results combined with a confident outlook. Similarly, Banca Monte Dei Paschi delivered good results and showed a better than expected position on regulatory capital. Seagate was also a strong contributor following good results ahead of its analysts' day on Sept 2nd.

Conversely, autos and auto suppliers suffered from the equity market meltdown, the cyclical nature of the sector didn't help these stocks during the sell-off. Although the downturn in China was now known and well understood, we believed the strength of the auto market recovery in Europe was underestimated and not priced in. Micron shares were weak as DRAM prices hit a yearly low mid August. This trend stabilised and reversed and we saw signs of improvements in several of its end markets including PC, therefore we held our conviction in the stock.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -3.48% in September, bringing the YTD to 1.25%. This represented an underperformance of -2.60% versus the benchmark for the year to date.

Within the portfolio, Wirecard was the stand out performer. After suffering from rumours that the company would buy Worldpay; Wirecard shares went up with the announcement of the Worldpay IPO. The movement accelerated when the IPO multiples appeared to be higher than Wirecard's. Valeo shares performed well as it appeared that Chinese auto demand had stabilised and we believed the company would benefit from more stringent regulation following the VW scandal. Ryanair published good traffic statistics.

Conversely, Seagate was affected by continued sluggishness in the PC market. This was a cyclical issue which was more than accounted for by the valuation. Peugeot and Renault were dragged down by worries over the implications of the VW revelations for the auto sector. It seemed to us that the VW issue was company specific in its scale and consequences. Moreover although diesel engine demand is on a declining path we did not share the view that it would accelerate as a result of this development.

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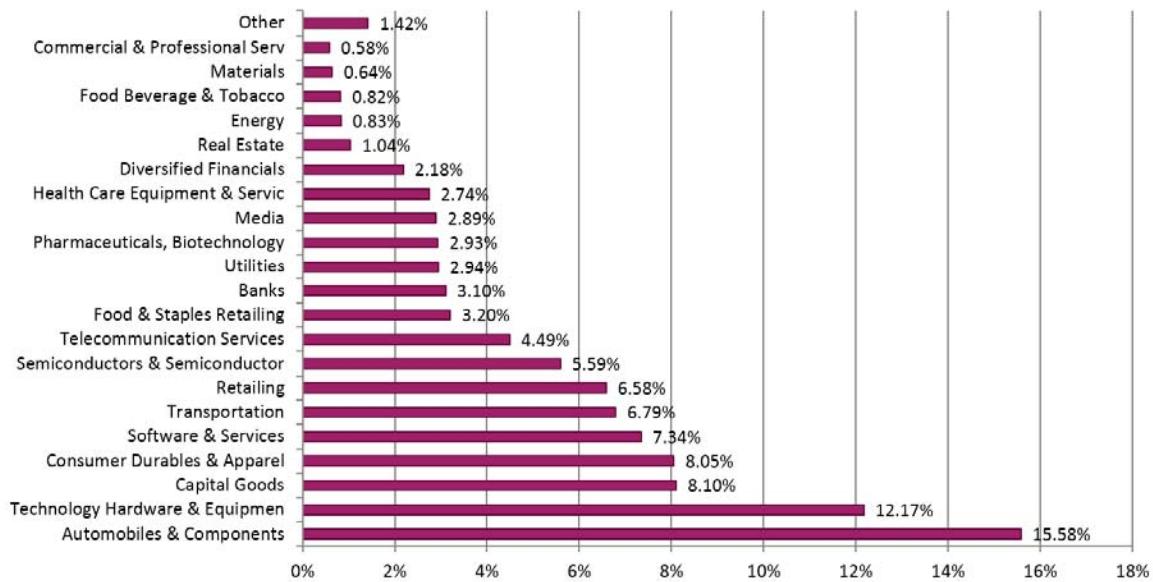
Management report (continued)

Key Statistics Q3 2015

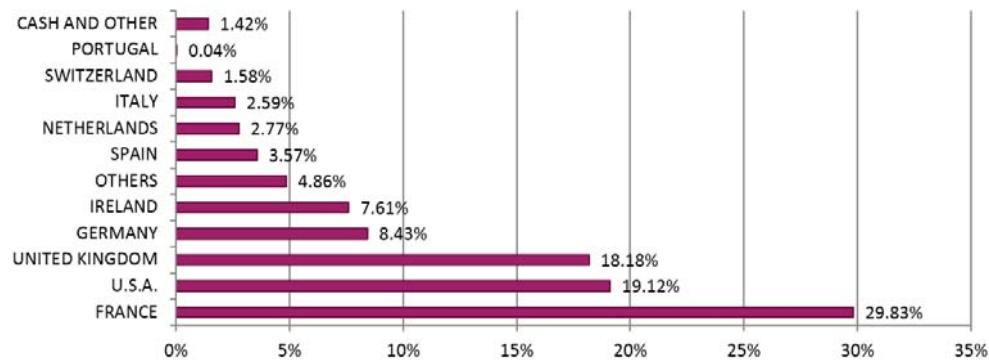
Major Holdings	
RYANAIR	6.79%
VALEO SA	6.38%
WESTERN DIGITAL CORP	6.25%
SEAGATE TECHNOLOGY	5.92%
PEUGEOT SA	5.26%

Market Capitalisation	
Small Cap 0-1bn	0.95%
Small-mid Cap 1-2bn	1.31%
Mid Cap 2-5bn	14.82%
Large Cap >5bn	84.55%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 Q4 2015

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 4.97% in October, bringing the YTD to 6.29%. This represented an underperformance of -5.96% versus the benchmark for the year to date.

Within the portfolio, Renault, Valeo and Peugeot all contributed positively to performance following reassuring results. These results confirmed our thesis on the operational performance of all three stocks. It is also important to note that although these companies suffered in the wake of the VW emission scandal, they were not exposed to the scandal. Wirecard announced a promising acquisition in India and continued to benefit from Worldpay's successful IPO. This highlighted the undervaluation of their shares. Although Ryanair performed well this year, we continued to believe it still had significant upside. It was in an excellent position to benefit from the lower oil price as its past hedges expire while consumer spending in Europe picks-up. In addition to reporting results above expectations, Temenos signed a contract with Nordea which was a major endorsement of their strategy. Inditex continued to perform well after reporting very good Q3 results confirming our thesis on the stock.

Conversely, the Fund suffered from a series of separate events affecting Seagate, Western Digital and Micron (though Micron was not a detractor itself). We believed this should not distract from the strong fundamentals favouring the industry. Seagate's results were slightly weaker than expected because of a loss of market share in a new technology but this benefited Western Digital. Intel announced new capacities in NAND which were seen as a termination of a previous partnership with Micron. In reality Micron was participating to this capacity expansion of 5-7% over a 3 to 5-year period whereas demand was growing by 40% annually. Western Digital announced their intention to acquire Sandisk. We believe the market did not take into account the full potential of this deal. In addition to supplying WDC's own SSD business it would provide the company with an additional source of growth given the strong prospects of NAND and the opportunity for WDC to upgrade Sandisk's profitability.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was up 2.54% in November, bringing the YTD to 8.98%. This represented an underperformance of -6.42% versus the benchmark for the year to date.

Renault and Peugeot performed well. Renault was a special situation with rumours of the Nissan merger. Peugeot benefited from the announcement of car incentives in China in the form of a government tax cut. Coloplast reported good results and announced a resolution of the issue the company had with the US Department of Justice. Ryanair continued to perform well.

Conversely, Monte Dei Paschi continued to suffer from a lack of improvement in non-performing loans and fears of a capital increase. We believed the bank's tier 1 ratio would protect them from such an event. Drillisch's results were affected by the costs related to the expansion of the retail network. Although this dampened short term momentum it was a necessary investment that we believed would produce long term rewards. Western Digital was weak due to continued weak PC build in Q4.

The ALKEN FUND - EUROPEAN OPPORTUNITIES was down -4.45% in December, bringing the YTD to 4.13%. This represented an underperformance of -5.47% versus the benchmark for the year to date.

Within the portfolio, Ryanair benefited from an increase in passenger traffic data in December. This, combined with the boost provided by the additional decline in the oil price, drove the stock's performance. Pandora was strong on expectations that the business model would continue to deliver strong growth. Temenos rode on the positive momentum generated from an earlier contract win.

Conversely, Sports Direct published results below expectations driven by weak performance in the UK and Austria; we reduced our exposure to the stock. Micron reported Q1 earnings below expectations due to a continued subdued pricing environment. However, a very significant cost improvement was now visible for Q2 and tangible signs of price stability were emerging. Banca Monte Dei Paschi suffered from a lack of improvement in non-performing loans and worries over a rights issue.

Despite the increased market volatility we remained confident in the operational performance for the companies within the portfolio.

ALKEN FUND

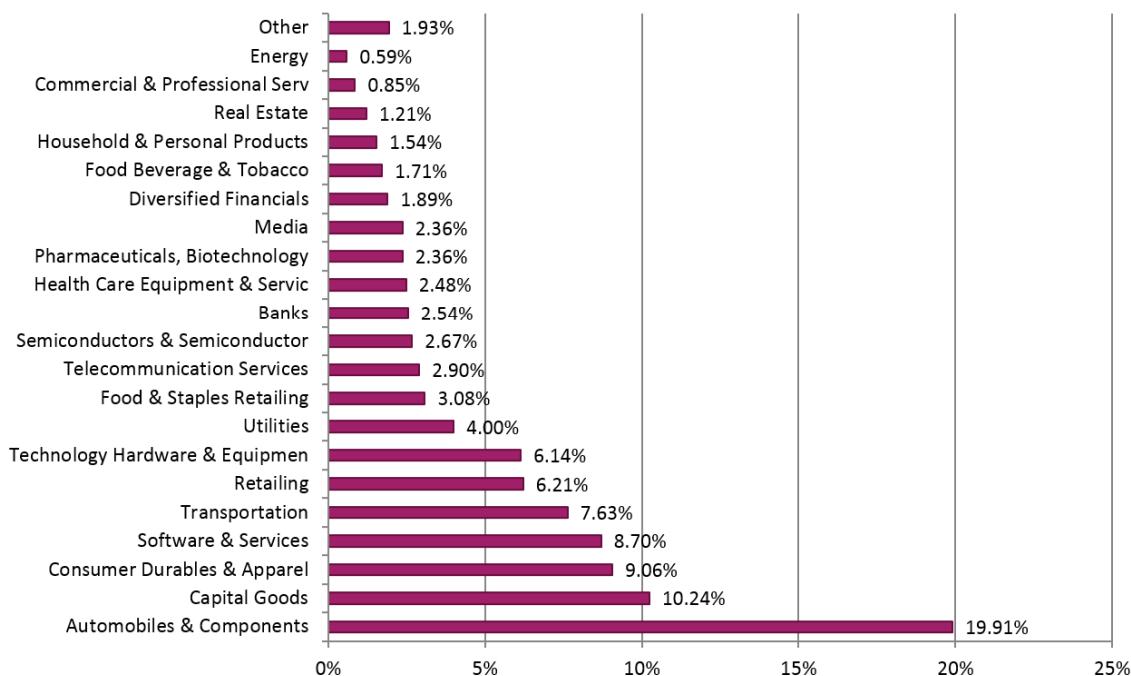
Management report (continued)

Key Statistics Q4 2015

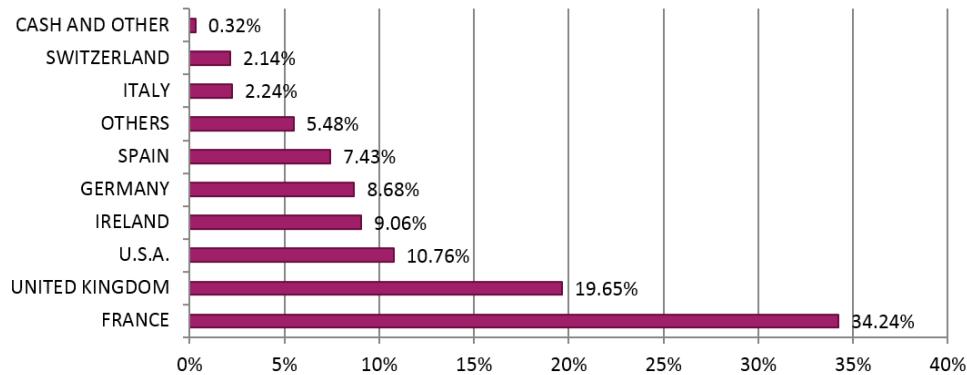
Major Holdings	
VALEO SA	7.71%
RYANAIR HOLDINGS PLC	7.63%
PEUGEOT SA	6.04%
WIRECARD AG	4.96%
RENAULT	4.85%

Market Capitalisation	
Small Cap 0-1bn	0.99%
Small-mid Cap 1-2bn	1.08%
Mid Cap 2-5bn	16.35%
Large Cap >5bn	81.27%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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:

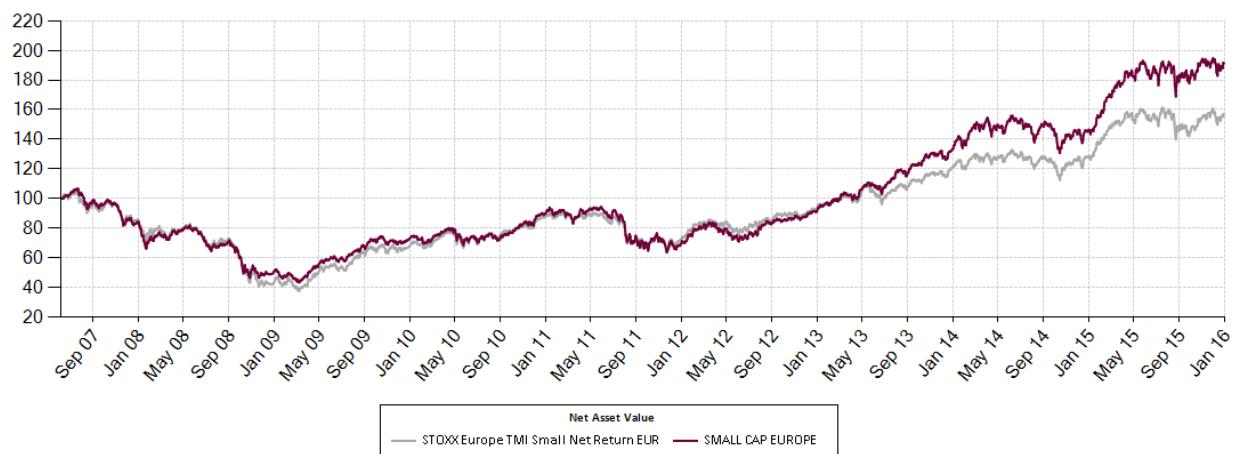
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2015

Overall the sub-fund's performance for the Year 2015 (R share class – EUR) was up 30.84% while the benchmark (STOXX Europe TMI Small Net Return EUR) was up 21.62%.

