

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, 2016**

R.C.S. Luxembourg B111842

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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	<p>Ms Michèle BERGER, Managing Director, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg</p> <p>Mr Jean DE COURRÈGES, Independent Director, 2, rue Jean l'Aveugle, L-1148 Luxembourg, Grand Duchy of Luxembourg</p> <p>Mr Bruno VANDERSCHULDEN, Independent Director, VDS Consult, 23, rue des Bruyères, L-1274 Hesperange, Grand Duchy of Luxembourg</p>
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	<p>Mr Nicolas WALEWSKI, Managing Partner, Alken Asset Management Limited, 61, Conduit Street, London W1S 2GB, United Kingdom</p> <p>Mr Jean DE COURRÈGES, Independent Director, 2, rue Jean l'Aveugle, L-1148 Luxembourg, Grand Duchy of Luxembourg</p> <p>Mr Nicolaus P. BOCKLANDT, Independent Certified Director, 6B, route de Trèves, L-2633 Luxembourg, Grand Duchy of Luxembourg</p> <p>Mr Eric CHINCHON, Partner, ME Business Solutions S.à r.l., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg (until September 30, 2016)</p> <p>Mr Jean-Christoph ARNTZ, Independent Director, Partner Arkus Governance Partners, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg (since October 1, 2016)</p>
PERSONS IN CHARGE TO CONDUCT THE MANAGEMENT COMPANY'S BUSINESS	<p>Mr Eric CHINCHON, Partner, ME Business Solutions S.à r.l., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg (until September 30, 2016)</p> <p>Mr Peder Gervin PEDERSEN, Conducting Officer, Alken Luxembourg S.A., 16 rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg (since October 1, 2016)</p> <p>Mr Alexis TSATSARIS, Director of Finance and Operations, Alken Asset Management Limited, 61, Conduit Street, London W1S 2GB, United Kingdom</p> <p>Mr Philipp GREGOR, General Manager, Alken Luxembourg S.A., 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg</p>

Organisation of the SICAV (continued)

INVESTMENT MANAGER	Alken Asset Management Limited, 61, Conduit Street, London W1S 2GB, United Kingdom
DEPOSITARY BANK	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
CENTRAL ADMINISTRATION AGENT	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
CABINET DE RÉVISION AGRÉÉ/AUDITOR	Deloitte Audit, <i>Société à responsabilité limitée</i> , 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg
SWISS REPRESENTATIVE	FundPartner Solutions (Suisse) SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
SWISS PAYING AGENT	Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
FACILITY SERVICE AGENT	Alken Asset Management Limited, 61, Conduit Street, London W1S 2GB, United Kingdom
COUNTERPARTIES 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

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 *Recueil électronique des sociétés et associations* (until June 1, 2016 in the "*Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg*").

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 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.

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.

Publications Publications in respect of the foreign collective investment scheme must be made in Switzerland on www.swissfunddata.ch.

The issue and the redemption prices or the net asset value together with a footnote stating "excluding commissions" of all shares are published each business day on www.swissfunddata.ch.

Payment of remunerations and distribution remuneration 1. The SICAV and its representatives may pay trailer fees as payment for distributing shares in Switzerland or from Switzerland. This payment can cover the following services:

- Implementation of processes for subscribing and holding or acting as custodian for units;
- Storage and distribution of marketing and legal documents;
- Distribution or granting of access to legally required publications and other publications;
- Analysis and fulfilment of due diligence obligations in areas such as money laundering, knowing your client and distribution restrictions;
- Provision of clarifications and answers to investors' specific questions;
- Production of fund analysis material;
- Centralised relationship management;
- Training of client advisers on collective investment schemes;
- Appointment and monitoring sub-distributors.

Trailer fees are not considered to be rebates, even if they are ultimately fully or partially repaid to investors.

The beneficiaries of trailer fees undertake to ensure transparent publication and provide free and spontaneous information to investors on the payment they may receive for distribution.

On request, they provide information on the amounts actually received for the distribution of collective investment schemes to investors.

Distribution abroad (continued)

2. The SICAV and its representatives may pay rebates directly to investors, upon request, under the scope of distribution in Switzerland or from Switzerland. The rebates serve to reduce the fees or costs borne by the investors concerned. Rebates are permitted subject to the following points:

- they are paid from the fees of the SICAV and are therefore not deducted from the assets of the fund;
- they are paid out based on objective criteria;
- they are granted with the same timing conditions and to the same extent to all investors fulfilling the objective criteria and requesting rebates.

The objective criteria for granting rebates by the SICAV are:

- the investor's subscription volume and the total volume held by the investor in the SICAV or in the promoter's product range, where applicable;
- the amount of fees incurred by the investor;
- the investor's investment behaviour (for example, expected investment horizon);
- the support offered by the investor during the launch phase of a collective investment scheme.

On investor request, the SICAV discloses the amount of the investor's rebate free of charge.

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.

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

Management report

Equity Market Review

Q1 2016

The year started with renewed fears about a recession in the US and a further slowdown in Chinese economic growth. The fall in the oil price reflected these fears with investors indiscriminately selling risk assets but its ultimately beneficial impact on the economy was ignored by the market.

After another sharp fall at the beginning of February, the market rallied driven by reported results that were broadly in line with expectations and outlook statements that were not catastrophic. We even started to see the first signs of a recovery in Industrial Production in the US.

Then US economy started showing signs of a recovery with improving new order figures. This led us to believe that we had reached the trough and that we were seeing the economic momentum pick up. The decline of the Chinese economy discontinued. Given that these two countries had been the source of the market downturn, it made sense for us to increase cyclical in the portfolio. We believed there was still ample room for further upside as we were seeing increasing evidence of a re-stocking cycle kicking in following last year's poor volume decline.

Q2 2016

A good set of Q1 corporate results and the rebound of the oil price underpinned the market recovery during April.

We continued to believe that the market prices in the current macro environment was too cautious and we remained confident in the fundamental upside of the companies in our portfolio.

May was a relatively uneventful month on the macro front, most company results were above expectations confirming our view that the worries about economic growth were overdone.

In a market that continued to show very little conviction, we observed a gradual improvement in the outlook for most companies within our portfolio. The gap between this improved outlook and the valuations had rarely been that wide. We calculated a weighted average price-to-earnings growth ratio ("PEG") of 0.92 for the companies in our portfolio versus 1.36 for the Stoxx Europe 600 index versus a 10-year average of 1.16 for the same index.

June was one of the most eventful months in recent history with the outcome of the EU referendum dominating sentiment on global financial markets. Most investors were positioned for a "REMAIN" outcome hence the market reaction was quite severe reflecting worries about the impact on economic growth and political risks for the European project.

Volatility was likely to remain elevated near term although we expected a gradual normalisation and share price recovery as visibility emerged around the Brexit process. Global macroeconomic indicators continued to be positive and market conditions were expected to stabilize over time providing attractive investment opportunities. We kept our portfolios focused on well-known, deeply-undervalued quality businesses which would benefit from a resilient global macro outlook.

Q3 2016

Global financial markets rebounded in July as investor worries eased. Macroeconomic indicators were robust in the US and Europe as opposed to the UK where uncertainty about the implications of the exit was having an impact on business investment decisions and consumer confidence. The reporting season had so far been positive for the vast majority of companies within our portfolio.

Management report (continued)

We believed the economic outlook remained positive led by a sustained recovery of macro indicators and improving consumption trends driven by increasing disposable income. We remained confident about the potential of the portfolio and expected to see a continuation of the recovery as investors focused again on business fundamentals.

The portfolios benefited from a strong momentum driven by a broad number of companies within the portfolio delivering good results and providing a confident outlook for the rest of the year.

The economic outlook for the world's largest economies had not changed materially but we had still expected a catch up in spending as company inventories were too low. Improving employment data, supportive monetary policies and low commodity prices underpinned a positive outlook for consumers.

Equity markets moved sideways during September whilst the sub-fund continued its recovery driven by the robust performance of our portfolio. Monetary authorities seemed reluctant to continue injecting stimulus into the system and although the US Federal Reserve maintained rates, the hawkish tone of the meeting suggested an interest rate increase before year end.

Market conditions were expected to remain volatile influenced by political events and economic uncertainty. We expected investors to shift focus to the US Presidential election. With yield curves steepening, we expected interest rates to start rising in the US before year-end which had led us reduce exposure to real estate companies and long duration businesses. But the focus firmly remained on our bottom-up approach, selecting companies which have significant intrinsic value.

Q4 2016

The third quarter reporting season had been good for the majority of the companies we had in the portfolio. Economic indicators in the Eurozone were robust, particularly in Germany which released strong PMI and business confidence data. Equity markets remained volatile given the uncertainty related to a US interest rate rise and political uncertainty in the US, France, Italy and Spain.

We remained very confident about the potential of the portfolio. Our stock picking approach limited our exposure to long duration names which were susceptible to a significant derating, validating our fundamental framework.

Equity markets rose in November as investors reacted positively to Trump's election victory on expectations of lower taxes and increased infrastructure spending. The sub-fund performed well driven by our stock selection. Economic activity remained robust aided by healthy consumption trends and with inflation expectations rising, the yield curve had steepened further.

Despite uncertainty generated by political events, leading indicators pointed to a steady recovery across most European countries underpinned by improving consumption trends and still supportive monetary policies. We expected the portfolio recovery to continue, itself being driven by the strong fundamentals behind our investments.

The strength in global equity markets continued in December. As expected, the Federal Reserve raised interest rates and hinted at two other hikes at least in 2017 suggesting growth and inflation were accelerating in the US. On the other hand, the European Central Bank ("ECB") took no action on monetary policy. Economic indicators across most markets continued to improve.

As we entered a new year, we continued focusing on selecting companies with robust fundamentals and significant upside potential. Our conviction in the portfolio remained strong.

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 will invest at least 75% of its total assets in equity and equity related securities issued by companies that are headquartered in Europe, or conduct the preponderant part of their activity in Europe.

Investment Process

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

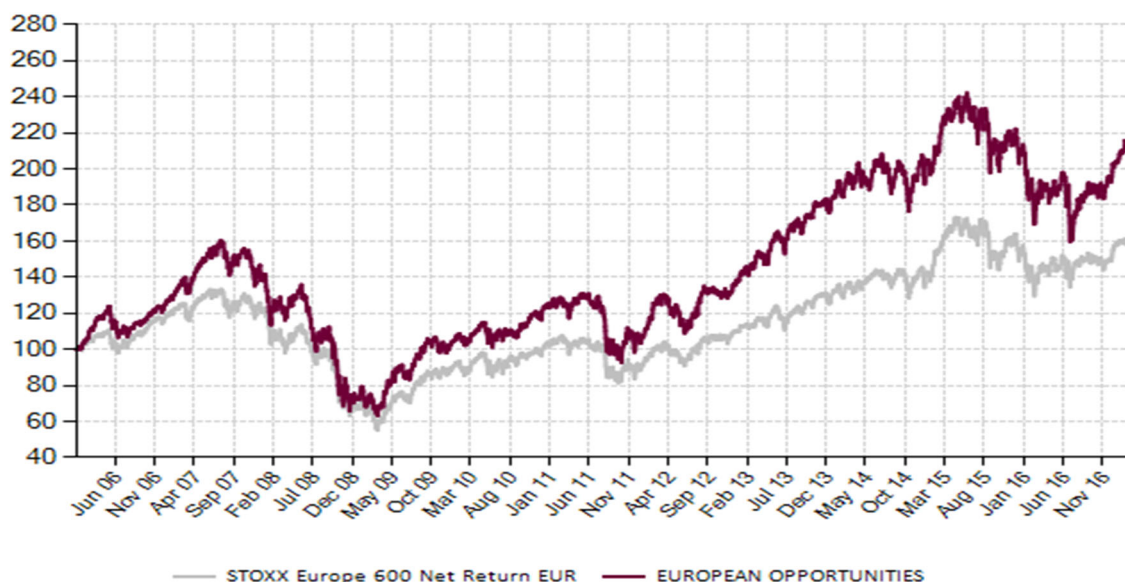
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2016

Overall in 2016 ALKEN FUND - EUROPEAN OPPORTUNITIES was down -3.34% vs Stoxx Europe 600 up +1.73%.

Performance since inception compared to the benchmark



Management report (continued)

Performance Q1 2016

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund was down -9.30% in January. This represented an underperformance of -2.93% versus the benchmark for the year to date.

Within the portfolio, Eiffage continued its strong performance following the release of French traffic figures that were above expectations. Pandora pre-released results above expectations and gave a very confident view on Capital Markets Day, highlighting the strong growth opportunities in Asia. Gamesa shares were up strongly following the news of a potential takeover by Siemens. We had recently increased our position in the stock following a broker downgrade that sent the shares down.

Conversely, Valeo, Peugeot and Renault were all down on worries over the slowdown of the US market. We believed these fears were overdone and highlighted that the US market was not these companies' biggest market. In addition, Renault fell victim to fraud rumours that proved to be unfounded. Banca Monte Dei Paschi suffered from continued distrust over credit quality. We believed these fears were unwarranted; Q4 results had been reassuring and showed that fundamentals were improving. Western Digital suffered from its cyclical exposure which has been compounded by its proposed acquisition of SanDisk.

Although economic growth did slow down last year we believed that the deceleration was to be contained. The benefit of a lower oil price should have fed into the European economy, itself helped by an accommodating monetary policy and a weaker currency.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund was down -1.98% in February. This represented an underperformance of -2.66% versus the benchmark for the year to date.

Within the portfolio, Valeo and Renault were the top performers after reporting solid results showing good pricing and profitability in H2, and good autos markets in Europe since the beginning of the year. This is something that we had expected and the reason why we held our positions during the sell-off. Seagate shares recovered following a decent result release and helped by a large purchase by the CEO.

Conversely, Wirecard shares went down on February 24, following the publication of anonymous and, in our opinion, highly dubious rumours. Legrand shares were weak after a disappointing set of results which don't change the fundamental attractions of the business model. Western Digital shares went down as a cash injection by Unisplendour was retracted. This meant that Western Digital needed to issue more shares to finance the SanDisk deal.

We were more constructive on European equity markets and believed that the early 2016 panic was unjustified based on solid company fundamentals and an outlook for a recovery in orders.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund was up 1.11% in March. This represented an underperformance of -2.95% versus the benchmark for the year to date. March was a quiet month in macro-economic news-flow except for a relatively reassuring speech from US Fed Chair signalling that rates were likely to stay on hold in the short term.

Within the portfolio, Valeo, Peugeot and Renault were the top contributors continuing their recovery following the January weakness which was supported by good autos markets in Europe since the beginning of the year. Arkema benefited from a strong set of results with good cash flow generation. We expected this trend to continue, as driven by a continuing recovery in some of its key businesses. Legrand shares did offset their post-results weakness as the company's valuation did not reflect the very high quality of the business model and its potential to benefit from an economic recovery.

ALKEN FUND

Management report (continued)

Conversely, the sub-fund suffered from its exposure to Wirecard. As we detailed in our previous comments, we believed that the rumours spread by an anonymous analyst were highly dubious and did not stack with the facts. B&M European Value Retail traded sideways on a lack of news-flow. Barratt Developments shares were down despite having reported strong results and having given guidance in line with expectations. We continued to like this company for its undemanding valuation, good operating performance and supportive environment outlook.