Performance 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 2015

The ALKEN FUND - SMALL CAP EUROPE was up 6.19% in January. This represented an underperformance of -0.35% versus the benchmark for the year to date.

Within the portfolio, Valeo showed good pricing discipline combined with cost cutting allowing the companies to keep the significant benefit of falling oil and other input prices. Grand City Properties continued its good performance driven by the purchase of under-managed properties and their subsequent improvement. Drillisch benefited from M&A moves in other European markets which highlighted the potential for consolidation in Germany.

Temenos suffered from difficulties in closing deals in Asia in December, an issue which seemed to be temporary - and was more than offset by the Julius Baer win. Peabody and Aperam both suffered from weakness in commodity markets.

The ALKEN FUND - SMALL CAP EUROPE was up 9.70% in February, bringing the year-to-date to 16.49%. This represented an outperformance of 0.65% versus the benchmark for the year-to-date.

Within the portfolio, Aperam was the top performer after reporting strong results highlighting a solid balance sheet. REC Silicon also reported reassuring results showing a limited impact from the solar trade war beyond what had been communicated. Banca Ifis benefited from the recovery in Italian bank shares.

Conversely, Beneteau shares were flat on a lack of newflow in a rising market. Pitney Bowes reported results in line with expectations but provided a guidance that included extra marketing costs that were not expected. We believed the company would be able to grow its underlying earnings by close to 10% which, combined with its dividend yield and trading multiple, made the shares attractive. Danieli shares underperformed ahead of reporting slightly weak results.

The ALKEN FUND - SMALL CAP EUROPE was up 4.23% in March, bringing the YTD to 21.42%. This represented an outperformance of 3.99% over the benchmark for the year to date.

OneSavings Bank performed well following good results which made the low valuation of the business become more apparent. Aperam benefited from a decision by the EU to impose tariffs on stainless steel imports from China and Taiwan. Belvedere shares were up significantly as it became clear that the turnaround plan by the new CEO was being well executed.

Conversely, Peabody shares were weak on continued deterioration in coal markets, whether seaborne or domestically in the US. Genfit suffered from preliminary clinical trial results that were badly perceived by the market. We believed these results were incomplete and did not warrant a sell-off. Adocia shares went down ahead of a capital increase in which we participated because of the very attractive valuation. The shares recovered subsequently.

ALKEN FUND

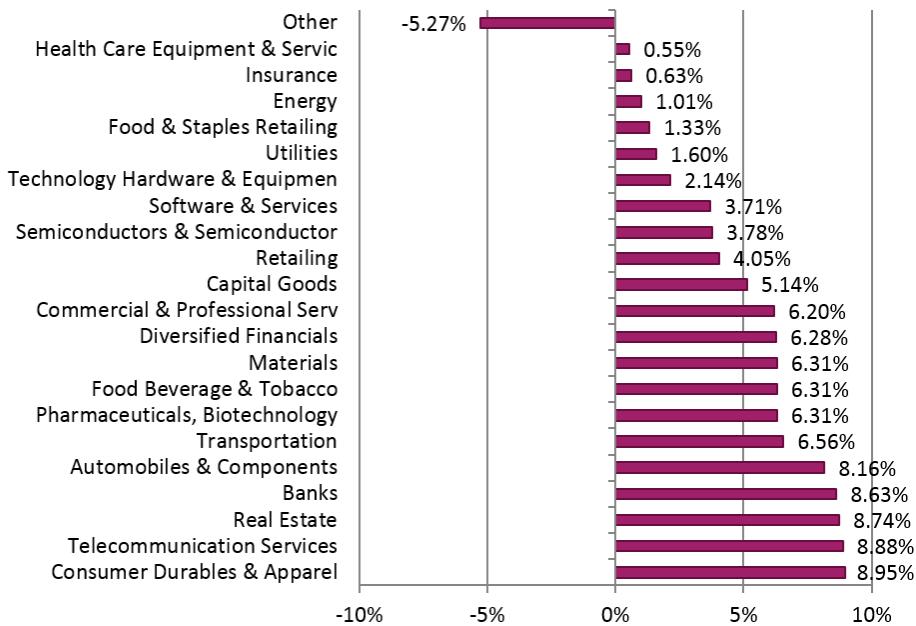
Management report (continued)

Key Statistics Q1 2015

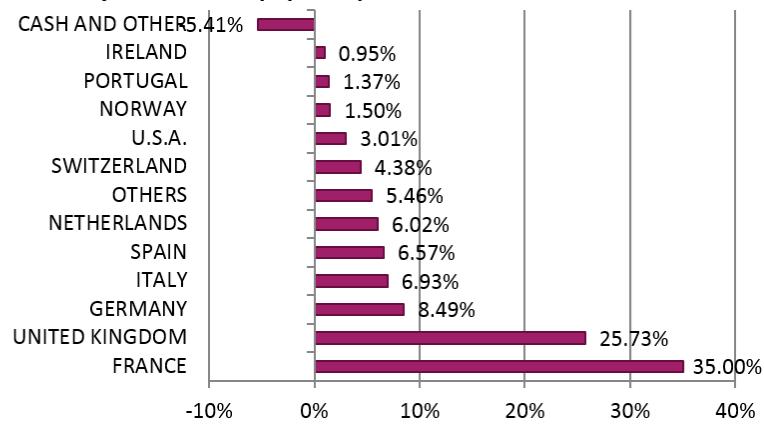
Major Holdings	
ONESAVINGS BANK	6.29%
APERAM	5.33%
DRILLISCH AG	5.01%
ADOCIA SAS	4.68%
VALEO SA	4.44%

Market Capitalisation	
Small Cap 0-2bn	58.03%
Mid Cap 2-5bn	21.62%
Large Cap >5bn	25.77%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 Q2 2015

The ALKEN FUND - SMALL CAP EUROPE was up 2.69% in April, bringing the YTD to 24.69%. This represented an outperformance of 5.89% over the benchmark for the year to date.

Norbert Dentressangle shares were up strongly on the announcement of a takeover offer from XPO in the US. Drillisch shares continued to be strong as competitor United Internet revealed having acquired a 21% stake. This had renewed consolidation speculation in the German telecoms market. Belvedere shares strengthened further following the CEO's roadshow highlighting the company's strategy following its restructuring. With a new management team and a clear action plan becoming more widely known the shares re-rated.

Conversely, Neopost shares were weak on a lack of newsflow. Aperam consolidated its prior performance as stainless steel buyers continued to destock in April. The shares had been strong in the previous months following the announcement of stainless steel duties on imports into Europe. Berendsen shares suffered following the announcement of its CEO's retirement. He had been the architect of the company's turnaround and we would wait to see his successor's strategic plans.

The ALKEN FUND - SMALL CAP EUROPE was up 4.89% in May, bringing the YTD to 30.79%. This represented an outperformance of 7.90% over the benchmark for the year to date.

OneSavingsBank and Shawbrook both performed well. These two challenger banks reported good results that highlighted the undervaluation of the shares. Adocia shares performed well helped by presentations the company made in various medical congresses that heightened awareness of the potential for the company's products.

Conversely, Danieli shares suffered after reporting weak results compounded by worries over an unpaid contract. Baron de Ley reported mixed results because of a raw material squeeze but the company was confident about their ability to recover this shortfall that year.

The ALKEN FUND - SMALL CAP EUROPE was down -3.18% in June, bringing the YTD to 26.63%. This represented an outperformance of 7.29% over the benchmark for the year to date.

Within the portfolio, Beneteau continued to benefit from a solid order book driven by market recovery and helped by a better FX environment. Aldermore is a challenger bank that was listed at an attractive valuation a few months previous. It had been re-rating since then driven by high returns on capital and a solid business model that was gaining more visibility with investors. Barratt Developments continued its solid performance driven by a favourable housebuilder environment in the UK with a strong demand and attractive land prices.

Micron suffered from a weaker-than-expected PC market. We believed the share price correction had been overdone as this weakness is purely cyclical and it left the stocks trading at very low valuations. Merlin Properties suffered following the announcement of a large acquisition and a prospective capital increase to fund it. We believed the deal to be good with the portfolio acquired consisting of prime properties bought at the bottom of the cycle.

ALKEN FUND

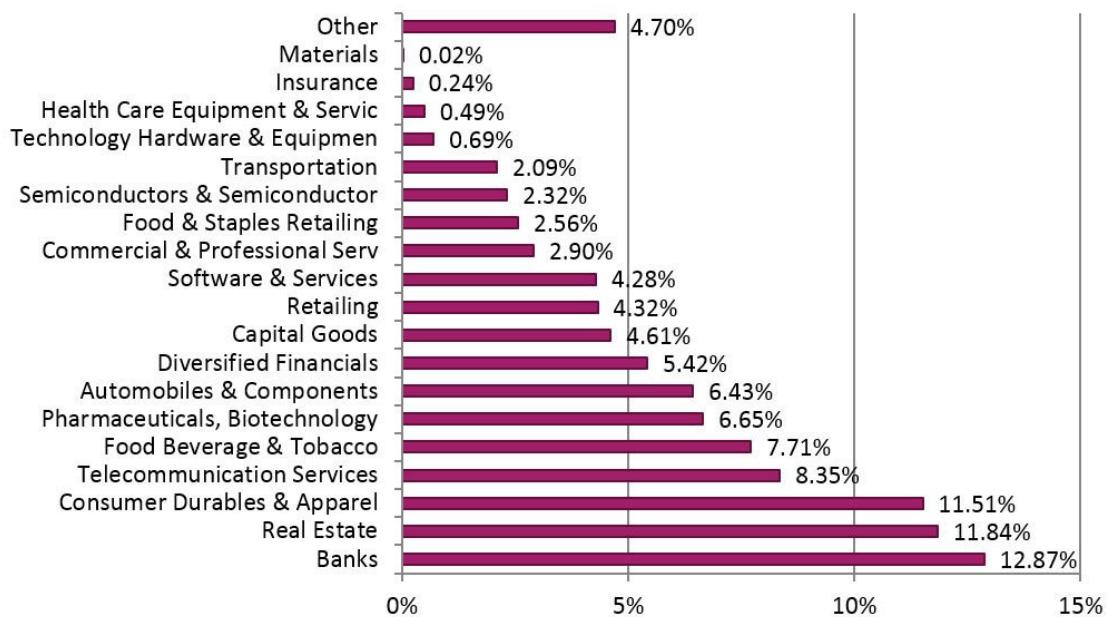
Management report (continued)

Key Statistics Q2 2015

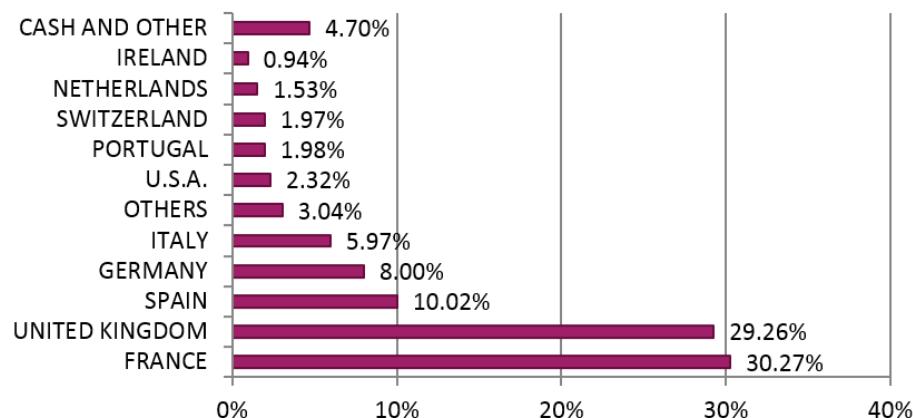
Major Holdings	
ONESAVINGS BANK PLC-WI	6.82%
ADOCIA	5.25%
DRILLISCH AG	5.07%
BELVEDERE SA	4.61%
VALEO SA	4.18%

Market Capitalisation	
Small Cap 0-2bn	51.23%
Mid Cap 2-5bn	22.45%
Large Cap >5bn	21.63%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 2015

The ALKEN FUND - SMALL CAP EUROPE was up 1.35% in July, bringing the YTD to 28.34%. This represented an outperformance of 5.56% over the benchmark for the year to date.

Within the portfolio, Adocia and Eli Lilly reported first positive results of study data with BioChaperone Lispro since signing a licensing partnership in 2014. Banca Ifis reported record profits and gave a confident outlook for its NPL management division. Jeronimo Martins outperformed in July as market expectations increased going into the first half results publication thanks to improving food inflation trends in Poland.

Conversely, One Savings Bank fell with other challenger banks on UK budget introducing a new 8% tax on all institutions collecting deposits. Car supplier, Valeo, suffered from a deterioration of the Chinese car market even though the positive impact of a strong European market is much more important for them. The stock recovered later in the month following their Q2 publications. Talktalk was hit by a more competitive UK broadband market in the relatively small Q2 and higher wholesale costs ahead of its switch to O2 network later this year.

The ALKEN FUND - SMALL CAP EUROPE was down -2.60% in August, bringing the YTD to 25.01%. This represented an outperformance of 9.29% over the benchmark for the year to date.

Within the portfolio, OneSavings Bank was the strongest contributor following a good set of results that led to a slight increase in full year guidance. Similarly, Pendragon released strong results that were well ahead of expectations and raised its 2015 expectations ahead of the market. Drillisch shares were stable and outperformed a falling market.

Conversely, Marie Brizard, Beneteau and Banca Ifis were the key detractors. The shares were down on no particular newsflow which led us to believe that low volumes and the general sell off contributed to the fall in the share price. In the case of Beneteau we took the opportunity in market weakness to add to our position.

The ALKEN FUND - SMALL CAP EUROPE was down -0.33% in September, bringing the YTD to 24.59%. This represented an outperformance of 12.14% over the benchmark for the year to date.

Within the portfolio, Drillisch shares went up as the company announced a round of price increases. The rally was sustained by continued rumours about a bid from United Internet. Valeo shares performed well as it appeared that Chinese auto demand had stabilised and the company should benefit from more stringent regulation following the VW scandal. OneSavings Bank continued its strong performance following its good results in August.

Adocia suffered from a sell-off in biotech stocks following a speech by Hillary Clinton threatening to control drug prices if she is elected. We believed this to be just electioneering and the company did not perceive the announcement as a real threat. Micron shares were affected by continued sluggishness in DRAM prices. Aperam shares went down following Outokumpu's profit warning highlighting continued weakness in stainless steel prices.

ALKEN FUND

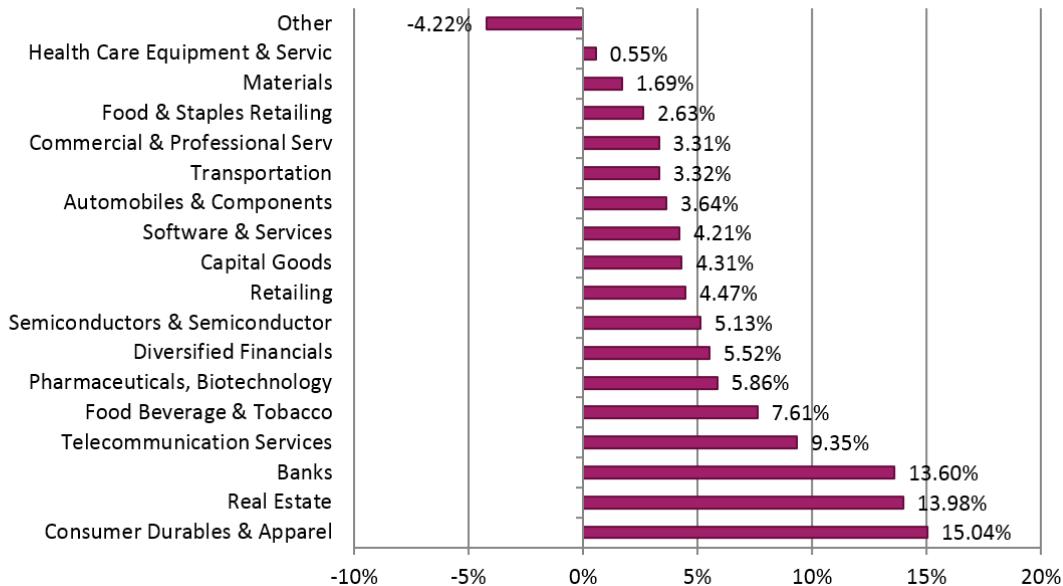
Management report (continued)

Key Statistics Q3 2015

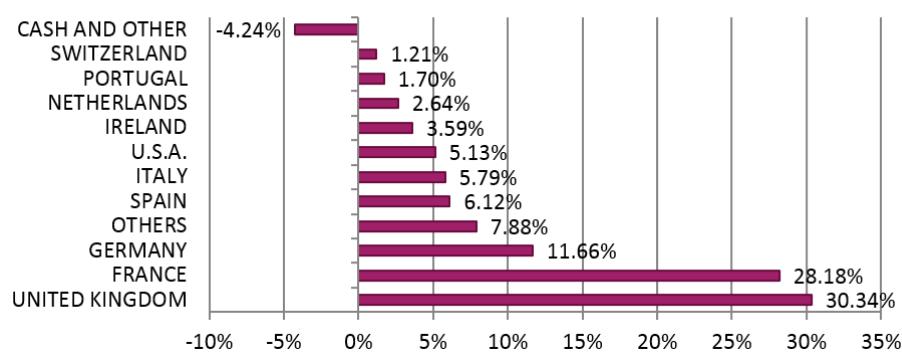
Major Holdings	
ONESAVINGS BANK PLC-WI	7.59%
DRILLISCH AG	6.48%
MARIE BRIZARD WINE & SPIRITS	5.17%
MICRON TECHNOLOGY INC	5.13%
MERLIN PROPERTIES	5.05%

Market Capitalisation	
Small Cap 0-2bn	51.55%
Mid Cap 2-5bn	25.27%
Large Cap >5bn	27.41%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



Country Breakdown is based on the main Primary Exchange

ALKEN FUND

Management report (continued)

ALKEN FUND - SMALL CAP EUROPE sub-fund performance Q4 2015

The ALKEN FUND - SMALL CAP EUROPE was up 5.48% in October, bringing the YTD to 31.42%. This represented an outperformance of 12.00% over the benchmark for the year to date.

Within the portfolio Micron was a top contributor despite the negative reaction to Intel's announcement of new capacities in NAND. This announcement was seen as a termination of a previous partnership with Micron. In reality, Micron was participating in this expansion which would increase supply by 5-7% over a 3 to 5-year period. This compared with demand growth of 40% annually. Valeo contributed positively to performance following reassuring results. These results confirmed our thesis on the company's operational performance. Sixt shares performed well following a positive pre-announcement highlighting a strong quarter for earnings and increasing its 2015 guidance.

Conversely, TalkTalk was hit by revelations of a hacking issue. Although this was a serious problem, it had been compounded by the sensationalist style of the British media. If the company continued its sales and cost cutting trajectory we believed it would be worth more than twice the then share price, even without taking into account the benefits of consolidation in the sector. Challenger banks Aldermore and OneSavingsBank underperformed in October after strong performance in the previous months.

The ALKEN FUND - SMALL CAP EUROPE was up 0.91% in November, bringing the YTD to 32.61%. This represented an outperformance of 8.11% over the benchmark for the year to date.

Banca Ifis shares performed well as the bank announced the purchase of books of non-performing loans providing the management with an opportunity to create value. Pandora benefited from continued strong operational momentum illustrated by good Q3 results. Grand City continued to perform well after strong Q3 results and the announcement of another round of acquisitions of real estate units.

Aldermore suffered from the government's decision to raise additional stamp duty on second homes and buy-to-let properties. Drillisch's results were affected by the costs related to the expansion of the retail network. Although this was dampening short term momentum we believed it was a necessary investment that would produce long term rewards. Western Digital was weak due to continued weak PC build in the fourth quarter.

The ALKEN FUND - SMALL CAP EUROPE was down -1.34% in December, bringing the YTD to 30.84%. This represented an outperformance of 9.22% over the benchmark for the year to date.

Within the portfolio, Banca Ifis performed strongly riding on the momentum generated from the earlier acquisition of a new book of loan and providing opportunities for value creation. Similarly, Grand City Properties continued to execute well on its strategy of buying and redeveloping property portfolios. Pandora was strong on expectations that the business model will continue to deliver strong growth.

Conversely, OneSavingsBank was still suffering from government initiatives to restrain buy-to-let investments. Drillisch suffered from negative rumours related to the company's offline distribution channel. We believed that the early challenges related to the buildup of this channel were in line with guidance and the company subsequently raised its Q4 forecast. Sports Direct published results below expectations driven by weak performance in the UK and Austria; we reduced our exposure to the stock.

ALKEN FUND

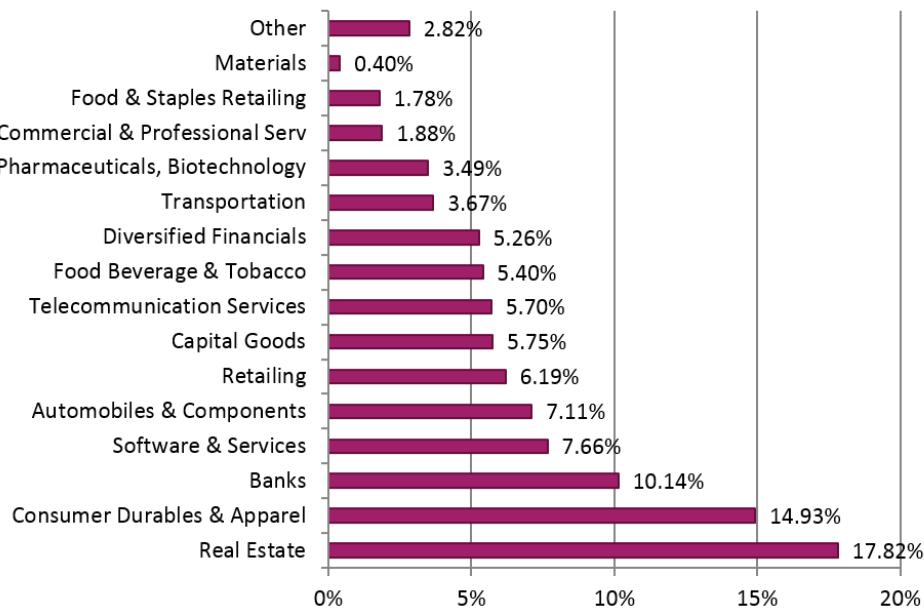
Management report (continued)

Key Statistics of Q4 2015

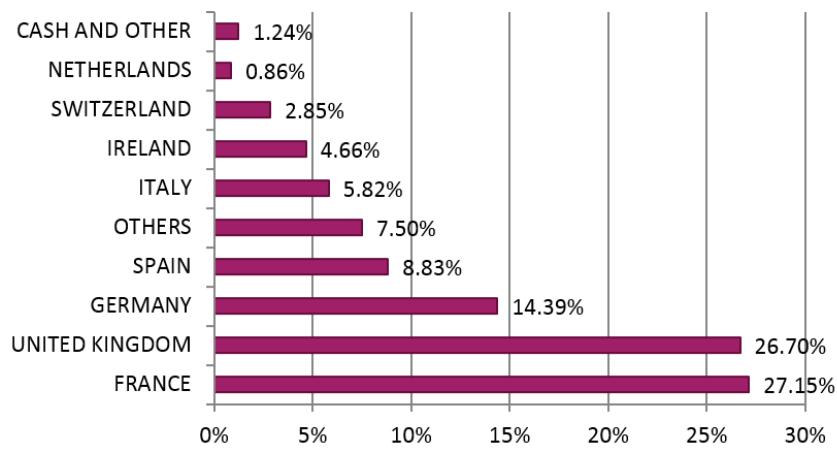
Major Holdings	
ONESAVINGS BANK PLC-WI	5.52%
VALEO SA	4.93%
PANDORA A/S	4.52%
MERLIN PROPERTIES	4.38%
BANCA IFIS SPA	4.31%

Market Capitalisation	
Small Cap 0-2bn	44.91%
Mid Cap 2-5bn	30.43%
Large Cap >5bn	23.42%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



Country Breakdown is based on the main Primary Exchange

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

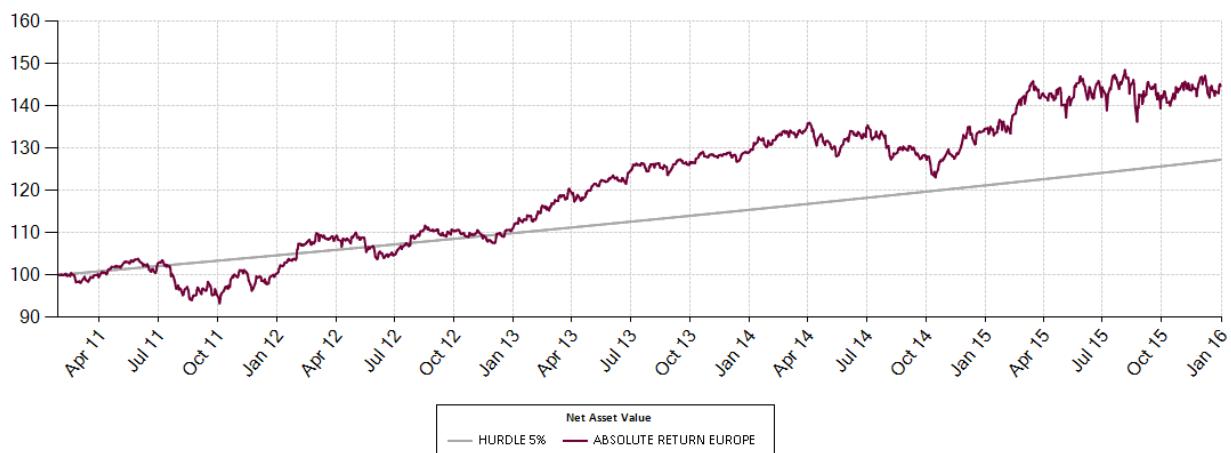
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2015

Overall the sub-fund's performance for the Year 2015 (I share class - EUR) was up 7.56%.

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 2015

Alken ALKEN FUND - ABSOLUTE RETURN EUROPE was up 0.65% in January. The net exposure was increased to 50.80%, while the gross exposure was marginally increased to 165.23%.

Valeo and Peugeot were the top contributors showing good pricing discipline combined with cost cutting allowing the companies to keep the significant benefit of falling oil and other input prices. Apple performed well after the announcement of historically high results helped by the launch of the iPhone 6.