Key Statistics Q1 2016

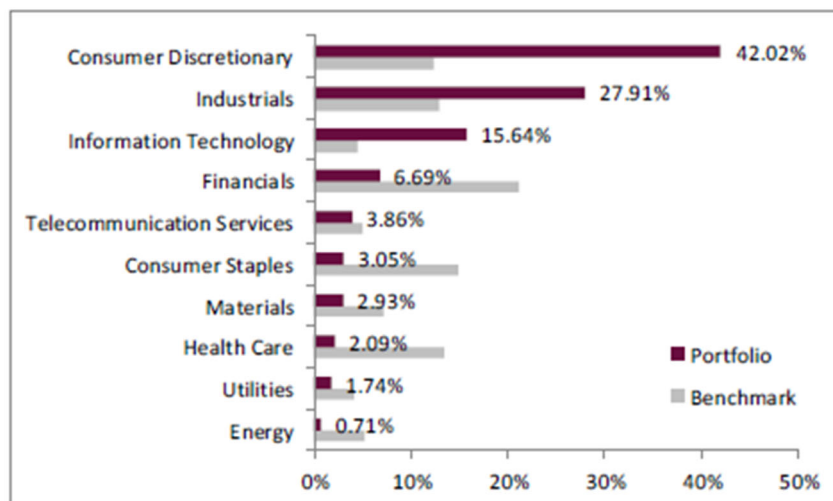
Major Holdings

VALEO SA	8.89%
RYANAIR HOLDINGS PLC	8.45%
PEUGEOT SA	7.09%
WIRECARD AG	6.06%
RENAULT	5.20%

Market Capitalisation

Small Cap 0-1bn	1.62%
Small-mid Cap 1-2bn	2.83%
Mid Cap 2-5bn	25.90%
Large Cap >5bn	76.30%

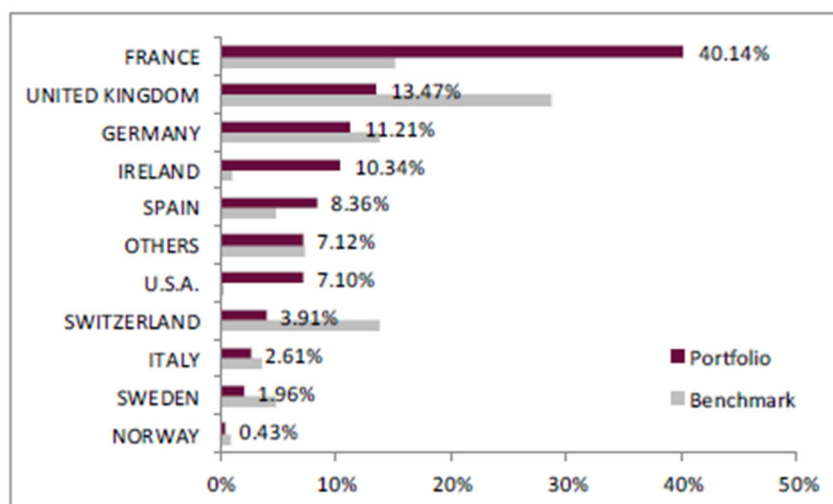
Industry breakdown



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

Management report (continued)

Country breakdown



Performance Q2 2016

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund was down -0.41% in April. This represented an underperformance of -4.94% versus the benchmark for the year to date.

Within the portfolio, Wirecard was the top contributor as the company pre-released Q1 results that were better than consensus estimates. The company was restoring the reputational damage done by the anonymous report and directly addressed investors' concerns. It is also worth mentioning that Wirecard had one of the highest upsides in the market given its quality. Banca Monte Dei Paschi was also one of the top contributors following the announcement by the Italian government of measures to support banks. TalkTalk shares went up following increasing speculation that the deal between O2 and Hutchison would be blocked by the EU.

Conversely, Ryanair suffered alongside the airlines sector from the oil price rally and a lack of visibility following the Brussels terrorist attacks and strikes in France. Seagate issued a profits warning that signalled persistent difficulties in their end-market. We were quick to sell our remaining stake which spared us further impact from the subsequent share price weakness. We had also completely cut our exposure to the Hard Disk drives and Micron. Despite the oligopolistic situation remaining for Seagate and Micron, and the fact that, long term, Western Digital's Sandisk acquisition may have proven resilient, we decided to cut our YTD losses and focus on other European high conviction ideas. Lastly, Peugeot and Renault both reported strong results but their share prices had a lacklustre performance as the market still feared the end of the cycle, something we fundamentally disagreed with. In addition to these fears, investigations on alleged fraudulent emission tests spooked investors off the sector. We believed this was an opportunity to be exposed to a healthy car sector in Europe, which had low exposure if any to the US market, was attractive on valuation and, in the case of Peugeot, had a solid restructuring story which may still have only been half way through.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 4.12% in May. This represented an underperformance of -3.61% versus the benchmark for the year to date.

Management report (continued)

Within the portfolio, Pandora was the top contributor after reporting strong results that exceeded expectations. This confirmed our thesis that the guidance given at the company's capital markets day was prudent. Wirecard shares went up as confidence started coming back helped by an investor day hosted by the company. Ryanair shares were also strong following good results and a solid indication of growth given by the CEO.

Conversely, TalkTalk shares corrected following a year-to-date rally triggered by a normalisation of the business after last November's cyber-attacks as well as the failure of the Hutchison/O2 merger, which was seen as good for TalkTalk. Lanxess underperformed the index despite reporting results that were above expectations and increasing its full-year guidance. We believed the market under-estimated the recovery prospects of the company.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund was down -14.28% in June. This represented an underperformance of -12.24%YTD.

Within the sub-fund, Wirecard held up well supported by recent rumours of interest of a Chinese investor and the acquisition of Citi Prepaid Card Services in the US. We remained very positive on this name as the company continued to strengthen its global presence. Edenred was the top contributor benefiting from the strengthening of the Brazilian real and hoped that the economy was approaching its trough. Aroundtown delivered a resilient performance helped by its exposure to the robust German property market, which was also highly uncorrelated to the general Brexit worries. Inditex, the Spanish clothing retailer, was also a positive contributor as investors moved to high quality names with superior business models.

Conversely, cyclical names were hit the hardest. Ryanair's exposure to the UK market and fears of a slowdown in European demand led the stock lower. We believed such a negative scenario was highly unlikely and expected the business to continue to win share thanks to competitive prices and improved customer experience. The auto sector, namely Peugeot and Renault, was also hit despite reports of a strong rebound of the Chinese car market as analysts nevertheless reduced estimates anticipating a slowdown in demand. The housebuilders in the UK experienced large price declines reflecting uncertainty about the housing market.

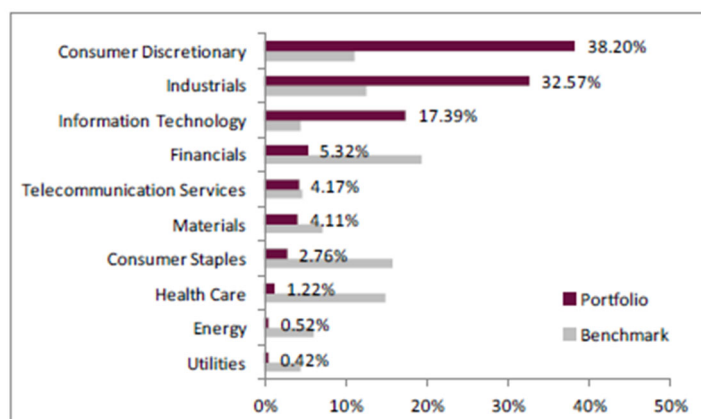
Key Statistics Q2 2016

Major Holdings		Market Capitalisation	
WIRECARD AG	10.76%	Small Cap 0-1bn	1.42%
VALEO SA	9.09%	Small-mid Cap 1-2bn	4.68%
RYANAIR HOLDINGS PLC	7.90%	Mid Cap 2-5bn	34.37%
PEUGEOT SA	5.46%	Large Cap >5bn	66.20%
PANDORA A/S	5.02%		

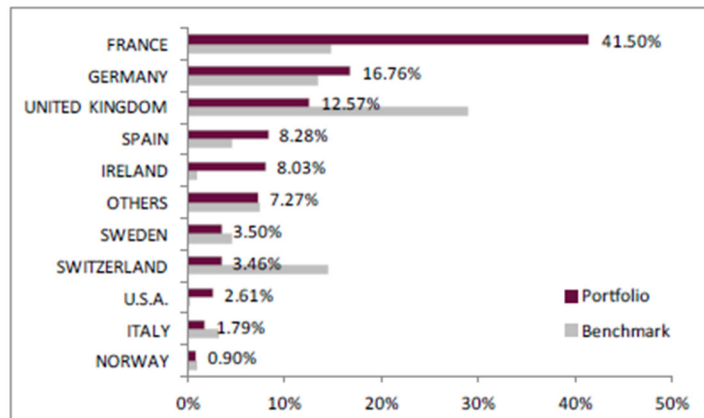
ALKEN FUND

Management report (continued)

Industry breakdown



Country breakdown



Performance Q3 2016

The ALKEN FUND - EUROPEAN OPPORTUNITIES rose 8.23% in July. This represented an underperformance of -9.11% versus the benchmark year to date.

Within the sub-fund, the auto sector was the largest positive contributor as company results showed robust trends supporting our thesis on the industry. Valeo's second quarter results were particularly strong with sales outperforming global car production by 11%. This followed an outperformance by a similar magnitude in the first quarter and confirmed our investment case, predicated on Valeo's superior technological offer. Peugeot's half-year report beat expectations due to strong volumes, mix and pricing in Europe. Wirecard was again a strong contributor as sentiment towards the stock appeared to be improving helped by a positive reaction to the recent acquisition. Temenos, the banking software provider, performed strongly on the back of a large contract win with Standard Chartered.

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

Management report (continued)

Conversely, Pandora was soft after a strong performance year to date. We believed this business had a very attractive growth potential driven by the digital channel and expansion into new markets and categories. Italian bank Monte dei Paschi di Siena continued to be under pressure ahead of the expected recapitalisation triggered by the ECB's stress test. Deteriorating sentiment in the UK Housing market put incremental pressure on the housebuilders.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 1.54% in August. This represented an underperformance of -8.48% versus the benchmark year to date.

Within the sub-fund, Wirecard was once again the leading contributor boosted by a recommendation upgrade from a broker which had finally capitulated while confidence around the business continued to improve. Legrand's second quarter results were solid helping to reassure investors following the Brexit-related fears. Gamesa's positive contribution reflected a better understanding of the benefits of the merger with Siemens Wind Power. Drillisch, a German telecom operator, performed strongly after having released a good set of results.

Conversely, Renault erased some of the strong performance from the previous month because of rumours that resurfaced regarding emissions cheating. These were unfounded and our view on the business remained very positive, reinforced by the strong results reported in July. The autos sector was the cheapest part of the index and this was fundamentally unjustified. The market was anticipating a collapse in both margins and growth neither of which we think was likely. Pandora was under pressure after results missed expectations due to softer sales in the US and Asia but the company reiterated guidance for 2016.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 2.18% in September. This represented an underperformance of -6.47% versus the benchmark year to date.

Within the sub-fund, Valeo was the largest contributor driven by the positive newsflow at the Paris auto show where the company said to be ahead of its 2020 targets based on the current order backlog. Wirecard continued its excellent trajectory after the company indicated results would top market expectations at a conference. Lanxess shares jumped following the acquisition of a US rival which was expected to strengthen the group's position in the high-value additives business at a relatively inexpensive price.

Conversely, retailers B&M Value Retail and Howden Joinery fell dragged by uncertainty about the implications of the EU referendum for the UK economy. B&M was switching from a wholesale model to a direct sales model and this transition also affected performance. Pandora's sluggish performance continued after a weak set of results earlier in August. Nevertheless, we believed the growth prospects and business opportunity remained attractive.

Key Statistics Q3 2016

Major Holdings

WIRECARD AG	12.57%
VALEO SA	10.85%
PEUGEOT SA	6.59%
RYANAIR HOLDINGS PLC	5.87%
PANDORA A/S	4.84%

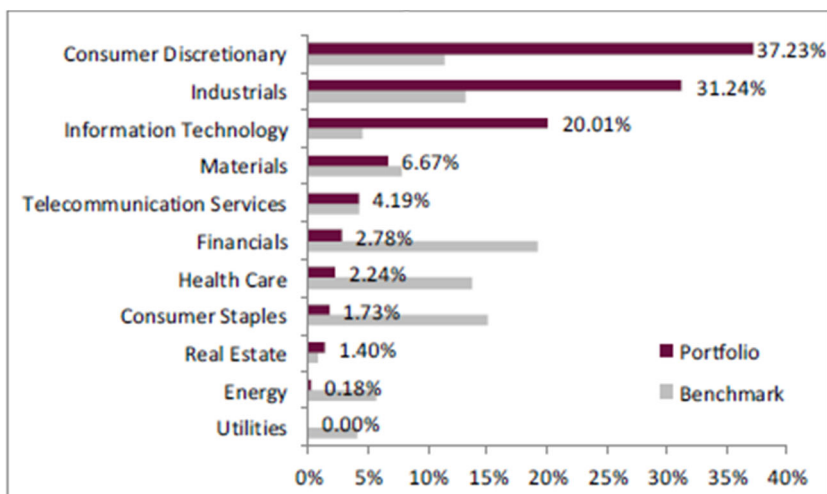
Market Capitalisation

Small Cap 0-1bn	0.73%
Small-mid Cap 1-2bn	1.58%
Mid Cap 2-5bn	19.49%
Large Cap >5bn	85.88%

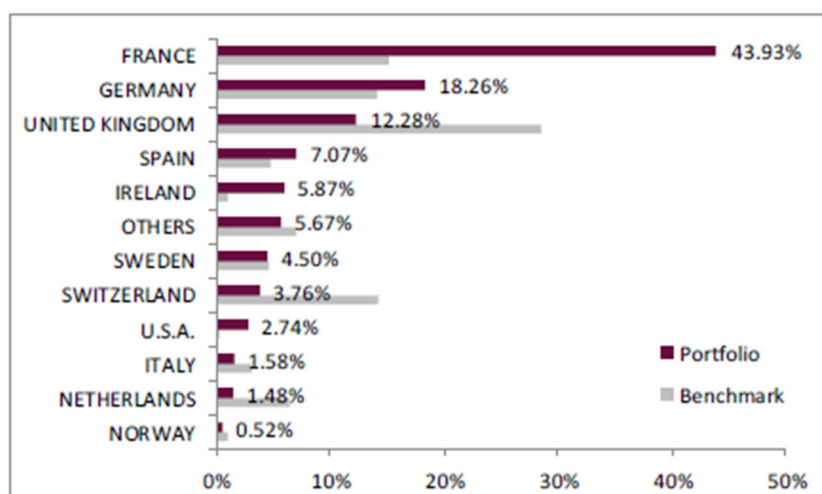
ALKEN FUND

Management report (continued)

Industry breakdown



Country breakdown



Performance Q4 2016

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 0.09% in October. This represented an underperformance of -5.40% versus the benchmark year to date.

Within the sub-fund, Pandora was the largest contributor as investor worries about a slowdown in US sales eased after an independent survey showed that spending intentions were still strong. Glencore benefited from a general rebound in the mining sector helped by rising commodity prices and diminishing concerns about balance sheets. Renault's strong results confirmed solid trends in the automotive sector. Good volume growth and self-help initiatives are driving margin expansion.

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

Management report (continued)

Conversely, Wirecard suffered this month as renewed and unfounded fears about the company led some hedge funds to increase their short positions. We believed this was nothing short of market manipulation and remained positive about the short and long-term potential for this business. Howden Joinery and B&M European Value Retail remained under pressure after a bellicose rhetoric at the Conservative Party Conference raised concerns of a hard Brexit.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 2.27% in November. This represented an underperformance of -4.36% versus the benchmark year to date.