Conversely, Glencore suffered from a correction in the copper price but we believed the long term fundamentals were good given the potential for rising consumption driven by a lower oil price. Seagate Technology published results in line but gave a quarterly guidance that was slightly disappointing. Similarly, Micron results were good but its quarterly guidance was light. We believed both instances to be short term issues that would be overcome as the year progresses.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 4.76% in February. In line with the strengthening of our positive outlook on the market the net exposure was increased to 54.19%, while the gross exposure was increased to 178.59%.

Within the portfolio Renault was the top performer after announcing results ahead of expectations and avoiding losses in Russia. Glencore was a top contributor, as copper prices found a bottom allaying concerns about the company's balance sheet and potential credit rating downgrades. Apple performed well after announcing results well ahead of expectations.

Conversely, the sub-fund suffered from the recovery in the oil price which triggered a rally in some oil-exposed stocks that we had shorted. We believed however that the rebound in the oil price would be short-lived as we didn't see a decline in US production.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 0.75% in March, bringing the YTD to 6.23%. Reflecting our positive outlook on the market the net exposure remained stable at 50.48%, while the gross exposure stood at 175.72%.

Within the portfolio, Ryanair benefited from continuing traffic growth and lower fuel costs. The sub-fund benefited from two short positions in the oil sector. Aperam benefited from a decision by the EU to impose tariffs on stainless steel imports from China and Taiwan.

Conversely, Western Digital and Seagate suffered from cautious news flow within the PC industry as the stronger USD makes PCs more expensive. We believed the market was over-reacting to this headwind as PCs are the least profitable segment for hard disk drive manufacturers. Higher cloud usage is a more important driver and this was accelerating as a result of the competition to offer cloud services among Google, Amazon and Apple. Lastly, Western Digital and Seagate still traded at low multiples of 9x earnings and were highly cash generative. They also had significant buyback programmes in place signalling their confidence in the long term outlook. Peabody shares were weak on continued deterioration in coal markets, whether seaborne or domestically in the US.

ALKEN FUND

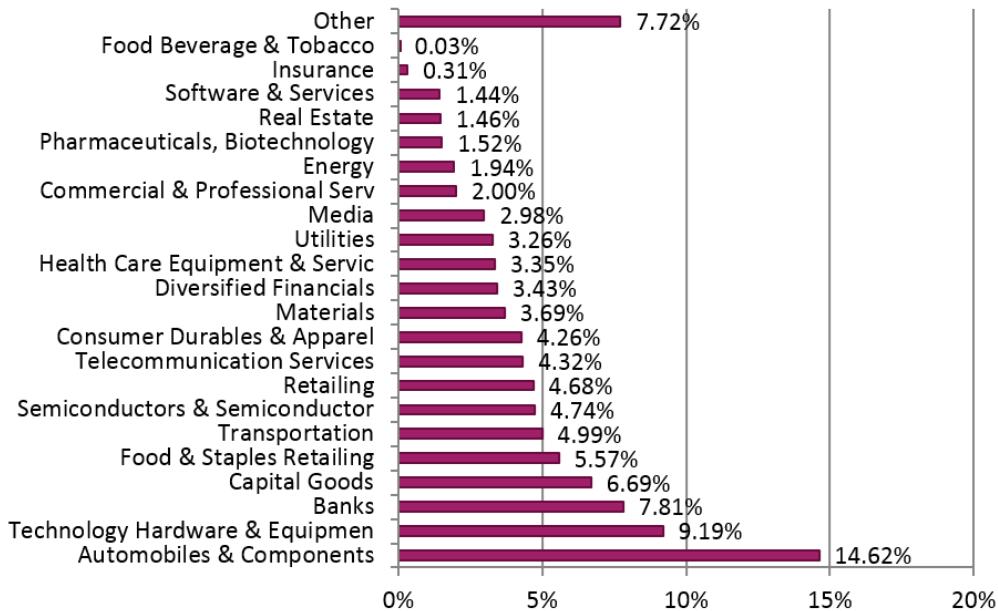
Management report (continued)

Key Statistics Q1 2015

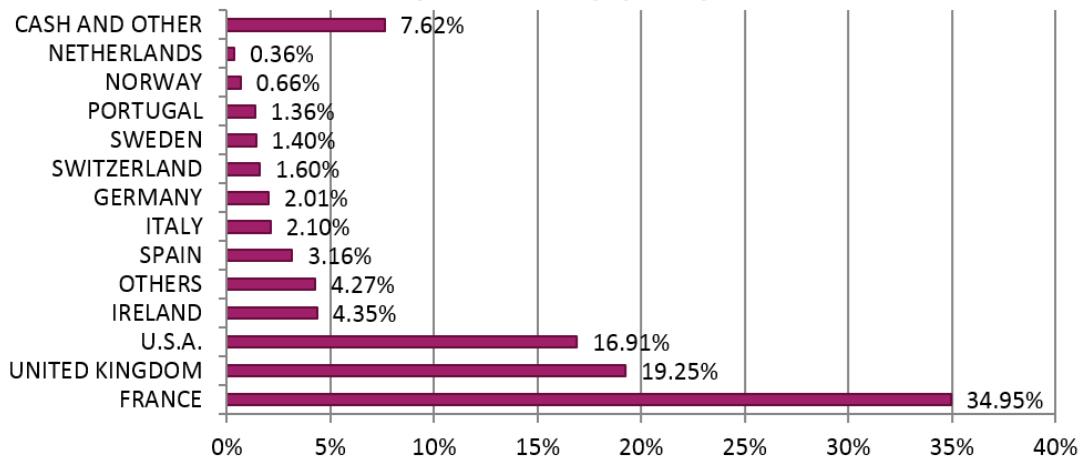
Major Holdings	
CARREFOUR SA	4.70%
RYANAIR HLDGS	4.32%
PEUGEOT SA	4.20%
WESTERN DIGITAL	4.09%
SEAGATE TECHNOLOGY	4.06%

Market Capitalisation	
Small Cap 0-2bn	8.98%
Mid Cap 2-5bn	16.25%
Large Cap >5bn	87.87%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 2015

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -1.96% in April, bringing the YTD to 4.15%. Reflecting our positive outlook on the market the net exposure remained stable at 51.25%, while the gross exposure stood at 179.08%.

The strongest performances within the portfolio came from Renault and Peugeot which reported better Q1 sales thanks to a stronger than expected European car market and an improving pricing environment. Seagate recovered from a weak performance in March that was related to the slowdown in the PC market. The company reported resilient pricing and cash generation in Q1 and offered a positive outlook for the second half of the year supported by strong cloud capacity deployments.

Conversely, the sub-fund suffered from a short position in BG Group which had been the subject of a takeover offer from Royal Dutch Shell at a large premium to recent trading. We viewed the deal with scepticism as it was predicated on a strong recovery in the oil price and there was no compelling reason for RD Shell to acquire BG Group. Given the resurgence in M&A deals in the oil & gas sector we cut our short position in Galp which we viewed as a potential takeover target. The sub-fund was also impacted by other oil-related short positions. We believed these stocks were very expensive, pricing a return to the profitability of the boom years 2012-2014. This view did not take into account the structural decline in profitability that the industry was facing as a result of margin compression for the foreseeable future.

The ALKEN FUND - ABSOLUTE RETURN EUROPE was up 4.10% in May, bringing the YTD to 8.42%. Reflecting our positive outlook on the market the net exposure remained stable at 55.50%, while the gross exposure was decreased to 154.58%.

Peugeot shares continued their rally on a strong car market. In Peugeot's case the performance was further helped by their investor day in China showing good progress in the company's Chinese margins. Ryanair shares continued their recovery following a momentary underperformance triggered by the recovery in the oil price. TalkTalk was buoyed from more talk about consolidation following Liberty Media's comments about a merger with Vodafone.

Conversely, the sub-fund suffered from short positions in aerospace and oil & gas. Enagas shares corrected following a rise in Spanish bond yields which have a negative impact on long duration stocks.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -2.61% in June, bringing the YTD to 5.59%. The net exposure remained stable at 54.36%, while the gross exposure stood at 151.58%.

These companies suffered from a weaker-than-expected PC market. We believed the share price correction had been overdone as this weakness was purely cyclical and it left the stocks trading at very low valuations.

The market newsflow was dominated by Greece's negotiations with its creditors and subsequent descent into an IMF default. Although the uncertainty created by this situation had been disruptive to the market we believed that companies in our portfolio could handle the impact on their operations.

ALKEN FUND

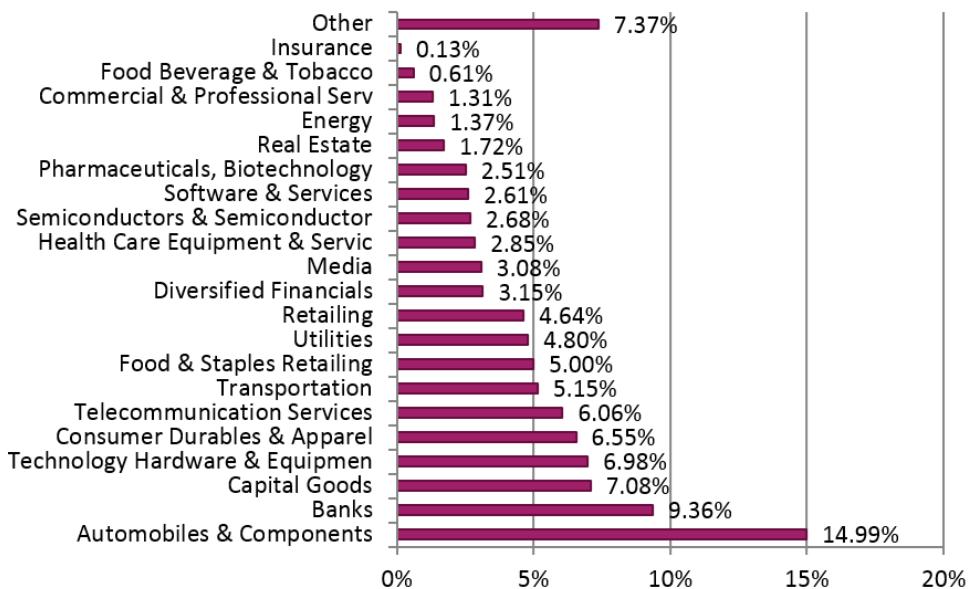
Management report (continued)

Key Statistics Q2 2015

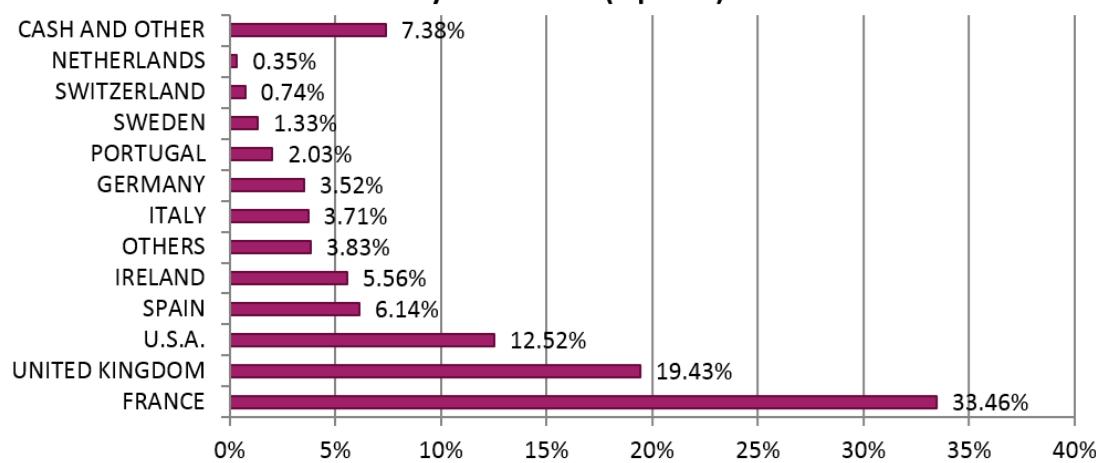
Major Holdings	
RYANAIR	4.95%
PEUGEOT SA	4.70%
RENAULT	4.15%
INDITEX CFD	3.75%
TALKTALK TELECOM GROUP	3.64%

Market Capitalisation	
Small Cap 0-2bn	8.26%
Mid Cap 2-5bn	18.28%
Large Cap >5bn	76.44%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 2015

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 2.33% in July, bringing the YTD to 8.05%. Reflecting our positive outlook on the market the net exposure remained stable at 52.99%, while the gross exposure stood at 150.76%.

Within the portfolio, the hard disk drive manufacturers rebounded sharply as several signs emerged that the PC market was finally bottoming out. Carrefour and Legrand benefited from an improving environment in both France and Italy. Jeronimo Martins outperformed in July as market expectations increased going into the first half results publication thanks to improving food inflation trends in Poland. Our short stance on Energy stocks within our individual short book contributed positively, as commodity prices continued to be under pressure.

Conversely, Peugeot, Renault and Valeo suffered from a deterioration of the Chinese car market even though the positive impact of strong European market was much more important for them. All three stocks recovered later in the month as their Q2 publications confirmed that. Talktalk was hit by a more competitive UK broadband market in the relatively small Q2 and higher wholesale costs ahead of its switch to O2 network later that year.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -1.96% in August, bringing the YTD to 5.93%. The net exposure was increased to 56.92%, while the gross exposure was reduced to 138.23%.

Our oil-related shorts functioned very well with the correction in the oil price and were the main positive contributors to the sub-fund. Within the longs, it is worth highlighting Banca Monte Dei Paschi which delivered good results and showed a better-expected-position on regulatory capital. Similarly, OneSavings Bank continued to perform well after publishing strong results.

Conversely, Peugeot and Renault suffered from the equity market meltdown, the cyclical nature of the sector didn't help these stocks during the sell-off. Although the downturn in China was known and well understood, we believed the strength of the auto market recovery in Europe was underestimated and not priced in. Micron shares were weak as DRAM prices hit a yearly low mid August. This trend had stabilised and reversed and we saw signs of improvements in several of its end markets including PC, therefore we held our conviction in the stock.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -0.11% in September, bringing the YTD to 5.82%. The net exposure was reduced to 52.74%, while the gross exposure was reduced to 137.58%.

The sub-fund continued to benefit from two short positions in the oil sector. In both cases, the companies were highly indebted and this left them in a vulnerable position given continued weak commodity prices. Ryanair published good traffic statistics.

Conversely, Peugeot and Renault were dragged down by worries over the implications of the VW scandal for the auto sector. It seemed to us that the VW issue is company specific in its scale and consequences. Moreover although diesel engine demand was on a declining path we did not share the view that it would accelerate as a result of this development. Seagate was affected by continued sluggishness in the PC market. This was a cyclical issue which was more than accounted for by the valuation.

ALKEN FUND

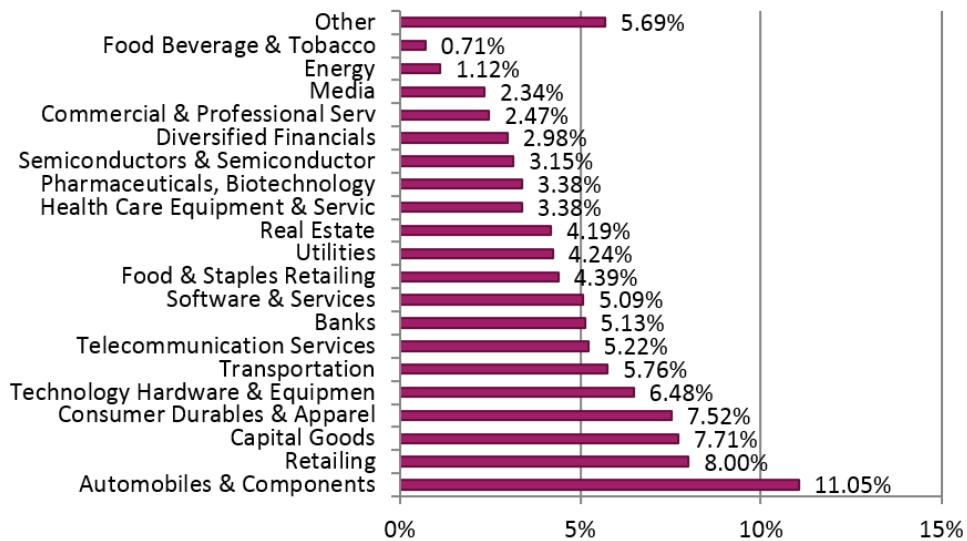
Management report (continued)

Key Statistics Q3 2015

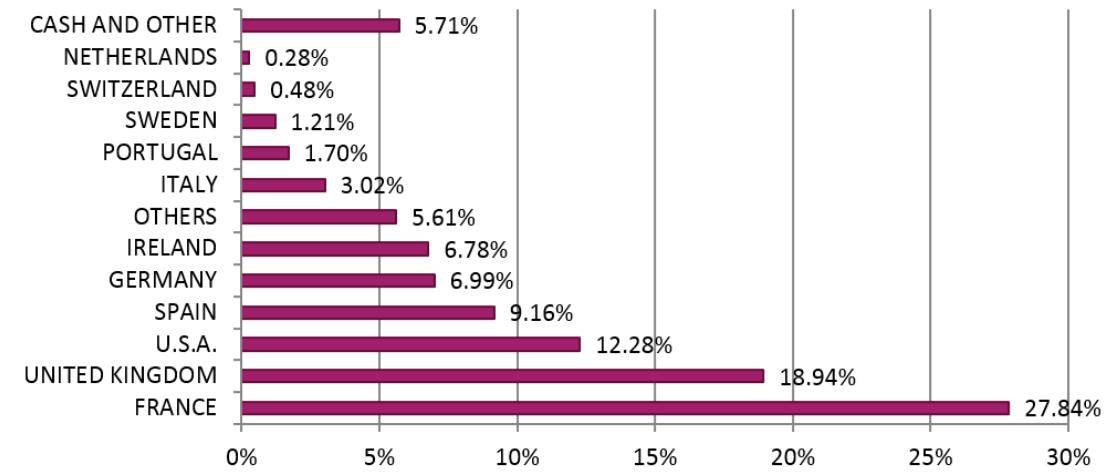
Major Holdings	
RYANAIR	5.76%
PEUGEOT SA	4.74%
WESTERN DIGITAL CORP	3.25%
SEAGATE TECHNOLOGY	3.22%
VALEO SA	2.89%

Market Capitalisation	
Small Cap 0-2bn	6.11%
Mid Cap 2-5bn	17.69%
Large Cap >5bn	71.35%

Industry Exposure Breakdown (Equities) in %



Country Breakdown (Equities) in %



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 2015

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 1.29% in October, bringing the YTD to 7.19%. The market the net exposure was increased to 53.48%, while the gross exposure was reduced to 135.22%.

Within the portfolio, Renault, Valeo and Peugeot all contributed positively to performance following reassuring results. These results confirmed our thesis on the operational performance of all three. It is also important to note that none of these companies was exposed to the VW emissions scandal although all three initially suffered in its wake. Inditex continued to perform well after reporting very good Q3 results confirming our thesis on the stock. Similarly, Provident shares went up after reporting yet another strong set of results.

Conversely, the sub-fund suffered from a series of separate events affecting Seagate, Western Digital and Micron (though Micron was not a detractor itself). We believed this would not distract from the strong fundamentals favouring the industry. Seagate's results were slightly weaker than expected because of a loss of market share in a new technology but this benefited Western Digital. Intel announced new capacities in NAND which were seen as a termination of a previous partnership with Micron. In reality Micron was participating to this expansion which would increase supply by 5-7% over a 3-5 year period. This compared with demand growth of 40% annually. Lastly, Western Digital announced their intention to acquire Sandisk. We believed the market had not taken into account the full potential of this deal. In addition to supplying WDC's own SSD business it provided the company with an additional source of growth given the strong prospects of NAND and the opportunity for WDC to upgrade Sandisk's profitability.

ALKEN FUND - ABSOLUTE RETURN EUROPE was up 1.68% in November, bringing the YTD to 8.99%. The market the net exposure remained stable at 53.52%, while the gross exposure was reduced to 132.91%.

Coloplast reported good results and announced a resolution of the issue the company had with the US Department of Justice. Renault and Peugeot performed well. Renault was a special situation with rumours of the Nissan merger. Peugeot benefited from the announcement of car incentives in China in the form of a government tax cut. Ryanair continued to perform well.

Conversely, Monte Dei Paschi continued to suffer from a lack of improvement in non-performing loans and fears of a capital increase. We believed the bank's tier 1 ratio would protect them from such an event. Drillisch's results were affected by the costs related to the expansion of the retail network. Although this was dampening short term momentum we believed it would be a necessary investment that will produce long term rewards. The sub-fund suffered from some oil-price related short positions. This was due to the rebound in the oil price that had triggered some short covering. This movement ended with the conclusion of the OPEC meeting on 4th December.

ALKEN FUND - ABSOLUTE RETURN EUROPE was down -1.32% in December, bringing the YTD to 7.56%. The market the net exposure was increased to 54.75%, while the gross exposure was reduced to 129.96%.

The portfolio benefited from a number of oil-related short positions that performed well with the latest decline in the oil price. Most of these companies had leveraged balance sheets which made them increasingly vulnerable in the then environment.

Conversely, Sports Direct published results below expectations driven by weak performance in the UK and Austria; we reduced our exposure to the stock. Micron reported Q1 earnings below expectations due to a continued subdued pricing environment. However, a very significant cost improvement was visible for Q2 and tangible signs of price stability were emerging. We believed Pioneer Natural Resources would be a winner in the shake-up that was taking place in the US oil sector but the shares suffered from the general sell-off in commodities.

ALKEN FUND

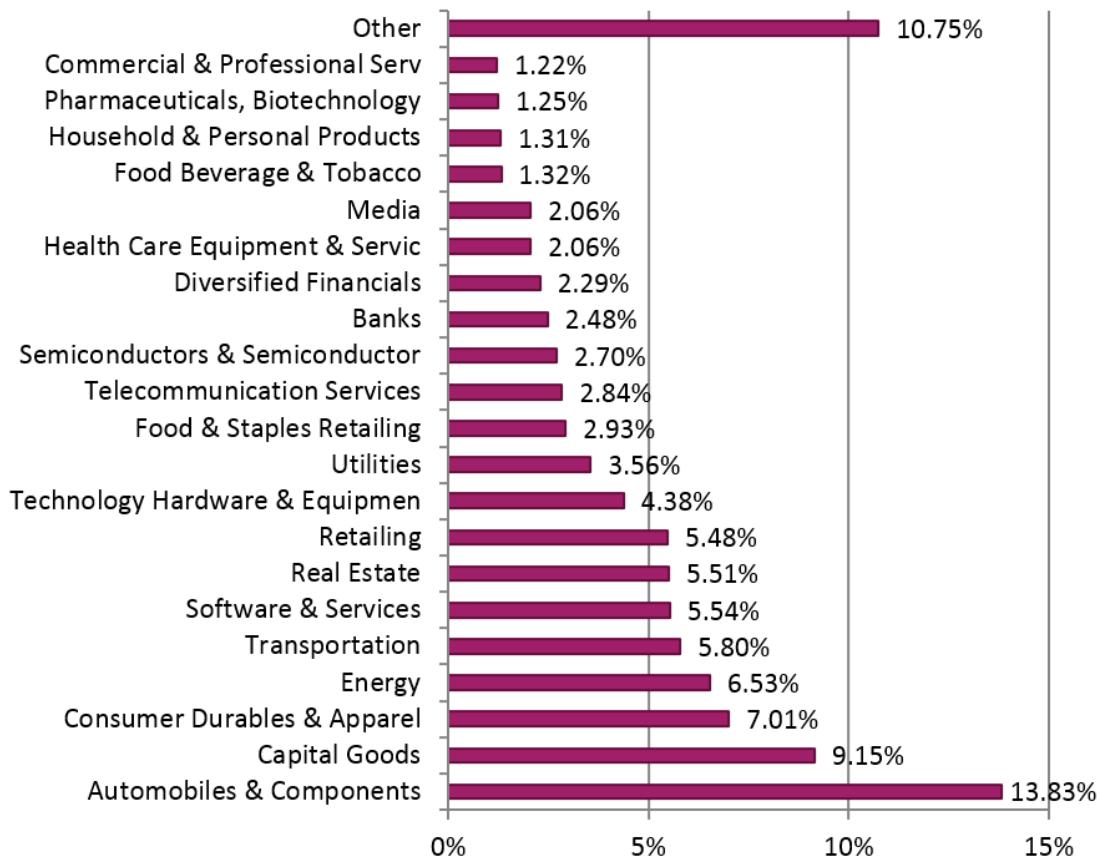
Management report (continued)

Key Statistics Q4 2015

Major Holdings	
RYANAIR HOLDINGS PLC	5.80%
PEUGEOT SA	5.07%
VALEO SA	4.23%
RENAULT	3.05%
WIRECARD AG	3.05%

Market Capitalisation	
Small Cap 0-2bn	4.04%
Mid Cap 2-5bn	18.36%
Large Cap >5bn	69.96%

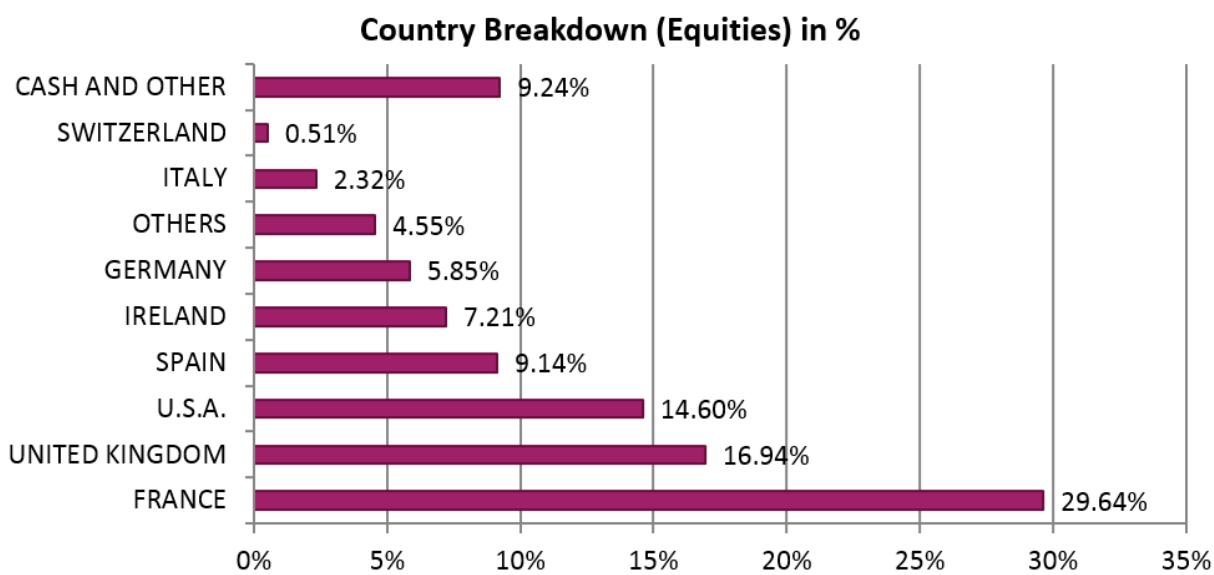
Industry Exposure Breakdown (Equities) in %