Within the sub-fund, Glencore was the top contributor driven by the improving fundamentals of the mining industry which is benefiting from solid demand and rising commodity prices. Ryanair's strong performance continued following the announcement of a share repurchase programme and indications of resilient demand across its main markets. Metro Bank was another top performer as investors were taking the full measure of the secular growth story driven by market share gains to incumbent banks. The recovery of the sterling was a major benefit as we neutralised our underweight position at the beginning of the month.

Conversely, Renault shares drifted on no particular newsflow, however, we believed the auto market remained strong and expected to see currency tailwinds. Wirecard suffered from persistent selling pressure despite releasing strong results and guidance for 2017, which came ahead of expectations. This was supporting the attractive growth prospects for this business and reinforced our confidence on the investment case.

The ALKEN FUND - EUROPEAN OPPORTUNITIES sub-fund rose 5.26% in December, which brought the year to date to -3.34%.

Within the sub-fund, Peugeot and Renault were the leading contributors driven by a stronger than expected performance of the European auto market, continuing a trend seen earlier this year. Pandora performed strongly as investors regained optimism after reading into the results detail. We believed this business had a very attractive growth potential and significant optionality in the Asian market.

Conversely, Wirecard suffered from continuing negative views to which we gave no credibility. The fundamentals of the business remained sound while the cash conversion should have started improving soon. Metro Bank fell sharply impacted by some rotation into other financial names which were more sensitive to interest rate increases. Fears about the consequences of Trump's election victory on the renewable industry and negative read-across from Vestas results added pressure on Gamesa. Nevertheless, the company's fundamentals were sound, making us think it could grow in the US with the Siemens merger being full of potential.

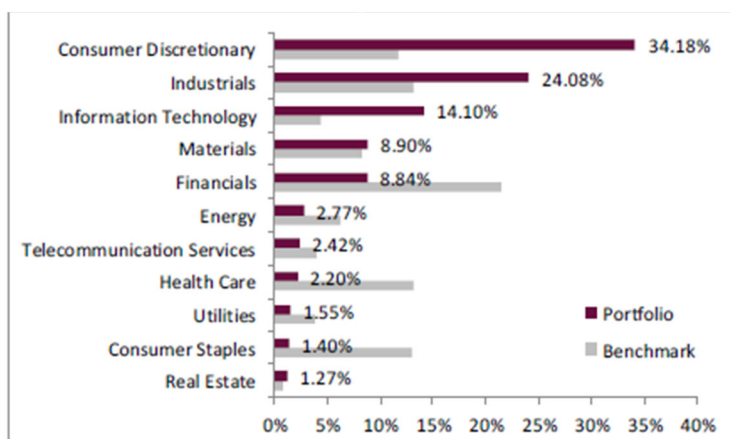
Key Statistics Q4 2016

Major Holdings		Market Capitalisation	
WIRECARD AG	9.91%	Small Cap 0-1bn	0.33%
VALEO SA	8.84%	Small-mid Cap 1-2bn	2.59%
PEUGEOT SA	6.10%	Mid Cap 2-5bn	19.52%
RYANNAIR PLC	5.68%	Large Cap >5bn	79.27%
RENAULT	5.16%		

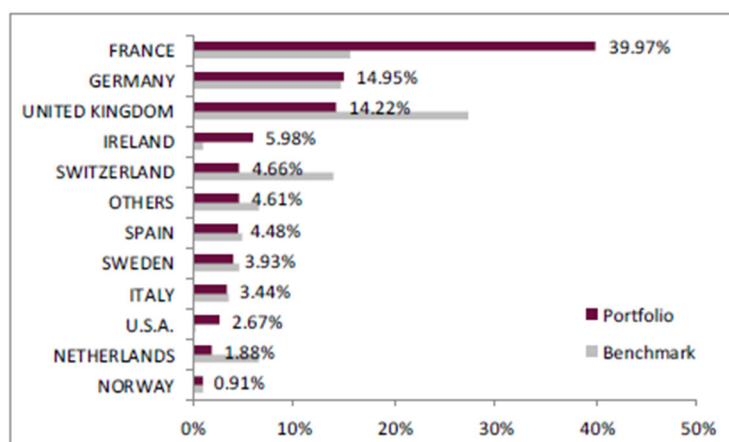
ALKEN FUND

Management report (continued)

Industry breakdown



Country breakdown



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

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 invest mainly in equity and equity-related securities issued by companies that are headquartered in Europe, have the majority of their assets or other interests in Europe, or conduct the majority of their activity in Europe or from Europe. The sub-fund will mainly invest in companies with a market capitalisation of below EUR 5bn.

Investment Process

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

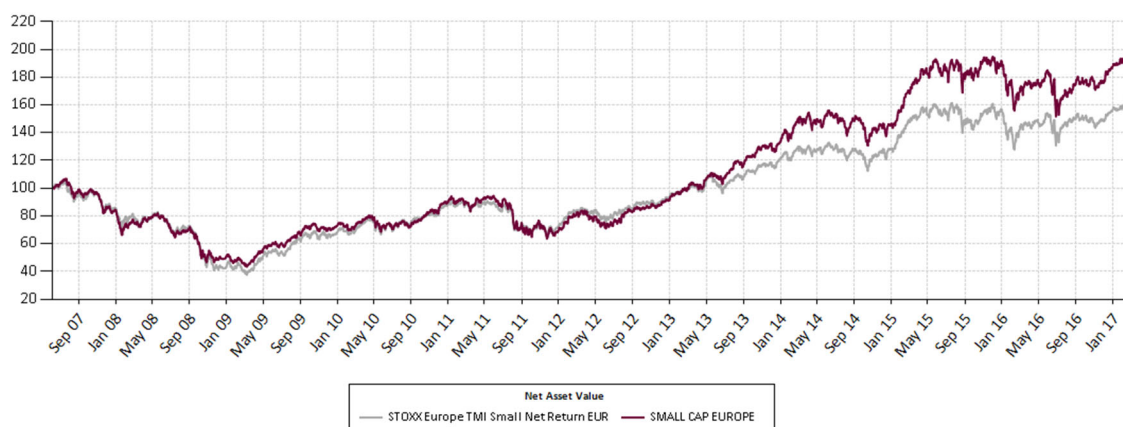
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2016

ALKEN FUND - SMALL CAP EUROPE sub-fund was down -2.15% vs Stoxx Europe TMI Small Index down -0.22%.

Performance since inception compared to benchmark



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

Management report (continued)

Performance Q1 2016

The ALKEN FUND - SMALL CAP EUROPE sub-fund was down -7.54% in January. This represented an outperformance of 0.85% over the benchmark for the year to date.

The year started with renewed fears about a recession in the US and a further slowdown in Chinese economic growth. The fall in the oil price reflected these fears with investors indiscriminately selling risk assets but its ultimately beneficial impact on the economy was ignored by the market.

Within the portfolio, Pandora pre-released results above expectations and gave a very confident capital markets day highlighting the strong growth opportunities in Asia. Gamesa shares were up strongly following the news of a potential takeover by Siemens.

We had recently increased our position in the stock following a broker downgrade that had sent the shares down. Eiffage continued its strong performance following the release of French traffic figures that were above expectations.

Conversely, OneSavingsBank continued to suffer from the perceived impact on the buy-to-let market from the UK government's initiatives. Valeo was down on worries about a slowdown in the US car market. We believed these worries were overdone and that the US was not Valeo's largest market. Pendragon shares suffered from the general weakness of the autos sector but its UK focus meant that it was sheltered from these concerns.

Although economic growth did slow down last year we believed that the deceleration could be contained. We expected the benefit of a lower oil price to feed into the European economy helped by an accommodating monetary policy and a weaker currency.

The ALKEN FUND - SMALL CAP EUROPE sub-fund was down -4.05% in February. This represented an underperformance of -2.22% versus the benchmark for the year to date. After another sharp fall at the beginning of February, the market rallied driven by results reports broadly in line with expectations and outlooks statements that were not catastrophic. We started seeing the first signs of a recovery in Industrial Production in the US.

Within the portfolio, Edenred shares recovered after a sharp fall following management comments that the dividend pay-out ratio could be reconsidered. This was in essence good news given the growth opportunities available to the company. We also liked the new management team and their fresh perspective on the business. Tarkett was also a contributor after reporting good results showing that the non-Russia business was strong enough to more than compensate the weakness in the CIS. Lastly, we bought Europcar following the significant fall in the share price, the results proved that the operating environment was still good and the management was executing well on their business plan.

Conversely, Wirecard shares went down on February 24, following the publication of anonymous and, in our opinion, highly dubious rumours. OneSavingsBank suffered like most UK challenger banks because of Brexit talks. Merlin shares went down along with the market despite satisfactory results.

We are more constructive on European equity markets and believed that the early 2016 panic was unjustified based on solid company fundamentals and an outlook for a recovery in orders.

The ALKEN FUND - SMALL CAP EUROPE sub-fund was up 4.22% in March. This represented an underperformance of -1.22% over the benchmark for the year to date.

Management report (continued)

March was a quiet month in macro-economic news-flow except for a relatively reassuring speech from US Fed Chair signalling that rates were likely to stay on hold in the short term.

Within the portfolio, OneSavingsBank was the top contributor after releasing results above expectations and giving a confident outlook, making it a top contributor year to date Banca Ifis continued its strong performance as the bank developed new earnings streams. Sixt reported strong results driven by volumes and good pricing. Strong cash generation led to a 25% increase in the dividend and the management gave a confident outlook for 2016.

Conversely, the sub-fund suffered from its exposure to Wirecard. As we detailed in our previous comments, we believed the rumours spread by an anonymous analyst were highly dubious and did not stack with the facts. Barratt Developments shares were down despite reporting strong results and giving guidance in line with expectations. We continued to like this company for its undemanding valuation, good operating performance and supportive environment outlook. B&M European Value Retail traded sideways on a lack of news-flow.

Since the beginning of the year the US economy started showing signs of a recovery with improving new order figures. This led us to believe that we had reached the trough and that we should see the economic momentum pick up. Concurrently, the decline of the Chinese economy discontinued. Given that these two countries had been the source of the market downturn, it made sense for us to increase cyclicity in the portfolio. We believed there was still ample room for further upside as we saw increasing evidence of a restocking cycle kicking in following last year's poor volume decline.

Key Statistics Q1 2016

Major Holdings

WIRECARD AG	9.00%
VALEO SA	4.77%
PANDORA A/S	4.61%
MARIE BRIZARD WINE & SPIRITS	4.43%
BANCA IFIS SPA	4.39%

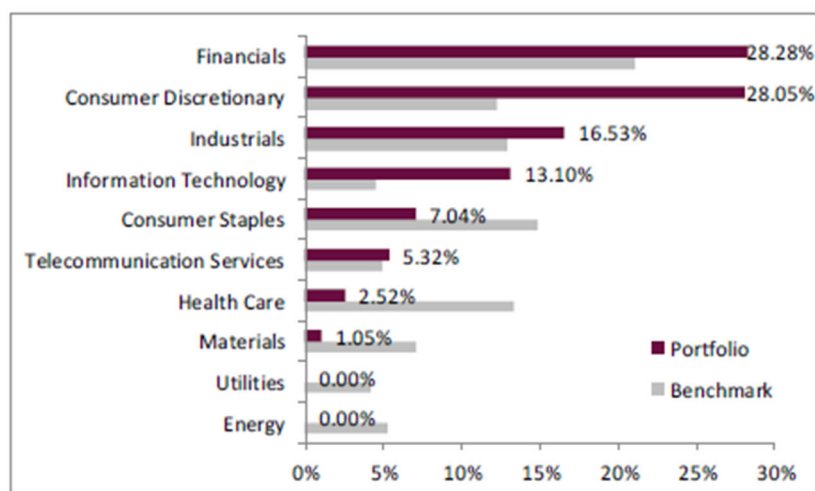
Market Capitalisation

Small Cap 0-2bn	41.01%
Mid Cap 2-5bn	38.42%
Large Cap >5bn	22.46%

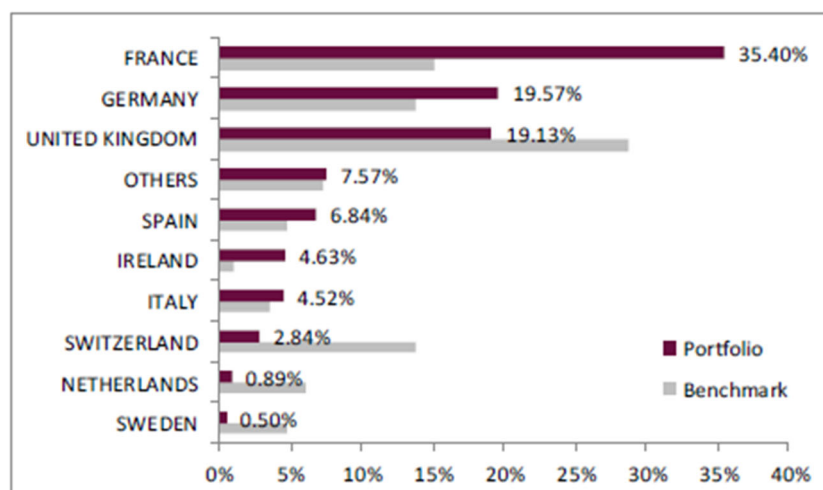
ALKEN FUND

Management report (continued)

Industry breakdown



Country breakdown



Performance Q2 2016

The ALKEN FUND - SMALL CAP EUROPE sub-fund was down -0.40% in April. This represented an underperformance of -1.95% over the benchmark for the year to date.

A good set of Q1 corporate results and the rebound of the oil price underpinned the market recovery during April.

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

Management report (continued)

Within the portfolio, Wirecard was the top contributor as the company pre-released Q1 results that were better than consensus estimates. The company was restoring the reputational damage done by the anonymous report and directly addressed investors' concerns. Also, worth mentioning is that Wirecard had one of the highest upside in the market given its quality. Gategroup benefited from a takeover offer from HNA, a Chinese conglomerate. AB Science reported a positive phase III trial result that sent the share price higher.

Conversely, Banca Ifis shares weakened as the contribution from the carry trade in Italy was on the wane as expected. Marie Brizard shares were weak following a disappointing set of results showing that the turnaround plan was taking longer than expected. OneSavingsBank suffered from worries over the risk of the UK leaving the European Union.

We continued to believe that the market was too cautious on the current macro environment and remained confident in the fundamental upside of the companies in our portfolio.

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 4.84% in May. This represented an underperformance of -1.64% over the benchmark for the year to date.

May was a relatively uneventful month on the macro front, most company results were above expectations confirming our view that the worries about economic growth were overdone.

Within the portfolio, Pandora was the top contributor after reporting strong results that exceeded expectations. This confirmed our thesis that the guidance given at the company's capital markets day was prudent. Similarly, Pendragon shares went up as the company reported good results. Wirecard shares went up as confidence started coming back helped by an investor day hosted by the company.

Conversely, Banca Ifis shares were out of favour despite strong fundamentals, we believed the shares suffered from caution towards Italian financials. TalkTalk shares corrected following a year-to-date rally triggered by a normalisation of the business after last November's cyber-attacks as well as the failure of the Hutchison/O2 merger, which has been seen as good for TalkTalk. Adocia shares were weak on no particular newsflow.

In a market that continues to show very little conviction, we have observed a gradual improvement in the outlook for most companies within our portfolio. The gap between this improved outlook and current valuations had rarely been that wide. We calculated a weighted average price-to-earnings-growth ratio ("PEG") of 0.82 for the companies in our portfolio versus 1.36 for the Stoxx Europe 600 index currently and versus a 10-year average of 1.16 for the same index.