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

ALKEN FUND

Management report (continued)



February 2016

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

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 24, 2015, 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, 2015 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the 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 about 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, 2015, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matter

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

For Deloitte Audit
Société à responsabilité limitée
Cabinet de révision agréé



Nicolas Hennebert, *Réviseur d'entreprises agréé*
Partner

April 19, 2016
560, rue de Neudorf,
L-2220 Luxembourg

ALKEN FUND

Statement of net assets as at December 31, 2015

	COMBINED EUR	ALKEN FUND - EUROPEAN OPPORTUNITIES EUR	ALKEN FUND - SMALL CAP EUROPE EUR	ALKEN FUND - ABSOLUTE RETURN EUROPE EUR
ASSETS				
Investments in securities at acquisition cost	6,449,738,428.58	3,783,110,832.63	254,784,832.37	2,411,842,763.58
Net unrealised gain on investments	1,735,797,669.84	1,322,914,988.60	72,500,143.80	340,382,537.44
Investments in securities at market value (note 2.d)	8,185,536,098.42	5,106,025,821.23	327,284,976.17	2,752,225,301.02
Cash at banks (note 2.d)	215,209,992.40	7,105,000.00	101,457.66	208,003,534.74
Bank deposits	94,140,000.00	22,190,000.00	4,010,000.00	67,940,000.00
Net unrealised gain on forward exchange contracts (notes 2.g, 11)	7,567,191.45	4,681,334.62	0.00	2,885,856.83
	8,502,453,282.27	5,140,002,155.85	331,396,433.83	3,031,054,692.59
LIABILITIES				
Bank overdraft	6,053,926.08	6,053,926.08	0.00	0.00
Management fee payable (note 4)	29,947,483.82	18,389,096.68	1,169,312.99	10,389,074.15
Performance fee payable (note 5)	1,206.95	0.00	0.00	1,206.95
Credit line and guarantees (note 13)	7,105,000.00	7,105,000.00	0.00	0.00
Other fees payable (note 7)	7,481,918.33	4,733,004.73	263,797.40	2,485,116.20
	50,589,535.18	36,281,027.49	1,433,110.39	12,875,397.30
TOTAL NET ASSETS AS AT DECEMBER 31, 2015	8,451,863,747.09	5,103,721,128.36	329,963,323.44	3,018,179,295.29
TOTAL NET ASSETS AS AT DECEMBER 31, 2014	8,122,736,485.79	5,775,638,610.49	169,167,853.68	2,177,930,021.62
TOTAL NET ASSETS AS AT DECEMBER 31, 2013	6,090,083,161.61	4,699,119,307.46	145,340,834.42	1,245,623,019.73

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

ALKEN FUND

Statement of operations and changes in net assets for the year ended December 31, 2015

	COMBINED EUR	ALKEN FUND - EUROPEAN OPPORTUNITIES EUR	ALKEN FUND - SMALL CAP EUROPE EUR	ALKEN FUND - ABSOLUTE RETURN EUROPE EUR
NET ASSETS AT THE BEGINNING OF THE YEAR	8,122,736,485.79	5,775,638,610.49	169,167,853.68	2,177,930,021.62
INCOME				
Dividends, net (note 2.k)	169,739,042.77	120,354,645.41	3,677,541.65	45,706,855.71
Interest on bonds, net (note 2.k)	45,125.33	0.00	0.00	45,125.33
Bank interest	93,887.09	1,350.00	2,943.56	89,593.53
	169,878,055.19	120,355,995.41	3,680,485.21	45,841,574.57
EXPENSES				
Management fee (note 4)	121,498,122.24	81,642,552.27	3,966,298.61	35,889,271.36
Performance fee (note 5)	30,264,715.12	5,732.50	2,836,428.66	27,422,553.96
Depository fee, bank charges and interest	4,188,155.14	1,523,231.59	217,011.77	2,447,911.78
Operating and administrative expenses (note 6)	30,951,031.76	20,762,081.33	886,397.74	9,302,552.69
Transaction fees (note 2.m)	21,866,861.53	13,627,351.88	865,838.07	7,373,671.58
	208,768,885.79	117,560,949.57	8,771,974.85	82,435,961.37
NET INVESTMENT INCOME/LOSS	-38,890,830.60	2,795,045.84	-5,091,489.64	-36,594,386.80
Net realised gain on sales of investments	298,238,322.47	246,305,743.67	13,171,019.66	38,761,559.14
Net realised gain/loss on foreign exchange	-5,547,391.89	-5,374,131.16	566,799.46	-740,060.19
Net realised gain/loss on forward exchange contracts	64,530,305.95	30,151,713.97	-33,599.83	34,412,191.81
Net realised gain on futures contracts	10,608,567.96	5,866,081.88	0.00	4,742,486.08
NET REALISED GAIN	328,938,973.89	279,744,454.20	8,612,729.65	40,581,790.04
Change in net unrealised appreciation/depreciation:				
- on investments	152,706,962.16	-20,510,803.73	47,810,096.38	125,407,669.51
- on forward exchange contracts	5,037,248.66	4,350,154.30	0.00	687,094.36
INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS	486,683,184.71	263,583,804.77	56,422,826.03	166,676,553.91
Proceeds from subscriptions of shares	4,514,232,757.08	2,665,374,560.72	160,971,694.33	1,687,886,502.03
Cost of shares redeemed	-4,703,474,346.09	-3,606,052,427.49	-56,599,050.60	-1,040,822,868.00
Revaluation difference*	31,685,665.60	5,176,579.87	0.00	26,509,085.73
NET ASSETS AT THE END OF THE YEAR	8,451,863,747.09	5,103,721,128.36	329,963,323.44	3,018,179,295.29

* 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 related sub-funds between December 31, 2014, and December 31, 2015.

ALKEN FUND

Statistics

Sub-fund	Class	Currency	Number of	Net asset value	Net asset value	Net asset value
			shares outstanding	per share	per share	per share
			31.12.2015	31.12.2015	31.12.2014	31.12.2013
ALKEN FUND - EUROPEAN OPPORTUNITIES	Class H	EUR	203,789.59	225.23	214.99	194.02
	Class R	EUR	13,117,033.80	212.36	203.94	185.14
	Class CH1	CHF	6,216.00	104.36	110.23	101.46
	Class CH2	CHF	17,122.22	113.66	120.69	111.69
	Class EU1	EUR	7,950,940.21	156.51	149.54	135.27
	Class EU1d	EUR	581,838.00	92.23	-	-
	Class US1	USD	183,920.26	110.56	117.68	121.08
	Class US1h	USD	4,386,402.23	104.30	100.58	-
	Class US2	USD	146,940.96	99.89	106.86	110.51
	Class US2h	USD	641,233.72	99.99	-	-
	Class GB1	GBP	76,865.66	125.19	125.94	122.06
	Class U	EUR	613,895.63	164.85	158.32	143.73
	Class Z	EUR	689,159.83	201.51	193.52	175.68
	Class A	EUR	1,149,042.90	179.56	173.77	158.96
ALKEN FUND - SMALL CAP EUROPE	Class R	EUR	850,849.32	191.14	146.09	133.41
	Class EU1	EUR	970,387.79	157.90	120.20	109.29
	Class A	EUR	78,245.29	180.31	138.45	127.05
ALKEN FUND - ABSOLUTE RETURN EUROPE	Class A	EUR	3,882,436.02	133.02	124.54	120.33
	Class CH1	CHF	99,023.88	114.41	106.98	102.50
	Class CH2	CHF	31,318.81	113.32	106.36	102.31
	Class CH3	CHF	77,882.34	105.19	99.40	-
	Class I	EUR	6,665,199.59	144.64	134.48	129.00
	Class EU1	EUR	8,659,887.67	129.11	119.62	114.31
	Class US1	USD	1,263,609.42	131.78	122.69	117.38
	Class US2	USD	460,556.63	113.80	106.34	102.13
	Class US3	USD	687,240.41	105.68	99.46	-
	Class GB1	GBP	464,522.67	117.47	109.03	104.12
	Class K	EUR	191,120.66	146.99	136.65	131.05
	Class H	EUR	186,535.75	149.54	138.21	131.72

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET			
SHARES			
<i>DENMARK</i>			
CARLSBERG 'B'	56,760.00	4,658,592.54	0.09
COOPLAST 'B'	1,698,853.00	126,799,413.14	2.48
PANDORA	1,278,205.00	149,356,196.00	2.93
		280,814,201.68	5.50
<i>FRANCE</i>			
ALSTOM	611,706.00	17,228,699.49	0.34
CAP GEMINI	963,067.00	82,438,535.20	1.62
CARREFOUR	3,547,058.00	94,529,095.70	1.85
EDENRED	527,116.00	9,198,174.20	0.18
EIFFAGE	2,128,616.00	126,716,510.48	2.48
ELIS	2,237,334.00	34,119,343.50	0.67
FAURECIA	815,860.00	30,194,978.60	0.59
GENFIT	190,927.00	6,214,673.85	0.12
LEGRAND	2,571,024.00	134,207,452.80	2.63
PEUGEOT	19,080,522.00	309,199,859.01	6.06
RENAULT S.A.	2,683,873.00	248,607,155.99	4.87
THALES	949,437.00	65,606,096.70	1.29
VALEO	2,771,143.00	395,026,434.65	7.73
VEOLIA ENVIRONNEMENT	6,696,645.00	146,422,142.93	2.87
		1,699,709,153.10	33.30
<i>GERMANY</i>			
BAYER REG.	543,523.00	62,939,963.40	1.23
DRILLISCH	1,335,887.00	52,219,822.83	1.02
INFINEON TECHNOLOGIES	1,538,218.00	20,773,634.09	0.41
RHEINMETALL	47,142.00	2,898,290.16	0.06
WIRECARD	5,457,925.00	253,793,512.50	4.97
		392,625,222.98	7.69
<i>IRELAND</i>			
GLANBIA	2,642,692.00	44,793,629.40	0.88
KINGSPAN GROUP	1,162,501.00	28,260,399.31	0.55
RYANAIR HOLDINGS	26,045,763.00	390,946,902.63	7.65
SEAGATE TECHNOLOGY	3,855,331.00	130,108,140.89	2.55
		594,109,072.23	11.63
<i>ITALY</i>			
BCA MONTE PASCHI -POST RAGGR.-	66,989,079.00	82,530,545.33	1.62
YOOX NET-A-PORTER GROUP	924,255.00	31,933,010.25	0.63
		114,463,555.58	2.25
<i>JERSEY</i>			
SHIRE	813,381.00	51,847,214.81	1.02
		51,847,214.81	1.02

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
LUXEMBOURG			
B&M EUROPEAN VALUE RETAIL	25,300,340.00	97,730,972.48	1.91
GRAND CITY PROPERTIES	1,810,558.00	38,727,835.62	0.76
		136,458,808.10	2.67
NETHERLANDS			
ICHOR COAL	5,457,430.00	13,594,458.13	0.27
SEQUA PETROLEUM	7,100,350.00	17,395,857.50	0.34
		30,990,315.63	0.61
SPAIN			
AXIARE PATRIMONIO	1,079,088.00	14,243,961.60	0.28
BANKIA	27,907,398.00	29,972,545.45	0.59
ENAGAS	2,244,483.00	58,356,558.00	1.14
FERROVIAL	4,645,547.00	96,882,882.69	1.90
GAMESA CORPORACION TECNOLOGICA	3,047,898.00	48,217,746.36	0.94
INDITEX INDUSTRIA DE DISEÑO TEXTIL	4,198,578.00	133,052,936.82	2.61
		380,726,630.92	7.46
SWITZERLAND			
TEMENOS GROUP AG REG.	2,292,894.00	109,543,293.09	2.15
		109,543,293.09	2.15
UNITED KINGDOM			
BAE SYSTEMS	677,013.00	4,589,208.97	0.09
BARRATT DEVELOPMENTS	15,578,579.00	132,318,500.26	2.59
BRITISH AMERICAN TOBACCO	745,235.00	38,130,119.94	0.75
GREAT PORTLAND ESTATES	818,672.00	9,197,264.35	0.18
HOWDEN JOINERY GROUP	6,951,178.00	49,656,394.29	0.97
JUST EAT	9,469,001.00	63,428,681.72	1.24
LIBERTY GLOBAL 'A'	3,006,879.00	117,252,535.75	2.30
LIBERTY GLOBAL LILAC 'A'	89,520.00	3,409,227.12	0.07
PERSIMMON	4,334,664.00	119,214,088.68	2.34
PROVIDENT FINANCIAL	2,118,315.00	96,772,520.69	1.90
RECKITT BENCKISER GROUP	928,098.00	79,093,542.19	1.55
SHAWBROOK GROUP	3,738,770.00	17,759,848.45	0.35
SPORTS DIRECT INTERNATIONAL	11,122,430.00	87,075,081.56	1.71
TALKTALK TELECOM GROUP	32,713,808.00	96,495,938.82	1.89
TAYLOR WIMPEY	22,972,159.00	63,303,851.30	1.24
		977,696,804.09	19.17
UNITED STATES			
MICRON TECHNOLOGY	8,902,168.00	116,040,443.39	2.27
WESTERN DIGITAL	3,336,334.00	184,430,555.07	3.61
		300,470,998.46	5.88
TOTAL SHARES		5,069,455,270.67	99.33

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
WARRANTS			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	10,630,974.00	36,570,550.56	0.72
		36,570,550.56	0.72
TOTAL WARRANTS		36,570,550.56	0.72
TOTAL INVESTMENTS		5,106,025,821.23	100.05
BANK DEPOSITS		22,190,000.00	0.43
BANK OVERDRAFT		-6,053,926.08	-0.12
OTHER NET LIABILITIES		-18,440,766.79	-0.36
TOTAL NET ASSETS		5,103,721,128.36	100.00

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, 2015

Geographical classification

(in % of net assets)