The ALKEN FUND - SMALL CAP EUROPE sub-fund was down -12.98% in June 2016. This represented an underperformance of -4.68% YTD.

June was one of the most eventful months in recent history with the outcome of the EU referendum dominating sentiment on global financial markets. Most investors were positioned for a "REMAIN" outcome hence the market reaction was quite severe reflecting worries about the impact on economic growth and political risks for the European project.

Within the sub-fund, Edenred was the top contributor benefiting from the strengthening of the Brazilian real and hoped that the economy was approaching its trough. Aroundtown and Grand City Properties, the German real estate companies, were very resilient helped by their focus on the robust German property market, which was also highly uncorrelated to the general Brexit worries.

Conversely, UK domestic stocks suffered the most, particularly Onesavings Bank and Shawbrook due to their exposure to mortgage and small business lending. Pendragon shares also suffered from the increased uncertainty around the UK economy.

Management report (continued)

Volatility was likely to remain elevated near term although we had expected a gradual normalisation and share price recovery as visibility emerged around the Brexit process. Global macroeconomic indicators continued to be positive and market conditions should have stabilized over time providing attractive investment opportunities. We kept our portfolios focused on well-known, deeply-undervalued quality businesses which we expected to benefit from a resilient global macro outlook.

Key Statistics Q2 2016

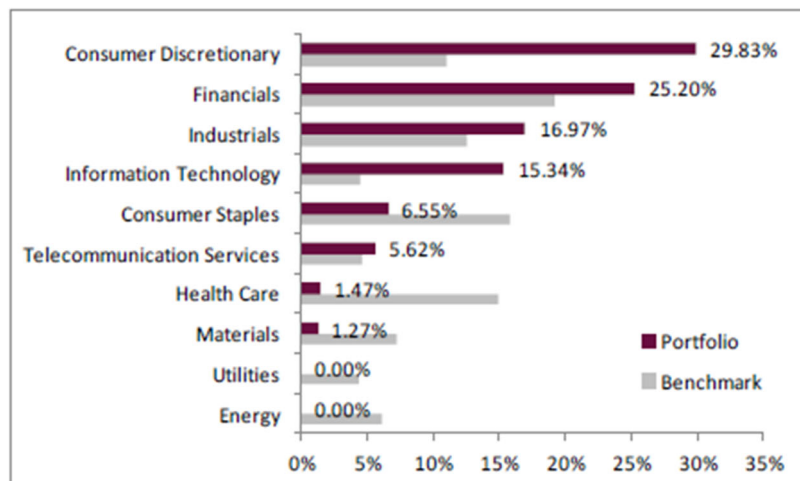
Major Holdings

WIRECARD AG	10.55%
PANDORA A/S	6.35%
VALEO SA	5.69%
MARIE BRIZARD WINE & SPIRITS	4.63%
AROWNTOWN PROPERTY HOLDINGS	4.52%

Market Capitalisation

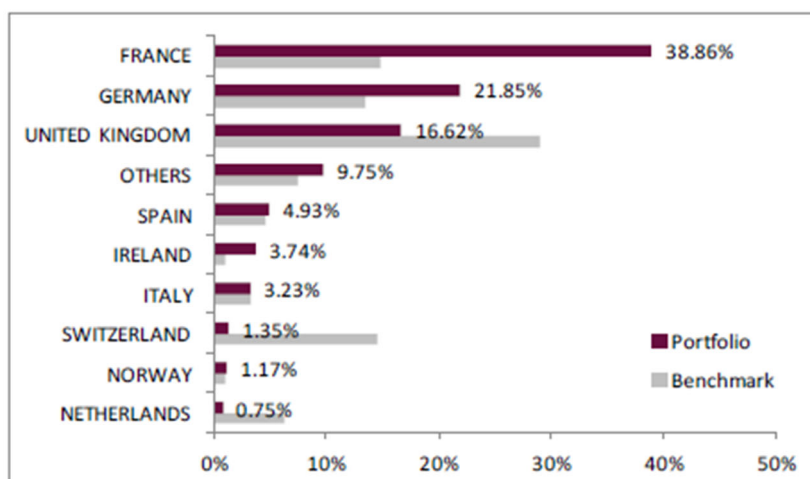
Small Cap 0-2bn	41.64%
Mid Cap 2-5bn	36.65%
Large Cap >5bn	23.96%

Industry breakdown



Management report (continued)

Country breakdown



Performance Q3 2016

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 5.66% in July. This represented an underperformance of -5.29% versus the benchmark year to date.

Global financial markets rebounded in July as investor worries eased. Macroeconomic indicators were robust in the US and Europe as opposed to the UK where uncertainty about the implications of the exit had an impact on business investment decisions and consumer confidence. The reporting season was positive for the vast majority of companies within our portfolio.

Within the sub-fund, the auto sector was the largest positive contributor as company results showed robust trends supporting our thesis on the industry. Valeo's second quarter results were particularly strong with sales outperforming global car production by 11%. This followed an outperformance by a similar magnitude in the first quarter and confirmed our investment case, predicated on Valeo's superior technological offer. Peugeot's half-year results beat expectations due to strong volumes, mix and pricing in Europe. Wirecard was again a strong contributor as sentiment towards the stock appeared to be improving, itself helped by a positive reaction to the recent acquisition.

Conversely, the uncertainty following the EU referendum continued to put pressure on certain domestic stocks. Shawbrook and Onesavings Bank were weak due to their exposure to small businesses and mortgage lending in the UK. Pandora was soft after a strong performance year to date. We believed this business had a very attractive growth potential driven by the digital channel and expansion into new markets and categories.

We believed the economic outlook remained positive led by a sustained recovery of macro indicators and improving consumption trends driven by increasing disposable income. We remained confident about the potential of the portfolio and expected to see a continuation of the recovery as investors focused again on business fundamentals.

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 3.03% in August. This represented an underperformance of -4.32% versus the benchmark year to date.

Management report (continued)

The sub-fund saw a good performance in August driven by a broad number of companies within the portfolio delivering good results and providing a confident outlook for the rest of the year.

Within the sub-fund, Drillisch, a German telecom operator, performed strongly after releasing a good set of results. Wirecard was once again a leading contributor boosted by a recommendation upgrade from a broker which had finally capitulated while confidence around the investment case continued to improve. Metro Bank and Onesavings Bank rebounded sharply as the impact of the Brexit on both businesses was now expected to be less than initially anticipated.

Conversely, Banca Ifis suffered from a negative country risk perception and the lack of understanding of the acquisition of InterBanca. Pandora was under pressure after results missed expectations due to softer sales in the US and Asia but the company reiterated guidance for 2016. Talk Talk's weak performance was driven by Vodafone's aggressive commercial activity.

The economic outlook for the world's largest economies had not changed materially but we still expected a catch up in spending as company inventories were too low. Improving employment data, supportive monetary policies and low commodity prices underpinned a positive outlook for consumers.

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 1.15% in September. This represented an underperformance of -3.87% versus the benchmark year to date.

Equity markets moved sideways during September whilst the sub-fund continued its recovery driven by the robust performance of our portfolio. Monetary authorities seemed reluctant to continue injecting stimulus into the system and although the US Federal Reserve maintained rates, the hawkish tone of the meeting suggested an interest rate increase before year end.

Within the sub-fund, Valeo was the largest contributor helped by the positive newsflow at the Paris auto show where the company said to be ahead of 2020 targets based on the current order backlog. Wirecard continued its excellent trajectory after the company indicated results would top market expectations. Flooring solutions specialist, Tarkett, performed strongly as the company was benefiting from growing demand for vinyl tiles in Europe and was exceeding market expectations.

Conversely, Aroundtown and Grand City Properties were the main detractors impacted by the steepening of the yield curve in Europe anticipating interest rate increases. Pendragon's negative contribution was due to its exposure to the UK where worries about the Brexit implications continue.

Market conditions were expected to remain volatile influenced by political events and economic uncertainty. In the immediate future, investors were expected to shift focus to the US Presidential election. With yield curves steepening, interest rates will probably start rising in the US before year-end which has led us to reduce exposure to real estate companies and long duration businesses. But the focus firmly remained on our bottom-up approach, selecting companies which had significant intrinsic value.

Key Statistics Q3 2016

Major Holdings

WIRECARD AG	11.29%
VALEO SA	7.41%
DRILLISCH AG	5.65%

Market Capitalisation

Small Cap 0-2bn	31.09%
Mid Cap 2-5bn	33.89%
Large Cap >5bn	39.81%

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

ALKEN FUND

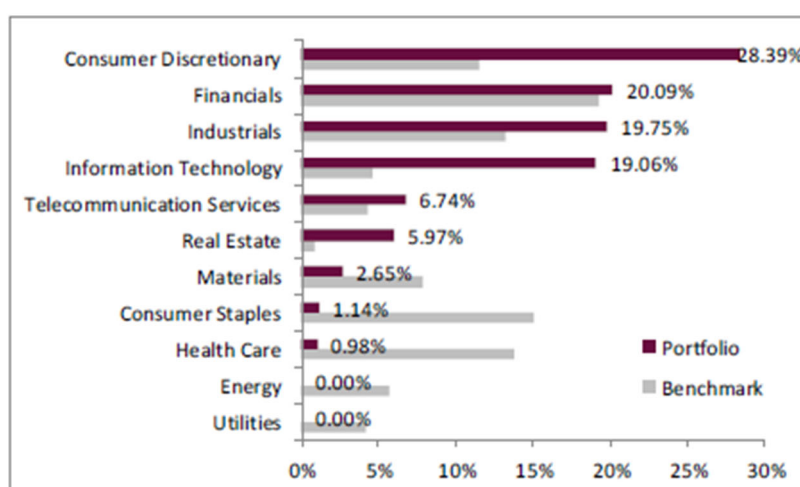
Management report (continued)

Major Holdings

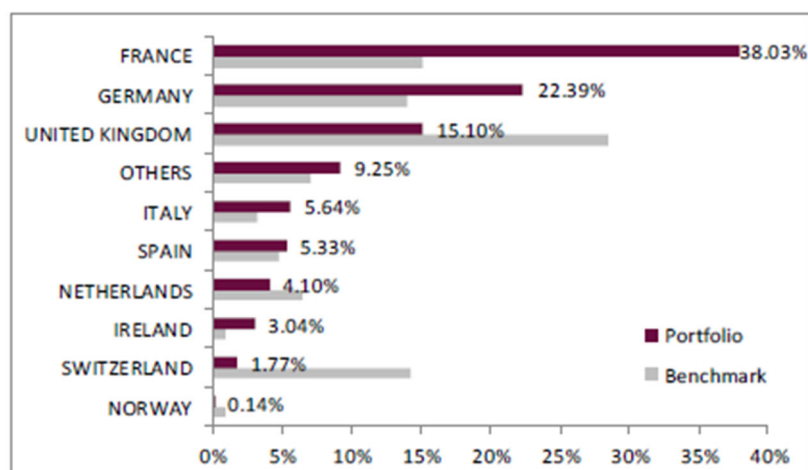
PANDORA A/S	5.51%
BANCA IFIS SPA	4.73%

Market Capitalisation

Industry breakdown



Country breakdown



Performance Q4 2016

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 0.14% in October. This represented an underperformance of -1.28% versus the benchmark year to date.

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

Management report (continued)

The third quarter reporting season had been good for the majority of the companies we had in the portfolio. Economic indicators in the Eurozone were robust, particularly in Germany which released strong PMI and business confidence data. Equity markets remained volatile given the uncertainty related to a US interest rate rise and political uncertainty in the US, France, Italy and Spain.

Within the sub-fund, Banca Ifis performed strongly as investors started to factor in the potential value of the Interbanca acquisition. Pandora was another strong contributor as investor worries about a slowdown in US sales eased after an independent survey showed that spending intentions were still strong. Sixt's good performance was driven by a good set of results which showed a resilient demand in European markets.

Conversely, Wirecard suffered this month as renewed and unfounded fears about the company led some hedge funds to increase their short positions. We believed this was nothing short of market manipulation and remained positive about the short and long-term potential for this business. Tarkett was under pressure as results came slightly behind expectations due to a slowdown in the US and Europe and the release of conservative medium-term targets. These targets raised questions about management's ambitions but we believed they were cautious on purpose. Telecom operator Drillisch, experienced some profit taking after the strong share price momentum in recent months.

We remained very confident about the potential of the portfolio. Our stock picking approach limited our exposure to long duration names which were susceptible to a significant derating, validating our fundamental framework.

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 0.21% in November. This represented an underperformance of -2.58% versus the benchmark year to date.

Equity markets rose in November as investors reacted positively to Trump's election victory on expectations of lower taxes and increased infrastructure spending. The sub-fund performed well driven by our stock selection. Economic activity remained robust aided by healthy consumption trends and with inflation expectations rising the yield curve has steepened further.

Within the sub-fund, Metro Bank and Onesavings Bank performed strongly as investors are taking the full measure of the secular growth story driven by market share gains to incumbent banks. Eramet was also a top contributor driven by the improving fundamentals of the mining sector which is benefiting from solid demand and rising commodity prices. The recovery of the sterling was a major benefit as we reduced our underweight position the beginning of the month.

Conversely, the political uncertainty and financial risks of the Italian banking system dragged down Banca Ifis. We believed the price dramatically undervalued the strength of the bank's business model. Sixt's third quarter results were below expectations but the company was still growing at a healthy rate as well as outperforming its peers.

Despite uncertainty generated by political events, leading indicators pointed to a steady recovery across most European countries underpinned by improving consumption trends and still supportive monetary policies. We expected the portfolio recovery to continue driven by the strong fundamentals behind our investments.

The ALKEN FUND - SMALL CAP EUROPE sub-fund rose 5.39% in December, bringing the year to date to -2.15%.

The strength in global equity markets continued in December. As expected, the Federal Reserve raised interest rates and hinted at two other hikes at least in 2017 suggesting growth and inflation are accelerating in the US. On the other hand, the ECB took no action on monetary policy. Economic indicators across most markets continued to improve.

Management report (continued)

Within the sub-fund, Banca Ifis rebounded as worries after the Italian referendum settled and investors refocused on the potential benefits of the integration of Interbanca. Drillisch recovered after weakness during the previous month because of poor sentiment. Pandora was also another leading contributor as investors regained optimism after reading into the results detail. We believed this business had a very attractive growth potential and significant optionality in the Asian market.

Conversely, Wirecard suffered from continuing negative views to which we gave no credibility. The fundamentals of the business remained sound while the cash conversion should have started improving soon. Metro Bank fell sharply impacted by some rotation into other financial names which were more sensitive to interest rate increases. Edenred suffered from the weakness in the Mexican peso and worries on headwinds after the US election.

As we entered a new year, the start of the Brexit negotiations, elections in some European countries and Trump's presidency will be critical events. We continued to focus on selecting companies with robust fundamentals and significant upside potential. Our conviction in the portfolio remained strong.

Key Statistics of Q4 2016

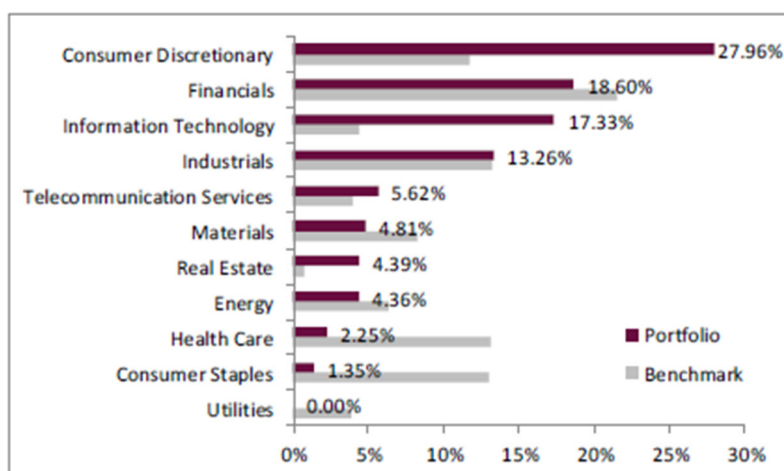
Major Holdings

WIRECARD AG	9.15%
VALEO SA	7.04%
BANCA IFIS SPA	6.06%
DRILLISCH AG	5.28%
PEUGEOT SA	4.56%

Market Capitalisation

Small Cap 0-2bn	34.10%
Mid Cap 2-5bn	32.24%
Large Cap >5bn	33.59%

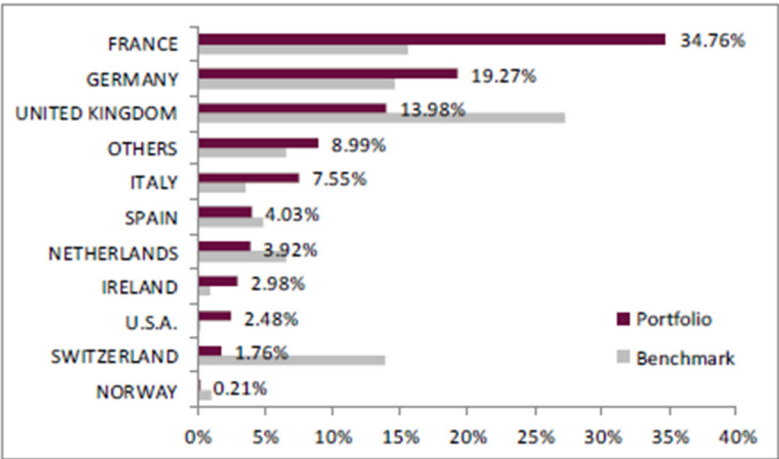
Industry breakdown



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

Management report (continued)

Country breakdown



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

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:

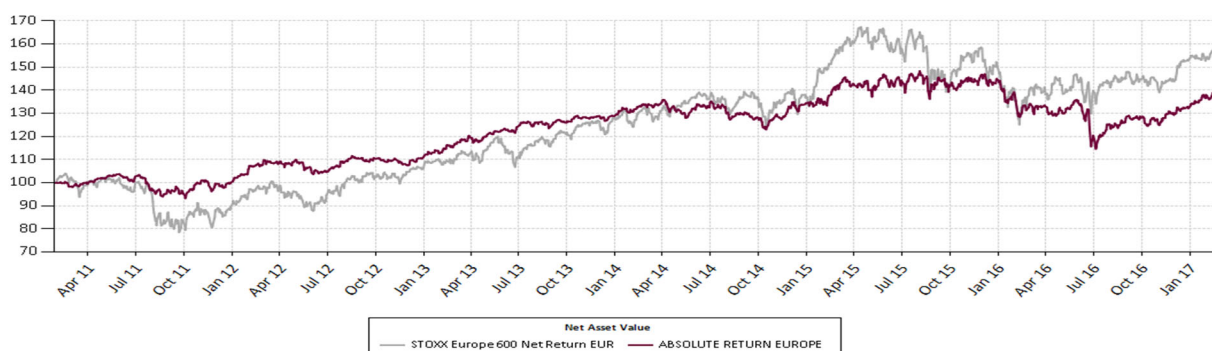
- Undervalued companies over intrinsic value
- High profitability and growth potential
- Focus investments on the stocks with the most potential
- The avoidance of market excesses
- Humble, focused and motivated management with a good track record.

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

Performance Review 2016

During 2016 ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was down -8.12% vs Stoxx Europe 600 +1.73% and HFRX Equity Hedge down -1.66% for the same period.

Performance since inception compared to the 5% annualized hurdle rate



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

Management report (continued)

Performance Q1 2016

ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was down -4.45% in January. The market net exposure remained stable at 54.80%, while the gross exposure was reduced to 123.35%.

The year started with renewed fears about a recession in the US and a further slowdown in Chinese economic growth. The fall in the oil price reflected these fears with investors indiscriminately selling risk assets but its ultimately beneficial impact on the economy was ignored by the market.

The sub-fund benefited from a number of short positions in commodity exposed stocks. During the month, we took some profits on our short book by buying back some of our oil related individual stocks, as we took the net exposure to oil towards neutral.

This performance was offset by Valeo and Peugeot which fell on worries over the slowdown of the US market. We believed these fears were overdone and highlighted that the US market was not these companies' biggest market. Banca Monte Dei Paschi suffered from continued distrust over credit quality. We believe these fears were unwarranted; Q4 results had been reassuring and showed that fundamentals were improving. Ryanair suffered from the rebound in the oil price which has affected the entire sector.

Although economic growth did slow down last year we believed that the deceleration would be contained. We expected the benefit of a lower oil price to feed into the European economy helped by an accommodating monetary policy and a weaker currency.

ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was down -3.99% in February. The market the net exposure finished at 50.86%, while the gross exposure was increased to 155.85%.

Within the portfolio, Valeo and Renault were the top performers after reporting solid results showing good pricing and profitability in H2, and good autos markets in Europe since the beginning of the year. This is something that we had expected and the reason why we held our position during the sell-off. Seagate shares recovered following a decent result release and helped by a large purchase by the CEO.

Conversely, Wirecard shares went down on February 24, following the publication of anonymous and, in our opinion, highly dubious rumours. Western Digital shares went down as a cash injection by Unisplendour was retracted. This meant that Western Digital would need to issue more shares to finance the SanDisk deal. The sub-fund also suffered from oil related short positions that went up with the oil price.

After another sharp fall at the beginning of February, the market rallied driven by results reports broadly in line with expectations and outlooks statements that were not catastrophic. We even started to see the first signs of a recovery in Industrial Production in the US.

We were more constructive on European equity markets and believed that the early 2016 panic was unjustified based on solid company fundamentals and an outlook for a recovery in orders.

ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was up 0.35% in March. The market the net exposure was increased to 64.56% and the gross exposure was increased to 160.15%.

Management report (continued)

Since the beginning of the year the US economy started showing signs of a recovery with improving new order figures. This led us to believe that we had reached the trough and that we should see the economic momentum pick up. Concurrently, the decline of the Chinese economy discontinued. Given that these two countries had been the source of the market downturn, it made sense for us to increase exposures.

Within the portfolio, Valeo and Peugeot were the top contributors continuing their recovery following the January weakness supported by good autos markets in Europe since the beginning of the year. The sub-fund also benefited from a long position in European banks and a short position in a specific energy stock. Arkema benefited from a strong set of results with good cash flow generation. We expect this trend to continue driven by a continuing recovery in some of its key businesses.

Conversely, the sub-fund suffered from its exposure to Wirecard. As we detailed in our previous comments, we believed the rumours spread by an anonymous analyst were highly dubious and did not stack with the facts. Barratt Developments shares were down despite reporting strong results and giving guidance in line with expectations. We continued to like this company for its undemanding valuation, good operating performance and supportive environment outlook. B&M European Value Retail traded sideways on a lack of news-flow.

March was a quiet month in macro-economic news-flow except for a relatively reassuring speech from US Fed Chair signalling that rates were likely to stay on hold in the short term.

We believed there was still ample room for further upside as we saw increasing evidence of a restocking cycle kicking in following last year's poor volume decline.

Key Statistics Q1 2016

Major Holdings

RYANAIR HOLDINGS PLC	6.30%
PEUGEOT SA	5.61%
VALEO SA	4.72%
WIRECARD AG	4.17%
PANDORA A/S	3.75%

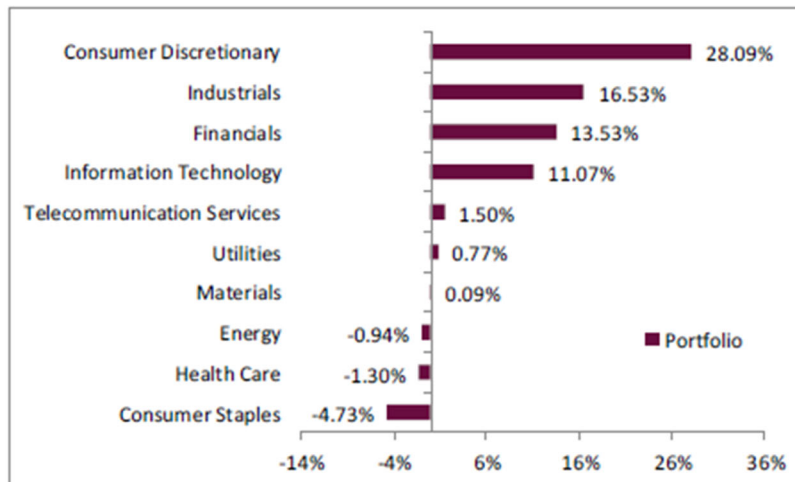
Market Capitalisation

Small Cap 0-2bn	14.88%
Mid Cap 2-5bn	26.31%
Large Cap >5bn	71.30%

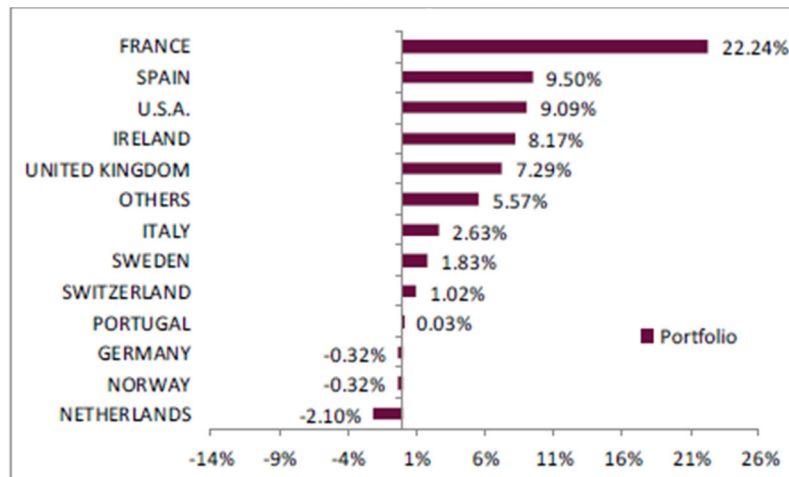
ALKEN FUND

Management report (continued)

Industry breakdown



Country breakdown



Performance Q2 2016

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was down -1.25% in April. The net exposure was reduced to 57.37% and the gross exposure was reduced to 150.55%.

A good set of Q1 corporate results and the rebound of the oil price underpinned the market recovery during April. We took advantage of the move in the oil price to reduce our long positions in the energy sector.

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

Management report (continued)

Within the portfolio, Wirecard was the top contributor as the company pre-released Q1 results that were better than consensus estimates. The company was restoring the reputational damage done by the anonymous report and is directly addressing investors' concerns. Also, worth mentioning that Wirecard had one of the highest upside in the market given its quality. Banca Monte Dei Paschi was also one of the top contributors following the announcement by the Italian government of measures to support banks. TalkTalk shares went up following increasing speculation that the deal between O2 and Hutchison would be blocked by the EU.

Conversely, Seagate issued a profits warning that signalled persistent difficulties in their end market. We were quick to sell our remaining stake which spared us further impact from the subsequent share price weakness. Ryanair suffered alongside the airlines sector from the oil price rally and a lack of visibility following the Brussels terrorist attacks and strikes in France. Peugeot reported strong results but their share prices had a lacklustre performance as people still feared the end of cycle, something we fundamentally disagreed with.

We continued to believe that the macro environment was not as bad as the market feared and remained confident in the fundamental qualities of the companies in our portfolio.

ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund rose 3.33% in May. The net exposure was increased to 58.84% and the gross exposure was increased to 159.42%.

May was a relatively uneventful month on the macro front, most company results were above expectations confirming our view that the worries about economic growth were overdone.

Within the portfolio, Pandora was the top contributor after reporting strong results that exceeded expectations. This confirmed our thesis that the guidance given at the company's capital markets day was prudent. Ryanair shares were strong following good results and a solid indication of growth given by the CEO. Wirecard shares went up as confidence started coming back helped by an investor day hosted by the company.

Conversely, the sub-fund suffered from a short position exposed to the aerospace sector, we took the opportunity to increase this short. TalkTalk shares corrected following a year-to-date rally triggered by a normalisation of the business after last November's cyber-attacks as well as the failure of the Hutchison/O2 merger, which had been seen as good for TalkTalk. Banca Monte dei Paschi di Siena corrected after a 60% rally in April and a slightly disappointing initiative by the Italian government to deal with NPLs.

In a market that continued to show very little conviction, we observed a gradual improvement in the outlook for most companies within our portfolio. The gap between this improved outlook and current valuations had rarely been that wide. We calculated a weighted average price-to-earnings growth ratio ("PEG") of 1.04 for the companies in our portfolio versus 1.36 for the Stoxx Europe 600 index currently and versus a 10-year average of 1.16 for the same index.

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund fell -12.74% during June 2016, bringing the YTD to -18.02%. The net exposure was reduced to 51.16% while the gross exposure increased to 173.39%.

June was one of the most eventful months in recent history with the outcome of the EU referendum dominating sentiment on global financial markets. Most investors were positioned for a "REMAIN" outcome hence the market reaction was quite severe reflecting worries about the impact on economic growth and political risks for the European project.

Within the sub-fund, our short positions in the index and the structurally challenged UK food retailers made a positive contribution. We also benefited from the decline in aircraft leasing stocks as residual values continued to fall supporting our negative view on the civil aerospace cycle.

Management report (continued)

Conversely, cyclical names were hit the hardest. Ryanair's exposure to the UK market and fears of a slowdown in European demand led the stock lower. We believed such a negative scenario was highly unlikely and expected the business to continue to win share thanks to competitive prices and improved customer experience. The auto sector, namely Peugeot and Renault, was also hit despite reports of a strong rebound of the Chinese car market as analysts nevertheless reduced estimates anticipating a slowdown in demand. The housebuilders in the UK experienced large price declines reflecting uncertainty about the housing market.

Volatility was likely to remain elevated near term although we expected a gradual normalisation and share price recovery as visibility emerged around the Brexit process. Global macroeconomic indicators continued to be positive and market conditions should have stabilized over time providing attractive investment opportunities. We kept our portfolios focused on well-known, deeply-undervalued quality businesses which we believed would benefit from a resilient global macro outlook.