France	34.02
United Kingdom	19.17
Ireland	11.63
Germany	7.69
Spain	7.46
United States	5.88
Denmark	5.50
Luxembourg	2.67
Italy	2.25
Switzerland	2.15
Jersey	1.02
Netherlands	0.61
	100.05

Industrial classification

(in % of net assets)

Automobiles	19.31
Transport and freight	9.55
Construction and building materials	9.20
Computer and office equipment	7.50
Electronics and electrical equipment	7.35
Retail and supermarkets	6.17
Communications	5.69
Utilities	5.32
Banks and credit institutions	4.11
Miscellaneous consumer goods	2.93
Environmental conservation and waste management	2.87
Holding and finance companies	2.58
Internet, software and IT services	2.55
Pharmaceuticals and cosmetics	2.48
Food and soft drinks	2.12
Miscellaneous trade	1.55
Chemicals	1.23
Real Estate Shares	1.22
Biotechnology	1.14
Public utilities	1.14
Miscellaneous investment goods	0.97
Tobacco and alcohol	0.84
Warrants	0.72
Textiles and clothing	0.63
Miscellaneous	0.52
Mining and steelworks	0.27
Aeronautics and astronautics	0.09
	100.05

ALKEN FUND - SMALL CAP EUROPE

Statement of investments and other net assets as at December 31, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET			
SHARES			
<i>BELGIUM</i>			
DALENYS	330,486.00	2,247,304.80	0.68
WAREHOUSES DE PAUW SICAFI	57,569.00	4,676,905.56	1.42
		6,924,210.36	2.10
<i>CYPRUS</i>			
AROUNDOWN PROPERTY HOLDINGS	2,714,040.00	11,507,529.60	3.49
		11,507,529.60	3.49
<i>DENMARK</i>			
PANDORA	128,125.00	14,971,199.93	4.54
ZEALAND PHARMA	145,221.00	2,948,141.35	0.89
		17,919,341.28	5.43
<i>FRANCE</i>			
AB SCIENCE	167,188.00	2,044,709.24	0.62
ADOCIA	74,391.00	5,446,909.02	1.65
ALTRAN TECHNOLOGIES	427,984.00	5,281,322.56	1.60
BENETEAU	614,036.00	7,927,204.76	2.40
CAP GEMINI	21,397.00	1,831,583.20	0.56
EIFFAGE	105,355.00	6,271,783.15	1.90
ELIOR	38,156.00	736,410.80	0.22
ELIS	360,760.00	5,501,590.00	1.67
FAURECIA	163,351.00	6,045,620.51	1.83
FINANCIERE DE L'ODET	1,843.00	1,759,788.55	0.53
GENFIT	34,641.00	1,127,564.55	0.34
MARIE BRIZARD	620,373.00	12,531,534.60	3.80
SRP GROUPE	59,866.00	1,196,721.34	0.36
TRIGANO	57,673.00	3,246,989.90	0.98
VALEO	114,673.00	16,346,636.15	4.96
		77,296,368.33	23.42
<i>GERMANY</i>			
DRILLISCH	362,023.00	14,151,479.07	4.29
SIXT	220,065.00	10,384,867.35	3.15
WIRECARD	254,472.00	11,832,948.00	3.59
		36,369,294.42	11.03
<i>IRELAND</i>			
CAIRN HOMES	7,028,240.00	8,398,746.80	2.55
GLANBIA	316,143.00	5,358,623.85	1.62
IRISH RESIDENTIAL PROPERTIES	7,176,497.00	8,396,501.49	2.54
KINGSPAN GROUP	69,511.00	1,689,812.41	0.51
		23,843,684.55	7.22

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
ITALY			
BANCA IFIS	495,703.00	14,291,117.49	4.33
DANIELI & C. OFFICINE MECCANICHE	135,631.00	2,387,105.60	0.72
DANIELI & C. OFFICINE MECCANICHE RISP. -NC-	197,165.00	2,592,719.75	0.79
		19,270,942.84	5.84
LUXEMBOURG			
B&M EUROPEAN VALUE RETAIL	828,493.00	3,200,329.58	0.97
GRAND CITY PROPERTIES	528,717.00	11,309,256.63	3.43
		14,509,586.21	4.40
NETHERLANDS			
AMSTERDAM COMMODITIES	123,373.00	2,862,253.60	0.87
		2,862,253.60	0.87
SPAIN			
AXIARE PATRIMONIO	654,092.00	8,634,014.40	2.62
GAMESA CORPORACION TECNOLOGICA	386,012.00	6,106,709.84	1.85
MERLIN PROPERTIES SOCIMI	1,258,231.00	14,526,276.90	4.40
		29,267,001.14	8.87
SWITZERLAND			
GATEGROUP HOLDING	130,093.00	5,276,048.52	1.60
TEMENOS GROUP AG REG.	87,629.00	4,186,486.26	1.27
		9,462,534.78	2.87
UNITED KINGDOM			
ALDERMORE GROUP	2,136,507.00	6,710,790.97	2.03
BARRATT DEVELOPMENTS	922,649.00	7,836,628.23	2.37
JUST EAT	452,709.00	3,032,498.89	0.92
ONESAVINGS BANK	3,810,922.00	18,288,728.60	5.55
PENDRAGON	21,244,498.00	13,475,549.52	4.08
PERSIMMON	257,893.00	7,092,701.76	2.15
PROVIDENT FINANCIAL	69,047.00	3,154,324.18	0.96
RPC GROUP	117,568.00	1,328,778.30	0.40
SHAWBROOK GROUP	1,811,839.00	8,606,570.09	2.61
SPORTS DIRECT INTERNATIONAL	337,678.00	2,643,607.50	0.80
TALKTALK TELECOM GROUP	1,600,668.00	4,721,491.34	1.43
		76,891,669.38	23.30
TOTAL SHARES		326,124,416.49	98.84
WARRANTS			
FRANCE			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	337,372.00	1,160,559.68	0.35
		1,160,559.68	0.35
TOTAL WARRANTS		1,160,559.68	0.35

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, 2015 (expressed in EUR)

Description	Market value (note 2)	% of net assets
TOTAL INVESTMENTS	327,284,976.17	99.19
CASH AT BANKS	101,457.66	0.03
BANK DEPOSITS	4,010,000.00	1.22
OTHER NET LIABILITIES	-1,433,110.39	-0.44
TOTAL NET ASSETS	329,963,323.44	100.00

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, 2015

Geographical classification

(in % of net assets)

France	23.77
United Kingdom	23.30
Germany	11.03
Spain	8.87
Ireland	7.22
Italy	5.84
Denmark	5.43
Luxembourg	4.40
Cyprus	3.49
Switzerland	2.87
Belgium	2.10
Netherlands	0.87
	99.19

Industrial classification

(in % of net assets)

Utilities	17.25
Real Estate Shares	13.50
Banks and credit institutions	10.84
Construction and building materials	9.48
Transport and freight	7.23
Automobiles	6.79
Holding and finance companies	6.10
Communications	5.72
Miscellaneous consumer goods	4.54
Gastronomy	3.38
Electronics and electrical equipment	3.12
Biotechnology	2.61
Food and soft drinks	2.54
Internet, software and IT services	1.60
Construction of machines and appliances	1.51
Agriculture and fisheries	0.87
Retail and supermarkets	0.80
Computer and office equipment	0.56
Packaging	0.40
Warrants	0.35
	99.19

ALKEN FUND - ABSOLUTE RETURN EUROPE

Statement of investments and other net assets as at December 31, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET			
SHARES			
<i>CYPRUS</i>			
AROUNDOWN PROPERTY HOLDINGS	10,558,317.00	44,767,264.08	1.48
		44,767,264.08	1.48
<i>DENMARK</i>			
CARLSBERG 'B'	33,132.00	2,719,317.97	0.09
COOPLAST 'B'	838,579.00	62,590,068.16	2.07
PANDORA	621,504.00	72,621,741.61	2.41
		137,931,127.74	4.57
<i>FRANCE</i>			
ADOCIA	37,767.00	2,765,299.74	0.09
ALSTOM	347,179.00	9,778,296.54	0.32
ALTRAN TECHNOLOGIES	2,462,380.00	30,385,769.20	1.01
CAP GEMINI	343,940.00	29,441,264.00	0.98
CARREFOUR	2,267,809.00	60,437,109.85	2.00
EDENRED	645,009.00	11,255,407.05	0.37
EIFFAGE	1,039,076.00	61,856,194.28	2.05
ELIOR	624,771.00	12,058,080.30	0.40
ELIS	889,910.00	13,571,127.50	0.45
FAURECIA	412,982.00	15,284,463.82	0.51
GECINA	121,159.00	13,581,923.90	0.45
GENFIT	71,353.00	2,322,540.15	0.08
LEGRAND	1,176,649.00	61,421,077.80	2.04
PEUGEOT	9,484,970.00	153,703,938.85	5.09
RENAULT S.A.	999,216.00	92,557,378.08	3.07
SRP GROUPE	503,796.00	10,070,882.04	0.33
TERREIS	137,712.00	3,659,007.84	0.12
THALES	552,002.00	38,143,338.20	1.26
VALEO	898,883.00	128,135,771.65	4.25
VEOLIA ENVIRONNEMENT	2,573,813.00	56,276,421.25	1.86
		806,705,292.04	26.73
<i>GERMANY</i>			
DRILLISCHE	922,185.00	36,048,211.65	1.19
INFINEON TECHNOLOGIES	891,962.00	12,045,946.81	0.40
RHEINMETALL	43,965.00	2,702,968.20	0.09
WIRECARD	1,990,302.00	92,549,043.00	3.07
		143,346,169.66	4.75

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
IRELAND			
GLANBIA	1,071,741.00	18,166,009.95	0.60
IRISH RESIDENTIAL PROPERTIES	7,192,176.00	8,414,845.92	0.28
KINGSPAN GROUP	660,683.00	16,061,203.73	0.53
RYANAIR HOLDINGS	11,722,235.00	175,950,747.35	5.82
SEAGATE TECHNOLOGY	1,952,504.00	65,892,310.03	2.18
		284,485,116.98	9.41
ITALY			
BANCA IFIS	438,481.00	12,641,407.23	0.42
BCA MONTE PASCHI -POST RAGGR.-	32,127,972.00	39,581,661.50	1.31
YOOX NET-A-PORTER GROUP	528,219.00	18,249,966.45	0.60
		70,473,035.18	2.33
JERSEY			
SHIRE	513,821.00	32,752,409.71	1.09
		32,752,409.71	1.09
LUXEMBOURG			
B&M EUROPEAN VALUE RETAIL	9,419,638.00	36,386,482.64	1.21
GRAND CITY PROPERTIES	1,452,443.00	31,067,755.77	1.03
		67,454,238.41	2.24
NETHERLANDS			
ICHOR COAL	1,289,870.00	3,213,066.17	0.11
SEQUA PETROLEUM	7,100,349.00	17,395,855.05	0.58
		20,608,921.22	0.69
SPAIN			
AXIARE PATRIMONIO	899,170.00	11,869,044.00	0.39
ENAGAS	1,985,566.00	51,624,716.00	1.71
FERROVIAL	2,692,251.00	56,146,894.61	1.86
GAMESA CORPORACION TECNOLOGICA	1,808,660.00	28,613,001.20	0.95
INDITEX INDUSTRIA DE DISEÑO TEXTIL	2,511,140.00	79,578,026.60	2.64
MERLIN PROPERTIES SOCIMI	4,277,945.00	49,388,875.03	1.64
		277,220,557.44	9.19
SWITZERLAND			
TEMENOS GROUP AG REG.	324,872.00	15,520,799.79	0.51
		15,520,799.79	0.51
UNITED KINGDOM			
ALDERMORE GROUP	5,642,562.00	17,723,346.60	0.59
BAE SYSTEMS	385,529.00	2,613,351.80	0.09
BARRATT DEVELOPMENTS	6,916,361.00	58,744,928.84	1.95
BRITISH AMERICAN TOBACCO	376,253.00	19,251,071.16	0.64
GREAT PORTLAND ESTATES	380,249.00	4,271,858.05	0.14
HOWDEN JOINERY GROUP	3,901,543.00	27,871,039.64	0.92
JUST EAT	4,259,199.00	28,530,504.72	0.95

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, 2015 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
LIBERTY GLOBAL 'A'	1,568,600.00	61,167,186.17	2.03
LIBERTY GLOBAL LILAC 'A'	33,854.00	1,289,275.86	0.04
ONESAVINGS BANK	3,707,399.00	17,791,918.63	0.59
PERSIMMON	2,049,602.00	56,369,175.23	1.87
PROVIDENT FINANCIAL	1,240,168.00	56,655,494.31	1.88
RECKITT BENCKISER GROUP	467,556.00	39,845,641.53	1.32
SPORTS DIRECT INTERNATIONAL	5,118,447.00	40,071,206.56	1.33
TALKTALK TELECOM GROUP	16,920,439.00	49,910,228.94	1.65
TAYLOR WIMPEY	9,031,001.00	24,886,522.17	0.82
		506,992,750.21	16.81
UNITED STATES			
CONCHO RESOURCES	622,738.00	53,233,422.29	1.76
DIAMONDBACK ENERGY	301,589.00	18,573,423.24	0.62
EOG RESOURCES	826,425.00	53,854,958.93	1.78
MICRON TECHNOLOGY	5,354,997.00	69,802,797.05	2.31
PIONEER NATURAL RESOURCES COMPANY	450,319.00	51,975,524.07	1.72
WESTERN DIGITAL	1,211,922.00	66,994,325.86	2.22
		314,434,451.44	10.41
TOTAL SHARES		2,722,692,133.90	90.21
WARRANTS			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	8,585,223.00	29,533,167.12	0.98
		29,533,167.12	0.98
TOTAL WARRANTS		29,533,167.12	0.98
TOTAL INVESTMENTS		2,752,225,301.02	91.19
CASH AT BANKS		208,003,534.74	6.89
BANK DEPOSITS		67,940,000.00	2.25
OTHER NET LIABILITIES		-9,989,540.47	-0.33
TOTAL NET ASSETS		3,018,179,295.29	100.00