Key Statistics Q2 2016

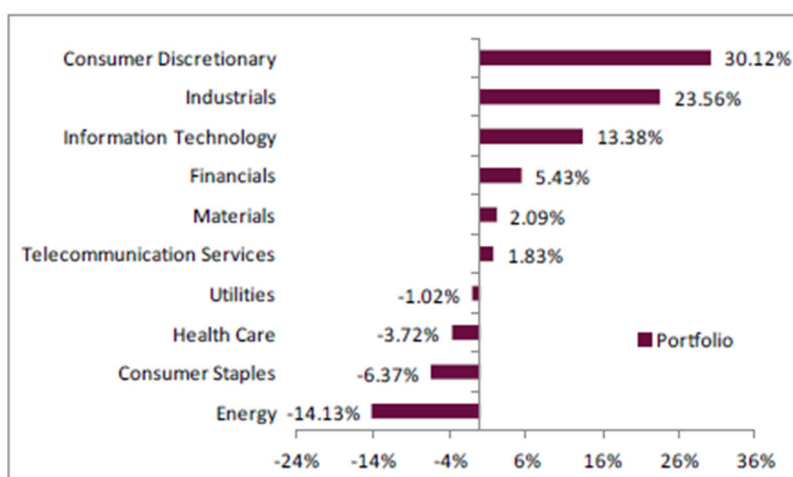
Major Holdings

WIRECARD AG	8.41%
RYANAIR HOLDINGS PLC	6.89%
VALEO SA	5.69%
PANDORA A/S	5.49%
PEUGEOT SA	5.38%

Market Capitalisation

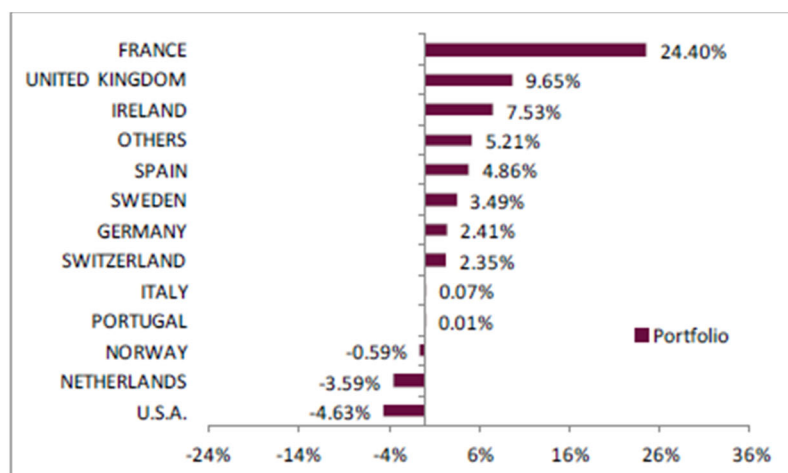
Small Cap 0-2bn	11.12%
Mid Cap 2-5bn	35.74%
Large Cap >5bn	65.42%

Industry breakdown



Management report (continued)

Country breakdown



Performance Q3 2016

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund rose 5.81% in July, bringing the year to date to -13.26%. The net exposure was increased to 58.66% while the gross exposure was reduced to 160.94%.

Global financial markets rebounded in July as investor worries eased. Macroeconomic indicators were robust in the US and Europe as opposed to the UK where uncertainty about the implications of the exit was having an impact on business investment decisions and consumer confidence. The reporting season had so far been positive for the vast majority of companies within our portfolio.

Within the sub-fund, the auto sector was the largest positive contributor as company results showed robust trends in the industry supporting our thesis on the sector. Valeo's second quarter results were particularly strong with sales outperforming global car production by 11%. This followed an outperformance by a similar magnitude in the first quarter and confirmed our investment case, predicated on Valeo's superior technological offer. Peugeot's half-year results beat expectations due to strong volumes, mix and pricing in Europe. Wirecard was again a strong contributor as sentiment towards the stock appeared to be improving helped by a positive reaction to the recent acquisition.

Conversely, our short position in an energy stock detracted from performance because of its volatility. The share price was nevertheless on a downward trend. Pandora was soft after a strong performance year to date. We believed this business had a very attractive growth potential driven by the digital channel and expansion into new markets and categories. Italian bank Monte dei Paschi di Siena continued to be under pressure ahead of the expected recapitalisation triggered by the ECB's stress test.

We believed the economic outlook remained positive led by a sustained recovery of macro indicators and improving consumption trends driven by increasing disposable income. We remained confident about the potential of the portfolio and expected to see a continuation of the recovery as investors focus again on business fundamentals.

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund rose 0.77% in August, bringing the year to date to -12.59%. The net exposure remained stable at 59.05% while the gross exposure was reduced to 154.33%.

Management report (continued)

After rebounding by 5.81% in July, the sub-fund saw a continuation of the recovery in August (+0.74%) and a good start in September. This strong momentum was driven by a broad number of companies within the portfolio delivering good results and providing a confident outlook for the rest of the year.

Within the sub-fund, Wirecard was once again the leading contributor boosted by a recommendation upgrade from a broker which had finally capitulated while confidence around the business continued to improve. Legrand second quarter results were solid helping to reassure investors. Gamesa's positive contribution reflected a better understanding of the benefits of the merger with Siemens Wind Power. Drillisch, a German telecom operator, performed strongly after releasing a good set of results.

Conversely, the sub-fund suffered from the short position in the index with markets moving up. Renault erased some of the strong performance from the previous month because of rumours that resurfaced regarding emissions cheating. These were unfounded and our view on the business remained very positive reinforced by the strong results reported in July. The autos sector was the cheapest part of the index and this was fundamentally unjustified. The market was anticipating a collapse in both margins and growth neither of which we thought was likely. Pandora was under pressure after results missed expectations due to softer sales in the US and Asia but reiterated guidance for 2016.

The economic outlook for the world's largest economies had not changed materially but we still expected a catch up in spending as company inventories were too low. Improving employment data, supportive monetary policies and low commodity prices underpinned a positive outlook for consumers.

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund rose 1.61% during September, bringing the year to date to -11.18%. The net exposure remained stable at 59.81% whereas the gross exposure was marginally increased to 155.52%.

Equity markets moved sideways during September whilst the sub-fund continued its recovery driven by the robust performance of our portfolio. Monetary authorities seemed reluctant to continue injecting stimulus into the system and although the US Federal Reserve maintained rates, the hawkish tone of the meeting suggested an interest rate increase before year end.

Within the sub-fund, Valeo was the largest contributor driven by the positive newsflow at the Paris auto show where the company said to be ahead of its 2020 targets based on the current order backlog. Wirecard continued its excellent trajectory after the company indicated results would top market expectations at a conference. Lanxess shares jumped following the acquisition of a US rival which we expected to strengthen the group position in the high-value additives business at a relatively inexpensive price.

Conversely, Aroundtown and Grand City Properties detracted performance impacted by the steepening of the yield curve in Europe anticipating interest rate increases. B&M Value Retail's underperformance was driven by its exposure to the UK where worries about the implications of the European Union exit continue.

Market conditions were expected to remain volatile influenced by political events and economic uncertainty. In the immediate future, investors would shift focus to the US Presidential election. With yield curves steepening, interest rates would probably start rising in the US before year-end which had led us to reduce exposure to real estate companies and long duration businesses. But the focus firmly remained on our bottom-up approach, selecting companies which had significant intrinsic value.

Key Statistics Q3 2016

Management report (continued)

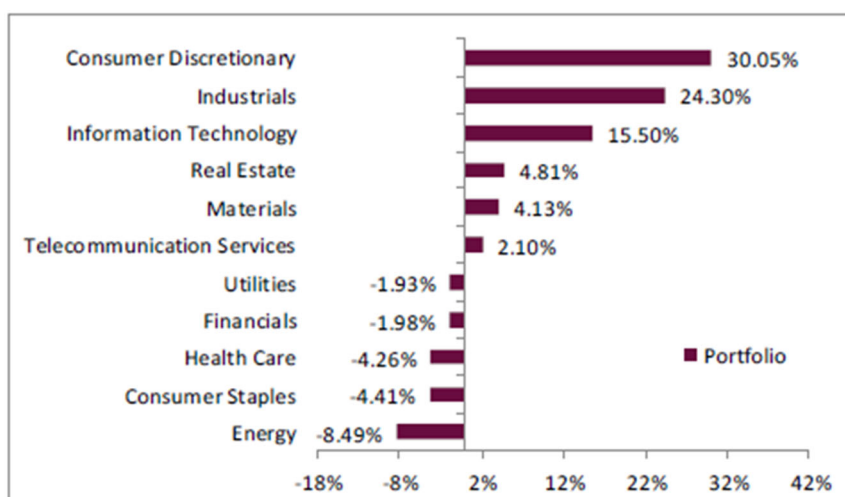
Major Holdings

WIRECARD AG	10.82%
VALEO SA	7.52%
PEUGEOT SA	6.93%
RYANAIR HOLDINGS PLC	5.87%
PANDORA A/S	5.62%

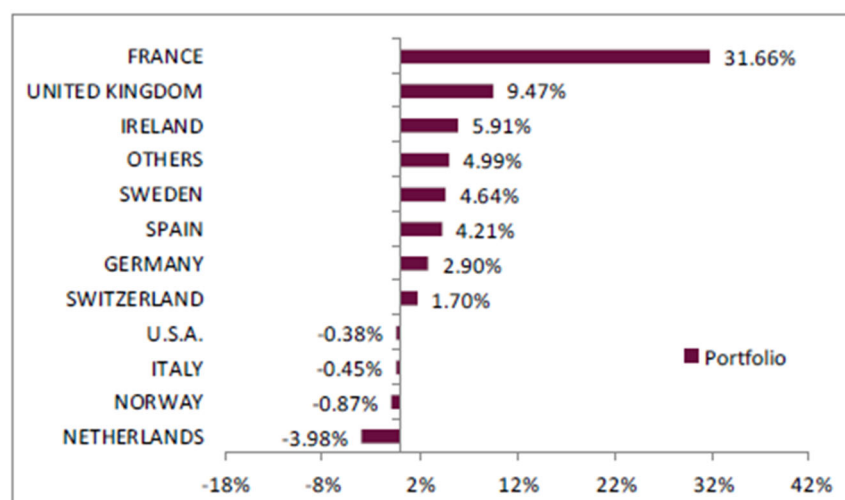
Market Capitalisation

Small Cap 0-2bn	4.49%
Mid Cap 2-5bn	22.38%
Large Cap >5bn	80.80%

Industry breakdown



Country breakdown



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

Management report (continued)

Performance Q4 2016

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund was down -0.41% during October, bringing the year to date to -11.55%. The net exposure was reduced to 57.69% whereas the gross exposure was reduced to 151.58%.

The third quarter reporting season had been good for the majority of the companies we had in the portfolio. Economic indicators in the Eurozone were robust, particularly in Germany which released strong PMI and business confidence data. Equity markets remained volatile given the uncertainty related to a US interest rate rise and political uncertainty in the US, France, Italy and Spain.

Within the sub-fund, Pandora was the largest contributor as investor worried about a slowdown in US sales eased after an independent survey showed that spending intentions were still strong. Glencore benefited from a general rebound in the mining sector helped by rising commodity prices and diminishing concerns about balance sheets. Renault's strong results confirmed solid trends in the automotive sector. Good volume growth and self-help initiatives were driving margin expansion.

Conversely, Wirecard suffered this month as renewed and unfounded fears about the company led some hedge funds to increase their short positions. We believed this was nothing short of market manipulation and remained positive about the short and long-term potential for this business. Howden Joinery and B&M European Value Retail remained under pressure after a bellicose rhetoric at the Conservative Party Conference raised concerns of a hard Brexit.

We remained very confident about the potential of the portfolio. Our stock picking approach limited our exposure to long duration names which were susceptible to a significant derating, validating our fundamental framework.

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund Europe rose 1.67% in November, bringing the year to date to -10.07%. The net exposure was reduced to 56.57% whereas the gross exposure was reduced to 151.13%.

Equity markets rose in November as investors reacted positively to Trump's election victory on expectations of lower taxes and increased infrastructure spending. The sub-fund performed well driven by our stock selection. Economic activity remained robust aided by healthy consumption trends and with inflation expectations rising the yield curve has steepened further.

Within the sub-fund, Glencore was the top contributor driven by the improving fundamentals of the mining industry which was benefiting from solid demand and rising commodity prices. Ryanair's strong performance continued following the announcement of a share repurchase programme and indications of resilient demand across its main markets. Metro Bank was another top performer as investors were taking the full measure of the secular growth story driven by market share gains to incumbent banks. The recovery of the sterling was a major benefit as we increased our exposure at the beginning of the month.

Conversely, Gamesa fell driven by investors' fears after Trump's victory. Nevertheless, the company continued to report a strong order intake and confirmed its positive outlook on the US market. Renault shares drifted on no particular newsflow, however, we believed the auto market remained strong and expected to see currency tailwinds. Wirecard suffered from persistent selling pressure despite releasing strong results and guidance for 2017, which came ahead of expectations. This supported the attractive growth prospects for this business and reinforced our confidence on the investment case.

Despite uncertainty generated by political events, leading indicators pointed to a steady recovery across most European countries underpinned by improving consumption trends and still supportive monetary policies. We expected the portfolio recovery to continue driven by the strong fundamentals behind our investments.

Management report (continued)

The ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund Europe rose 2.16% in December, bringing the year to date to -8.12%. The net exposure was increased to 58.99% whereas the gross exposure was reduced to 146.29%.

The strength in global equity markets continued in December. As expected, the Federal Reserve raised interest rates and hinted at two other hikes at least in 2017 suggesting growth and inflation are accelerating in the US. On the other hand, the ECB took no action on monetary policy. Economic indicators across most markets continued to improve.

Within the sub-fund, Peugeot and Renault were the leading contributors driven by a stronger than expected performance of the European auto market, continuing a trend seen earlier this year.

Pandora performed strongly as investors regained optimism after reading into the results detail. We believed this business had a very attractive growth potential and significant optionality in the Asian market.

Conversely, Wirecard suffered from continuing negative views to which we gave no credibility. The fundamentals of the business remained sound while the cash conversion should have started improving soon. Metro Bank fell sharply impacted by some rotation into other financial names which were more sensitive to interest rate increases. Fears about the consequences of Trump's election victory on the renewable industry and negative read-across from Vestas results added pressure on Gamesa. Nevertheless, the company's fundamentals were sound, it should have been able to grow in the US and the Siemens merger was full of potential.

As we entered a new year, the start of the negotiations with the UK, elections in some European countries and Trump's presidency were expected to be critical events. We continued to focus on selecting companies with robust fundamentals and significant upside potential. Our conviction in the portfolio remained strong.

Key Statistics Q4 2016

Major Holdings

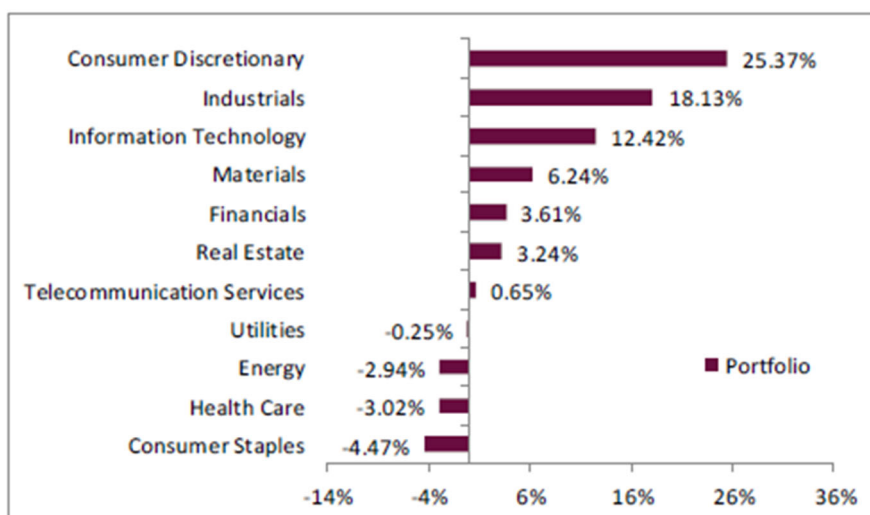
WIRECARD AG	9.31%
PEUGEOT SA	6.12%
RYANAIR HOLDINGS PLC	6.06%
VALEO SA	5.48%
PANDORA A/S CFD	4.85%

Market Capitalisation

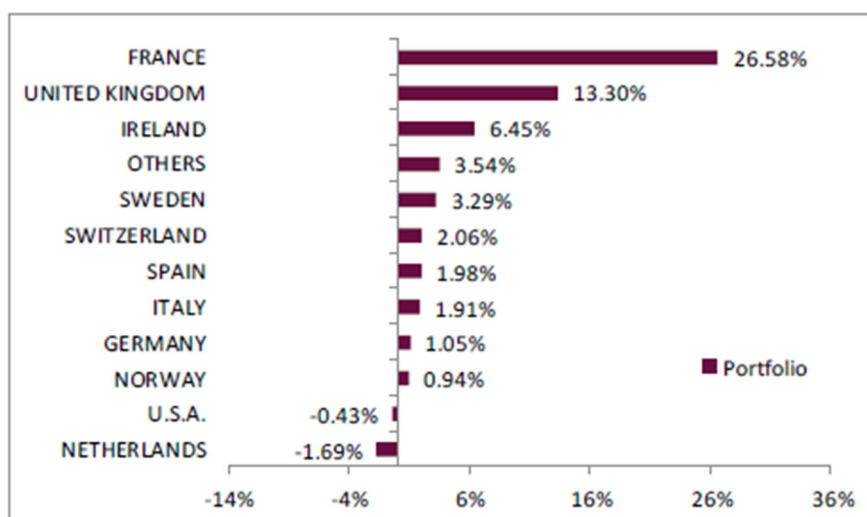
Small Cap 0-2bn	5.36%
Mid Cap 2-5bn	22.88%
Large Cap >5bn	74.40%

Management report (continued)

Industry breakdown



Country breakdown



March, 2017

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

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

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

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, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Responsibility of the réviseur d'entreprises agréé

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

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ALKEN FUND and of each of its sub-funds as at December 31, 2016, 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 information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of réviseur d'entreprises agréé thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

For Deloitte Audit
Société à responsabilité limitée
Cabinet de révision agréé



Nicolas Hennebert, *Réviseur d'entreprises agréé*
Partner

April 5, 2017
560, rue de Neudorf
L-2220 Luxembourg

Statement of net assets as at December 31, 2016

	COMBINED	ALKEN FUND - EUROPEAN OPPORTUNITIES	ALKEN FUND - SMALL CAP EUROPE	ALKEN FUND - ABSOLUTE RETURN EUROPE
	EUR	EUR	EUR	EUR
ASSETS				
Investments in securities at acquisition cost	2,797,343,958.26	1,756,526,384.88	201,883,461.38	838,934,112.00
Net unrealised gain on investments	721,232,629.84	486,190,106.11	56,367,869.19	178,674,654.54
Investments in securities at market value (note 2.d)	3,518,576,588.10	2,242,716,490.99	258,251,330.57	1,017,608,766.54
Cash at banks (note 2.d)	125,786,283.41	3,893,199.44	1,961,502.52	119,931,581.45
	3,644,362,871.51	2,246,609,690.43	260,212,833.09	1,137,540,347.99
LIABILITIES				
Management fee payable (note 4)	12,772,206.49	7,133,334.72	927,153.08	4,711,718.69
Net unrealised loss on forward exchange contracts (notes 2.g, 11)	3,590,372.14	1,615,360.37	70,535.27	1,904,476.50
Credit line and guarantees (note 13)	43,437,122.83	41,937,577.40	1,499,545.43	0.00
Other fees payable (note 7)	3,222,163.11	1,916,624.70	220,297.83	1,085,240.58
	63,021,864.57	52,602,897.19	2,717,531.61	7,701,435.77
TOTAL NET ASSETS AS AT DECEMBER 31, 2016	3,581,341,006.94	2,194,006,793.24	257,495,301.48	1,129,838,912.22
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

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

Statement of operations and changes in net assets for the year ended December 31, 2016

	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	8,451,863,747.09	5,103,721,128.36	329,963,323.44	3,018,179,295.29
INCOME				
Dividends, net (note 2.k)	107,014,923.07	63,388,841.06	5,236,120.21	38,389,961.80
Bank interest	-161,936.11	-94,417.69	-711.31	-66,807.11
	106,852,986.96	63,294,423.37	5,235,408.90	38,323,154.69
EXPENSES				
Management fee (note 4)	72,394,837.53	39,974,212.82	4,315,940.87	28,104,683.84
Performance fee (note 5)	17,524.33	13,473.35	4,050.98	0.00
Depository fee, bank charges and interest	5,078,428.70	2,342,472.77	201,448.90	2,534,507.03
Operating and administrative expenses (note 6)	18,873,282.40	10,577,124.36	1,024,071.52	7,272,086.52
Transaction fees (note 2.m)	17,308,901.93	10,144,334.65	621,585.48	6,542,981.80
	113,672,974.89	63,051,617.95	6,167,097.75	44,454,259.19
NET INVESTMENT INCOME/LOSS	-6,819,987.93	242,805.42	-931,688.85	-6,131,104.50
Net realised gain/loss on sales of investments	377,080,779.22	437,515,910.02	3,478,485.91	-63,913,616.71
Net realised gain/loss on foreign exchange	-9,616,422.69	-6,507,584.69	88,860.67	-3,197,698.67
Net realised gain on forward exchange contracts	26,795,589.60	18,473,138.17	1,872,063.89	6,450,387.54
Net realised loss on forward contracts	-137,126,861.81	-41,993,647.26	0.00	-95,133,214.55
NET REALISED GAIN/LOSS	250,313,096.39	407,730,621.66	4,507,721.62	-161,925,246.89
Change in net unrealised depreciation:				
- on investments	-1,014,565,040.00	-836,724,882.49	-16,132,274.61	-161,707,882.90
- on forward exchange contracts	-11,157,563.59	-6,296,694.99	-70,535.27	-4,790,333.33
DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS	-775,409,507.20	-435,290,955.82	-11,695,088.26	-328,423,463.12
Proceeds from subscriptions of shares	1,357,375,155.37	647,000,002.48	97,899,777.22	612,475,375.67
Cost of shares redeemed	-5,465,073,943.81	-3,135,787,081.19	-158,672,710.92	-2,170,614,151.70
Revaluation difference*	12,585,555.49	14,363,699.41	0.00	-1,778,143.92
NET ASSETS AT THE END OF THE YEAR	3,581,341,006.94	2,194,006,793.24	257,495,301.48	1,129,838,912.22

* 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, 2015 and December 31, 2016.

ALKEN FUND

Statistics

Sub-fund	Class	Currency	Number of shares outstanding	Net asset value per share	Net asset value per share	Net asset value per share
			31.12.2016	31.12.2016	31.12.2015	31.12.2014
ALKEN FUND - EUROPEAN OPPORTUNITIES	Class H	EUR	145,427.59	217.93	225.23	214.99
	Class R	EUR	4,634,712.16	204.25	212.36	203.94
	Class CH1	CHF	3,044.00	99.45	104.36	110.23
	Class CH2	CHF	11,899.26	107.78	113.66	120.69
	Class EU1	EUR	5,728,450.55	151.29	156.51	149.54
	Class EU1d	EUR	368,422.77	89.15	92.23	-
	Class US1	USD	121,768.65	103.67	110.56	117.68
	Class US1h	USD	509,891.63	102.12	104.30	100.58
	Class US2	USD	59,923.56	93.28	99.89	106.86
	Class US2h	USD	285,132.42	97.37	99.99	-
	Class GB1	GBP	264,127.71	140.17	125.19	125.94
	Class U	EUR	254,436.88	158.55	164.85	158.32
	Class Z	EUR	319,401.05	193.81	201.51	193.52
	Class A	EUR	444,010.21	171.39	179.56	173.77
ALKEN FUND - SMALL CAP EUROPE	Class R	EUR	502,472.56	187.03	191.14	146.09
	Class EU1	EUR	990,225.39	155.28	157.90	120.20
	Class A	EUR	55,575.78	175.55	180.31	138.45
ALKEN FUND - ABSOLUTE RETURN EUROPE	Class A	EUR	1,935,917.21	120.81	133.02	124.54
	Class CH1	CHF	62,170.45	104.57	114.41	106.98
	Class CH2	CHF	28,170.17	103.16	113.32	106.36
	Class CH3	CHF	62,737.66	95.04	105.19	99.40
	Class I	EUR	3,141,581.37	132.35	144.64	134.48
	Class EU1	EUR	2,733,957.34	118.62	129.11	119.62
	Class US1	USD	540,622.69	122.69	131.78	122.69
	Class US2	USD	188,511.93	105.53	113.80	106.34
	Class US3	USD	319,961.69	97.26	105.68	99.46
	Class GB1	GBP	52,992.67	107.37	117.47	109.03
	Class K	EUR	-	-	146.99	136.65
	Class H	EUR	171,418.02	137.67	149.54	138.21

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, 2016 (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>AUSTRALIA</i>			
SOUTH32	5,300,114.00	10,027,755.53	0.46
		10,027,755.53	0.46
<i>CYPRUS</i>			
AROUNDTOWN PROPERTY HOLDINGS	6,560,315.00	28,012,545.05	1.28
		28,012,545.05	1.28
<i>DENMARK</i>			
PANDORA	768,570.00	95,509,050.38	4.35
		95,509,050.38	4.35
<i>FINLAND</i>			
OUTOKUMPU	703,176.00	5,980,511.88	0.27
		5,980,511.88	0.27
<i>FRANCE</i>			
ALSTOM	1,986,583.00	51,998,810.03	2.37
ALTRAN TECHNOLOGIES	387,194.00	5,374,252.72	0.24
ARKEMA	595,226.00	55,320,304.44	2.52
CARREFOUR	1,010,978.00	23,141,286.42	1.05
CREDIT AGRICOLE	6,830,915.00	80,468,178.70	3.67
CRITEO ADR -SPONS.-	43,508.00	1,694,533.22	0.08
EIFFAGE	824,833.00	54,645,186.25	2.49
ELIS	1,691,136.00	28,664,755.20	1.31
GENFIT	157,923.00	3,317,962.23	0.15
ILIAD	30,261.00	5,527,171.65	0.25
KERING	55,226.00	11,779,705.80	0.54
PEUGEOT	8,670,270.00	134,345,833.65	6.12
RENAULT S.A.	1,344,707.00	113,641,188.57	5.18
REXEL	584,831.00	9,143,832.69	0.42
SARTORIUS STEDIM BIOTECH	80,480.00	4,826,385.60	0.22
TARKETT	27,525.00	938,327.25	0.04
VALEO	3,567,304.00	194,810,471.44	8.88
VALLOUREC	6,290,501.00	41,202,781.55	1.88
		820,840,967.41	37.41
<i>GERMANY</i>			
DRILLISCH	959,317.00	39,231,268.72	1.79
PROSIEBEN SAT.1 MEDIA	306,277.00	11,212,800.97	0.51
SARTORIUS VORZ. -OSR-	111,465.00	7,858,282.50	0.36
UNIPER	2,603,471.00	34,144,522.17	1.56
WACKER CHEMIE	92,638.00	9,157,266.30	0.42
WIRECARD	5,342,654.00	218,461,122.06	9.96
		320,065,262.72	14.60

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>IRELAND</i>			
BANK OF IRELAND	28,490,337.00	6,666,738.86	0.30
RYANAIR HOLDINGS	8,630,740.00	125,188,883.70	5.71
		131,855,622.56	6.01
<i>ITALY</i>			
FINECOBANK	3,728,127.00	19,870,916.91	0.91
LEONARDO	3,592,965.00	47,930,153.10	2.18
PRYSMIAN	327,784.00	7,997,929.60	0.36
		75,798,999.61	3.45
<i>JERSEY</i>			
GLENCORE	23,493,160.00	76,333,575.74	3.48
SHIRE	593,604.00	32,573,145.95	1.48
		108,906,721.69	4.96
<i>LUXEMBOURG</i>			
APERAM	615,945.00	26,772,049.43	1.22
B&M EUROPEAN VALUE RETAIL	19,039,009.00	62,006,202.63	2.83
GRAND CITY PROPERTIES	543,627.00	9,399,310.83	0.43
		98,177,562.89	4.48
<i>NETHERLANDS</i>			
ING GROUP	1,102,392.00	14,738,981.04	0.67
		14,738,981.04	0.67
<i>NORWAY</i>			
MARINE HARVEST	445,114.00	7,633,492.07	0.35
NORSK HYDRO REG.	2,748,308.00	12,501,981.33	0.57
		20,135,473.40	0.92
<i>SPAIN</i>			
ACS	739,138.00	22,188,922.76	1.01
AXIARE PATRIMONIO	286,860.00	3,964,405.20	0.18
BANKIA	13,058,958.00	12,680,248.22	0.58
GAMESA CORPORACION TECNOLOGICA	3,105,324.00	59,839,593.48	2.73
		98,673,169.66	4.50
<i>SWEDEN</i>			
SKF 'B'	2,435,122.00	42,593,119.88	1.94
VOLVO 'B'	3,974,991.00	44,139,000.20	2.01
		86,732,120.08	3.95
<i>SWITZERLAND</i>			
CIE FINANCIERE RICHEMONT	701,942.00	44,166,239.49	2.01
SWATCH GROUP	46,385.00	13,703,542.93	0.62
TEMENOS GROUP AG REG.	520,297.00	34,411,594.55	1.57
UBS GROUP REG.	695,916.00	10,354,395.50	0.47
		102,635,772.47	4.67

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>UNITED KINGDOM</i>			
BABCOCK INTERNATIONAL GROUP	779,570.00	8,703,501.70	0.40
HOWDEN JOINERY GROUP	5,965,366.00	26,821,808.97	1.22
JUST EAT	7,591,294.00	51,892,270.33	2.37
LIBERTY GLOBAL 'A'	1,214,395.00	35,220,050.89	1.61
LIBERTY GLOBAL LILAC 'A'	152,795.00	3,181,207.59	0.14
LLOYDS BANKING GROUP	7,191,702.00	5,266,561.77	0.24
METRO BANK	914,738.00	31,345,022.90	1.43
RPC GROUP	4,025.00	50,218.24	0.00
TALKTALK TELECOM GROUP	4,350,184.00	8,622,912.63	0.39
		171,103,555.02	7.80
<i>UNITED STATES</i>			
ARCH COAL 'A'	268,069.00	19,836,727.78	0.90
		19,836,727.78	0.90
TOTAL SHARES		2,209,030,799.17	100.68
WARRANTS			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	10,559,778.00	33,685,691.82	1.54
		33,685,691.82	1.54
TOTAL WARRANTS		33,685,691.82	1.54
TOTAL INVESTMENTS		2,242,716,490.99	102.22
BANK OVERDRAFT		-38,044,377.96	-1.73
OTHER NET LIABILITIES		-10,665,319.79	-0.49
TOTAL NET ASSETS		2,194,006,793.24	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, 2016

Geographical classification

(in % of net assets)

France	38.95
Germany	14.60
United Kingdom	7.80
Ireland	6.01
Jersey	4.96
Switzerland	4.67
Spain	4.50
Luxembourg	4.48
Denmark	4.35
Sweden	3.95
Italy	3.45
Cyprus	1.28
Norway	0.92
United States	0.90
Netherlands	0.67
Australia	0.46
Finland	0.27
	102.22

Industrial classification

(in % of net assets)

Automobiles	22.19
Utilities	9.96
Banks and credit institutions	7.36
Electronics and electrical equipment	7.09
Transport and freight	5.71
Holding and finance companies	5.05
Construction of machines and appliances	4.58
Communications	4.54
Miscellaneous consumer goods	4.35
Construction and building materials	3.54
Chemicals	3.51
Miscellaneous	3.48
Mining and steelworks	2.85
Watch-making	2.63
Food and soft drinks	2.37
Aeronautics and astronautics	2.18
Real Estate Shares	1.89
Biotechnology	1.63
Retail and supermarkets	1.59
Public utilities	1.56
Warrants	1.54
Miscellaneous investment goods	1.22
Publishing and graphic arts	0.51
Agriculture and fisheries	0.35
Internet, software and IT services	0.24
Pharmaceuticals and cosmetics	0.22
Computer and office equipment	0.08
Packaging	0.00
	102.22