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, 2015

Geographical classification

(in % of net assets)

France	27.71
United Kingdom	16.81
United States	10.41
Ireland	9.41
Spain	9.19
Germany	4.75
Denmark	4.57
Italy	2.33
Luxembourg	2.24
Cyprus	1.48
Jersey	1.09
Netherlands	0.69
Switzerland	0.51
	91.19

Industrial classification

(in % of net assets)

Automobiles	13.01
Transport and freight	7.68
Construction and building materials	7.22
Retail and supermarkets	5.97
Oil	5.88
Computer and office equipment	5.51
Communications	5.31
Electronics and electrical equipment	5.08
Utilities	5.04
Banks and credit institutions	4.20
Real Estate Shares	3.89
Internet, software and IT services	3.19
Holding and finance companies	2.65
Miscellaneous consumer goods	2.41
Pharmaceuticals and cosmetics	2.07
Environmental conservation and waste management	1.86
Public utilities	1.71
Food and soft drinks	1.55
Miscellaneous trade	1.32
Biotechnology	1.26
Warrants	0.98
Miscellaneous	0.95
Miscellaneous investment goods	0.92
Tobacco and alcohol	0.73
Textiles and clothing	0.60
Mining and steelworks	0.11
Aeronautics and astronautics	0.09
	91.19

ALKEN FUND

Notes to the financial statements as at December 31, 2015

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, 2015, 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, 2015, 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 EU1d (launched on March 11, 2015),
 - Class US1,
 - Class US1h,
 - Class US2,
 - Class US2h (launched on January 22, 2015),
 - Class GB1,
 - Class U,
 - Class Z and
 - Class A;

ALKEN FUND

Notes to the financial statements as at December 31, 2015 (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,
 - Class I,
 - Class EU1,
 - Class US1,
 - Class US2,
 - Class US3,
 - Class GB1,
 - Class K and
 - Class H.

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.

d) Valuation of assets

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.

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

- 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.

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.

ALKEN FUND

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

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, 2015 (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	Class H	0.90%
	Class R	1.50%
	Class CH1	1.00%
	Class CH2	1.50%
	Class EU1	1.00%
	Class EU1d	1.00%
	Class US1	1.00%
	Class US1h	1.00%
	Class US2	1.50%
	Class US2h	1.50%
	Class GB1	1.00%
	Class U	1.50%
	Class Z	1.50%
	Class A	2.25%
ALKEN FUND - SMALL CAP EUROPE	Class R	1.75%
	Class EU1	1.25%
	Class A	2.25%
ALKEN FUND - ABSOLUTE RETURN EUROPE	Class A	2.25%
	Class CH1	1.10%
	Class CH2	1.50%
	Class CH3	2.25%
	Class I	1.50%
	Class EU1	1.10%
	Class US1	1.10%
	Class US2	1.50%
	Class US3	2.25%
	Class GB1	1.10%
	Class K	1.50%
	Class 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.

ALKEN FUND

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

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

The performance fee for the year ended December 31, 2015 amounts to:

- EUR 5,732.50 for the sub-fund ALKEN FUND - EUROPEAN OPPORTUNITIES,
- EUR 2,836,428.66 for the sub-fund ALKEN FUND - SMALL CAP EUROPE,
- EUR 27,422,553.96 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 Depositary 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 Investor 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 of the SICAV, 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, 2015, the other fees payable include mainly operating expenses.

ALKEN FUND

Notes to the financial statements as at December 31, 2015 (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, Class US1h, Class EU1 and Class EU1d: 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, 2015:

ALKEN FUND - ABSOLUTE RETURN EUROPE

	Maturity date	Currency	Commitment in EUR
Sale of 16,714.00 Euro Stoxx 50 ESTX 50 EUR	21/03/2016	EUR	-546,133,292.80

ALKEN FUND

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

NOTE 10

CONTRACTS FOR DIFFERENCE ("CFD")

The SICAV had the following CFD outstanding as at December 31, 2015:

ALKEN FUND - ABSOLUTE RETURN EUROPE

Description	Quantity/Nominal value	Currency	Commitment in EUR
Aercap Holdings	-244,264	USD	-9,704,901.26
Bayer Reg.	415,231	EUR	48,083,749.80
Brenntag	-437,934	EUR	-21,257,316.36
Cheniere Energy	-1,468,822	USD	-50,366,951.58
J Sainsbury	-12,381,454	GBP	-43,476,458.47
Morrison WM Supermarkets	-7,530,762	GBP	-15,142,771.38
Numericable SFR	-320,985	EUR	-10,752,997.50
Repsol	-4,865,277	EUR	-49,236,603.24
Repsol Right	-2,041,490	EUR	-937,043.91
Rio Tinto	-2,202,760	GBP	-59,161,738.42
Royal Dutch Shell 'A'	-3,146,717	EUR	-66,379,995.12
Safran	-405,974	EUR	-25,726,572.38
Schlumberger	-1,061,076	USD	-68,130,397.68
Seadrill	-3,187,152	NOK	-9,946,097.10
Subsea 7	-2,409,978	NOK	-15,802,975.81
Technip	-1,714,617	EUR	-78,418,008.50
Tesco Plc	-7,162,768	GBP	-14,529,153.65
Total Right	-1,250,296	EUR	-762,680.56
Total S.A.	-1,250,296	EUR	-51,593,464.44

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, 2015:

ALKEN FUND - EUROPEAN OPPORTUNITIES

Currency	Purchase	Currency	Sale	Maturity date
EUR	1,312,826.15	USD	1,434,000.00	29/01/2016
USD	528,013,370.61	EUR	481,030,372.85	29/01/2016

The net unrealised gain on these contracts as at December 31, 2015 was EUR 4,681,334.62 and is included in the statement of net assets.

ALKEN FUND

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

ALKEN FUND - ABSOLUTE RETURN EUROPE

Currency	Purchase	Currency	Sale	Maturity date
CHF	22,892,499.18	EUR	21,124,387.91	29/01/2016
EUR	429,085.48	GBP	316,000.00	29/01/2016
GBP	55,258,887.04	EUR	74,738,065.81	29/01/2016
USD	289,619,629.22	EUR	263,927,496.85	29/01/2016
USD	28,858,218.32	NOK	253,000,000.00	03/02/2016

The net unrealised gain on these contracts as at December 31, 2015 was EUR 2,885,856.83 and is included in the statement of net assets.

NOTE 12

WARRANTS

As at December 31, 2015, the SICAV had the following warrants:

ALKEN FUND - EUROPEAN OPPORTUNITIES

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	10,630,974.00	29/04/2017	EUR	20,702,106.50

ALKEN FUND - SMALL CAP EUROPE

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	337,372.00	29/04/2017	EUR	656,977.53

ALKEN FUND - ABSOLUTE RETURN EUROPE

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	8,585,223.00	29/04/2017	EUR	16,718,336.52

NOTE 13

CREDIT LINE AND GUARANTEES

On September 30, 2015, 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, 2015, the sub-fund is using this credit line for an amount of EUR 7,105,000.00.

On October 30, 2015, the SICAV renewed its Loan agreement with the Bank, which was entered into on October 30, 2014, in respect of the sub-fund ALKEN FUND - SMALL CAP EUROPE, for an unconfirmed credit line amount fixed to EUR 20,000,000.

ALKEN FUND

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

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, 2015, the sub-fund is not using this credit line.

On September 1, 2015, the SICAV renewed its Loan agreement with the Bank, which was entered into on September 1, 2014, 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, 2015, 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")

Pursuant to the Swiss Fund & Asset Management Association ("SFAMA") Directive of May 16, 2008, the "Guidelines on the calculation and disclosure of the TER and PTR", the Company is required to publish a TER for the last twelve-month period.

The TER is defined as the ratio between the total operating expenses (Operating charges primarily consist of management and investment advisory fees, custodian fees, bank charges and interest, service fees, performance fees, taxes and duties) and the relevant sub-fund's / share class' average NAV (calculated on the basis of the daily average of the total net assets for the relevant period) expressed in its reference currency.

Moreover, for the new share classes launched during the year, operating fees were annualised as stated in point 8 of the Directive. The amounts were annualised whereas some fixed costs were not equally distributed over the year.

For the year from January 1, 2015 to December 31, 2015, the TER were the following:

Class	Annualised TER including performance fees	Annualised TER excluding performance fees
ALKEN FUND - EUROPEAN OPPORTUNITIES		
Class H	1.25%	1.25%
Class R	1.85%	1.85%
Class CH1	1.34%	1.34%
Class CH2	1.85%	1.85%
Class EU1	1.35%	1.35%
Class EU1d	1.34%	1.34%
Class US1	1.35%	1.35%
Class US1h	1.35%	1.35%
Class US2	1.86%	1.86%
Class US2h	1.85%	1.85%
Class GB1	1.35%	1.35%
Class U	1.85%	1.85%
Class Z	1.85%	1.85%
Class A	2.61%	2.61%
ALKEN FUND - SMALL CAP EUROPE		
Class R	3.22%	2.10%
Class EU1	2.76%	1.60%
Class A	3.71%	2.60%
ALKEN FUND - ABSOLUTE RETURN EUROPE		
Class A	3.65%	2.60%
Class CH1	2.31%	1.45%
Class CH2	2.83%	1.85%
Class CH3	3.57%	2.60%
Class I	3.06%	1.85%
Class EU1	2.47%	1.45%
Class US1	2.70%	1.45%
Class US2	2.96%	1.85%
Class US3	3.71%	2.60%

ALKEN FUND

Total Expense Ratio ("TER") (continued)

Class	Annualised TER including performance fees	Annualised TER excluding performance fees
ALKEN FUND - ABSOLUTE RETURN EUROPE (continued)		
Class GB1	2.51%	1.45%
Class K	3.37%	1.85%
Class H	2.47%	1.25%

ALKEN FUND

Portfolio Turnover Ratio ("PTR")

Pursuant to the Swiss Fund & Asset Management Association ("SFAMA") Directive of May 16, 2008, the "Guidelines on the calculation and disclosure of the TER and PTR", the SICAV is required to publish a PTR for the year from January 1, 2015 to December 31, 2015.

The PTR refers to the measure of trading activities of a sub-fund's portfolio.

The PTR is defined as the ratio between the difference of the sum of the purchases and sales and the sum of the subscriptions and redemptions and the average NAV (calculated on the basis of the daily average of the total net assets for the relevant period) of the sub-fund expressed in its reference currency.

For the year from January 1, 2015 to December 31, 2015, the PTR of each sub-fund was the following:

Sub-fund	
ALKEN FUND - EUROPEAN OPPORTUNITIES	39.61%
ALKEN FUND - SMALL CAP EUROPE	93.68%
ALKEN FUND - ABSOLUTE RETURN EUROPE	57.85%

ALKEN FUND

Performance

The performance per share class was calculated by comparing the net assets per share as at December 31, 2014 with the net assets per share as at December 31, 2015.

The performance data do not take into account subscription and/or redemption fees.

As at December 31, 2015, performances were the following:

Class	Currency	Performance for the fiscal year ending December 31, 2015	Performance for the fiscal year ending December 31, 2014	Performance for the fiscal year ending December 31, 2013
ALKEN FUND - EUROPEAN OPPORTUNITIES				
Class H	EUR	4.76%	10.81%	34.57%
Class R	EUR	4.13%	10.15%	33.73%
Class CH1	CHF	-5.33%	8.64%	1.46%*
Class CH2	CHF	-5.82%	8.06%	11.69%*
Class EU1	EUR	4.66%	10.55%	33.75%
Class EU1d	EUR	-7.77%*	-	-
Class US1	USD	-6.05%	-2.81%	21.08%*
Class US1h	USD	3.70%	0.58%*	-
Class US2	USD	-6.52%	-3.30%	10.51%*
Class US2h	USD	-0.01%*	-	-
Class GB1	GBP	-0.60%	3.18%	22.06%*
Class U	EUR	4.12%	10.15%	33.78%
Class Z	EUR	4.13%	10.15%	33.73%
Class A	EUR	3.33%	9.32%	32.74%
ALKEN FUND - SMALL CAP EUROPE				
Class R	EUR	30.84%	9.50%	46.19%
Class EU1	EUR	31.36%	9.98%	9.29%*
Class A	EUR	30.23%	8.97%	27.05%*
ALKEN FUND - ABSOLUTE RETURN EUROPE				
Class A	EUR	6.81%	3.50%	15.29%
Class CH1	CHF	6.95%	4.37%	2.50%*
Class CH2	CHF	6.54%	3.96%	2.31%*
Class CH3	CHF	5.82%	-0.28%*	-
Class I	EUR	7.56%	4.25%	16.22%
Class EU1	EUR	7.93%	4.65%	14.31%*
Class US1	USD	7.41%	4.52%	16.53%
Class US2	USD	7.02%	4.12%	2.13%*
Class US3	USD	6.25%	-0.43%*	-
Class GB1	GBP	7.74%	4.72%	4.12%*
Class K	EUR	7.57%	4.27%	16.30%
Class H	EUR	8.20%	4.93%	16.95%

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

Past performance is no indication of current or future performance. The performance data do not take into account subscription and/or redemption fees.

ALKEN FUND

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 2015.

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	
VaR	
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%
Leverage	
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 2015.

	ALKEN FUND - ABSOLUTE RETURN EUROPE
VaR	
Minimum VaR	4.3%
Maximum VaR	7.1%
Average VaR	5.9%
Leverage	
Minimum leverage	29.4%
Maximum leverage	92.4%
Average leverage	61.6%

ALKEN FUND - ABSOLUTE RETURN EUROPE - VaR and leverage figures - 2015