ALKEN FUND - SMALL CAP EUROPE

Statement of investments and other net assets as at December 31, 2016 (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>AUSTRIA</i>			
PORR	27,898.00	1,085,790.16	0.42
		1,085,790.16	0.42
<i>BELGIUM</i>			
DALENYS	326,084.00	2,165,197.76	0.84
TESSENDERLO CHEMIE	74,899.00	2,606,485.20	1.01
WAREHOUSES DE PAUW SICAFI	50,852.00	4,316,826.28	1.68
		9,088,509.24	3.53
<i>CYPRUS</i>			
AROUNDTOWN PROPERTY HOLDINGS	2,657,479.00	11,347,435.33	4.41
		11,347,435.33	4.41
<i>DENMARK</i>			
PANDORA	89,734.00	11,151,110.67	4.33
ZEALAND PHARMA	133,400.00	1,910,709.07	0.74
		13,061,819.74	5.07
<i>FRANCE</i>			
ALTRAN TECHNOLOGIES	371,998.00	5,163,332.24	2.01
ARKEMA	21,891.00	2,034,549.54	0.79
EIFPAGE	62,680.00	4,152,550.00	1.61
ELIS	340,484.00	5,771,203.80	2.24
ERAMET	47,438.00	2,691,632.12	1.05
FINANCIERE DE L'ODET	917.00	660,240.00	0.26
GENFIT	31,808.00	668,286.08	0.26
MAISONS DU MONDE	95,390.00	2,389,042.55	0.93
PEUGEOT	761,185.00	11,794,561.58	4.58
RENAULT S.A.	48,656.00	4,111,918.56	1.60
REXEL	69,368.00	1,084,568.68	0.42
SARTORIUS STEDIM BIOTECH	53,809.00	3,226,925.73	1.25
SRP GROUPE	49,036.00	1,045,447.52	0.41
TARKETT	162,560.00	5,541,670.40	2.15
TRIGANO	54,227.00	4,030,692.91	1.57
VALEO	333,108.00	18,191,027.88	7.05
VALLOUREC	741,356.00	4,855,881.80	1.89
		77,413,531.39	30.07
<i>GERMANY</i>			
DRILLISCH	333,943.00	13,656,598.99	5.30
SIXT	167,930.00	8,556,033.50	3.32
WIRECARD	578,340.00	23,648,322.60	9.17
		45,860,955.09	17.79

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>IRELAND</i>			
CAIRN HOMES	3,642,600.00	4,917,510.00	1.91
IRISH RESIDENTIAL PROPERTIES	6,588,721.00	7,708,803.57	2.99
		12,626,313.57	4.90
<i>ISLE OF MAN</i>			
PAYSAFE GROUP	697,501.00	3,034,001.45	1.18
		3,034,001.45	1.18
<i>ITALY</i>			
BANCA IFIS	601,900.00	15,649,400.00	6.08
TOD'S	62,427.00	3,857,988.60	1.50
		19,507,388.60	7.58
<i>LUXEMBOURG</i>			
APERAM	74,768.00	3,249,791.12	1.26
B&M EUROPEAN VALUE RETAIL	1,305,296.00	4,251,085.14	1.65
GRAND CITY PROPERTIES	227,179.00	3,927,924.91	1.53
		11,428,801.17	4.44
<i>NETHERLANDS</i>			
TAKEAWAY.COM HOLDING	166,648.00	3,916,228.00	1.52
WESSANEN	221,968.00	2,954,394.08	1.15
		6,870,622.08	2.67
<i>NORWAY</i>			
BAKKAFROST	14,343.00	541,557.04	0.21
		541,557.04	0.21
<i>SPAIN</i>			
AXIARE PATRIMONIO	216,291.00	2,989,141.62	1.16
GAMESA CORPORACION TECNOLOGICA	385,029.00	7,419,508.83	2.88
		10,408,650.45	4.04
<i>SWITZERLAND</i>			
TEMENOS GROUP AG REG.	68,843.00	4,553,163.68	1.77
		4,553,163.68	1.77
<i>UNITED KINGDOM</i>			
ALDERMORE GROUP	760,056.00	2,108,498.47	0.82
HOWDEN JOINERY GROUP	1,972.00	8,866.62	0.00
JUST EAT	336,388.00	2,299,467.92	0.89
METRO BANK	158,235.00	5,422,186.13	2.11
ONESAVINGS BANK	1,502,055.00	5,947,692.89	2.31
PENDRAGON	14,860,778.00	5,440,484.39	2.11
RPC GROUP	148,434.00	1,851,948.90	0.72
TALKTALK TELECOM GROUP	438,213.00	868,623.59	0.34
		23,947,768.91	9.30

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>UNITED STATES</i>			
ARCH COAL 'A'	86,472.00	6,398,805.99	2.49
		6,398,805.99	2.49
TOTAL SHARES		257,175,113.89	99.87
WARRANTS			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	337,372.00	1,076,216.68	0.42
		1,076,216.68	0.42
TOTAL WARRANTS		1,076,216.68	0.42
TOTAL INVESTMENTS		258,251,330.57	100.29
CASH AT BANKS		461,957.09	0.18
OTHER NET LIABILITIES		-1,217,986.18	-0.47
TOTAL NET ASSETS		257,495,301.48	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, 2016

Geographical classification

(in % of net assets)

France	30.49
Germany	17.79
United Kingdom	9.30
Italy	7.58
Denmark	5.07
Ireland	4.90
Luxembourg	4.44
Cyprus	4.41
Spain	4.04
Belgium	3.53
Netherlands	2.67
United States	2.49
Switzerland	1.77
Isle of Man	1.18
Austria	0.42
Norway	0.21
	100.29

Industrial classification

(in % of net assets)

Automobiles	13.23
Real Estate Shares	11.77
Banks and credit institutions	11.68
Utilities	10.32
Holding and finance companies	7.33
Construction and building materials	6.09
Communications	5.64
Transport and freight	5.43
Electronics and electrical equipment	5.07
Miscellaneous consumer goods	4.33
Mining and steelworks	3.75
Food and soft drinks	2.04
Internet, software and IT services	2.01
Construction of machines and appliances	1.89
Chemicals	1.80
Gastronomy	1.57
Textiles and clothing	1.50
Pharmaceuticals and cosmetics	1.25
Stainless steel	1.05
Retail and supermarkets	0.93
Packaging	0.72
Warrants	0.42
Biotechnology	0.26
Agriculture and fisheries	0.21
Miscellaneous investment goods	0.00
	100.29

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, 2016 (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>AUSTRALIA</i>			
SOUTH32	2,814,897.00	5,325,753.18	0.47
		5,325,753.18	0.47
<i>CYPRUS</i>			
AROUNDTOWN PROPERTY HOLDINGS	9,573,348.00	40,878,195.96	3.62
		40,878,195.96	3.62
<i>FINLAND</i>			
OUTOKUMPU	366,813.00	3,119,744.57	0.28
		3,119,744.57	0.28
<i>FRANCE</i>			
ALSTOM	1,038,296.00	27,177,397.80	2.41
ALTRAN TECHNOLOGIES	1,217,549.00	16,899,580.12	1.50
ARKEMA	299,751.00	27,858,857.94	2.47
CARREFOUR	534,255.00	12,229,096.95	1.08
CREDIT AGRICOLE	3,175,218.00	37,404,068.04	3.31
CRITEO ADR -SPONS.-	22,976.00	894,860.61	0.08
EIFFAGE	422,567.00	27,995,063.75	2.48
ELIS	538,824.00	9,133,066.80	0.81
GENFIT	46,255.00	971,817.55	0.09
ILIAD	15,698.00	2,867,239.70	0.25
KERING	28,634.00	6,107,632.20	0.54
PEUGEOT	4,480,422.00	69,424,138.89	6.13
RENAULT S.A.	619,692.00	52,370,170.92	4.64
REXEL	278,830.00	4,359,507.05	0.39
SARTORIUS STEDIM BIOTECH	38,103.00	2,285,036.91	0.20
SRP GROUPE	248,253.00	5,292,753.96	0.47
TARKETT	25,957.00	884,874.13	0.08
TERREIS	104,896.00	3,464,714.88	0.31
VALEO	1,140,093.00	62,260,478.73	5.51
VALLOUREC	3,259,939.00	21,352,600.45	1.89
		391,232,957.38	34.64
<i>GERMANY</i>			
PROSIEBEN SAT.1 MEDIA	42,305.00	1,548,786.05	0.14
SARTORIUS VORZ. -OSR-	57,618.00	4,062,069.00	0.36
WIRECARD	2,585,462.00	105,719,541.18	9.35
		111,330,396.23	9.85
<i>IRELAND</i>			
BANK OF IRELAND	15,568,095.00	3,642,934.23	0.32
IRISH RESIDENTIAL PROPERTIES	4,901,408.00	5,734,647.36	0.51
RYANAIR HOLDINGS	4,743,104.00	68,798,723.52	6.09
		78,176,305.11	6.92

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>ITALY</i>			
BANCA IFIS	293,265.00	7,624,890.00	0.67
FINECOBANK	1,897,149.00	10,111,804.17	0.89
LEONARDO	1,744,729.00	23,274,684.86	2.06
		41,011,379.03	3.62
<i>JERSEY</i>			
GLENCORE	12,502,680.00	40,623,495.12	3.60
SHIRE	202,735.00	11,124,784.78	0.98
		51,748,279.90	4.58
<i>LUXEMBOURG</i>			
B&M EUROPEAN VALUE RETAIL	8,019,538.00	26,118,013.72	2.31
GRAND CITY PROPERTIES	379,695.00	6,564,926.55	0.58
		32,682,940.27	2.89
<i>NETHERLANDS</i>			
ING GROUP	584,386.00	7,813,240.82	0.69
		7,813,240.82	0.69
<i>NORWAY</i>			
MARINE HARVEST	293,549.00	5,034,224.86	0.45
NORSK HYDRO REG.	1,251,274.00	5,692,012.75	0.50
		10,726,237.61	0.95
<i>SPAIN</i>			
ACS	388,827.00	11,672,586.54	1.03
AXIARE PATRIMONIO	214,967.00	2,970,843.94	0.26
BANKIA	6,742,795.00	6,547,253.95	0.58
		21,190,684.43	1.87
<i>SWEDEN</i>			
SKF 'B'	1,327,993.00	23,228,144.24	2.06
VOLVO 'B'	2,038,327.00	22,633,942.03	2.00
		45,862,086.27	4.06
<i>SWITZERLAND</i>			
CIE FINANCIERE RICHEMONT	307,047.00	19,319,418.61	1.71
TEMENOS GROUP AG REG.	285,396.00	18,875,625.73	1.67
UBS GROUP REG.	369,311.00	5,494,904.78	0.49
		43,689,949.12	3.87
<i>UNITED KINGDOM</i>			
ALDERMORE GROUP	1,445,942.00	4,011,239.30	0.36
BABCOCK INTERNATIONAL GROUP	222,063.00	2,479,220.21	0.22
HOWDEN JOINERY GROUP	3,001,707.00	13,496,441.25	1.19
JUST EAT	3,806,183.00	26,018,156.75	2.30
LIBERTY GLOBAL 'A'	632,208.00	18,335,383.41	1.62
LIBERTY GLOBAL LILAC 'A'	90,445.00	1,883,074.19	0.17

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, 2016 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
LLOYDS BANKING GROUP	3,980,561.00	2,915,008.21	0.26
METRO BANK	476,150.00	16,316,073.73	1.44
ONESAVINGS BANK	1,849,220.00	7,322,363.46	0.65
RPC GROUP	78,577.00	980,372.34	0.09
TALKTALK TELECOM GROUP	2,236,563.00	4,433,303.82	0.39
		98,190,636.67	8.69
<i>UNITED STATES</i>			
ARCH COAL 'A'	133,723.00	9,895,313.33	0.88
		9,895,313.33	0.88
TOTAL SHARES		992,874,099.88	87.88
WARRANTS			
<i>FRANCE</i>			
PEUGEOT -BON DE SOUSCRIPTION- WTS 29/04/17	7,753,814.00	24,734,666.66	2.19
		24,734,666.66	2.19
TOTAL WARRANTS		24,734,666.66	2.19
TOTAL INVESTMENTS		1,017,608,766.54	90.07
CASH AT BANKS		119,931,581.45	10.61
OTHER NET LIABILITIES		-7,701,435.77	-0.68
TOTAL NET ASSETS		1,129,838,912.22	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, 2016

Geographical classification

(in % of net assets)

France	36.83
Germany	9.85
United Kingdom	8.69
Ireland	6.92
Jersey	4.58
Sweden	4.06
Switzerland	3.87
Cyprus	3.62
Italy	3.62
Luxembourg	2.89
Spain	1.87
Norway	0.95
United States	0.88
Netherlands	0.69
Australia	0.47
Finland	0.28
	90.07

Industrial classification

(in % of net assets)

Automobiles	18.28
Utilities	9.82
Banks and credit institutions	8.41
Transport and freight	6.09
Real Estate Shares	5.28
Construction of machines and appliances	4.53
Electronics and electrical equipment	4.47
Holding and finance companies	4.37
Miscellaneous	3.60
Construction and building materials	3.59
Chemicals	2.97
Communications	2.43
Food and soft drinks	2.30
Warrants	2.19
Aeronautics and astronautics	2.06
Watch-making	1.71
Mining and steelworks	1.63
Retail and supermarkets	1.62
Internet, software and IT services	1.50
Miscellaneous investment goods	1.19
Biotechnology	1.07
Agriculture and fisheries	0.45
Pharmaceuticals and cosmetics	0.20
Publishing and graphic arts	0.14
Packaging	0.09
Computer and office equipment	0.08
	90.07

Notes to the financial statements as at December 31, 2016

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 current 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 "*Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg*" (the "*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, 2016, 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, 2016, 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,
 - Class US1,
 - Class US1h,
 - Class US2,
 - Class US2h,
 - Class GB1,
 - Class U,
 - Class Z and
 - Class A;

Notes to the financial statements as at December 31, 2016 (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 and,
 - Class H.

The class K of the sub-fund ALKEN FUND - ABSOLUTE RETURN EUROPE has become dormant on August 26, 2016 (all shares have been redeemed but the class remains active if an order is placed).

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Presentation of financial statements

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

b) Foreign exchange translation for each sub-fund

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

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

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

c) Combined financial statements of the SICAV

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

Notes to the financial statements as at December 31, 2016 (continued)

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.

2) Assets not listed or dealt in on a stock exchange or another regulated 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 and in the statement of operations.

Notes to the financial statements as at December 31, 2016 (continued)

h) Valuation of futures contracts

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

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

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

j) Accounting of futures contracts and CFD

Unrealised gains and losses on futures contracts and CFD are settled daily through the reception/payment of a cash amount corresponding to the daily increase/decrease of the market value of each opened future contract or CFD. Such cash amount is recorded under the caption "Cash at banks" in the statement of net assets and the corresponding amount is recorded under the caption "Net realised gain and/or loss on forward 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, 2016 (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 H	0.90%
	Class K	1.50%

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.

Notes to the financial statements as at December 31, 2016 (continued)

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

The performance fee for the period from January 1, 2016 to December 31, 2016 amounts to:

- EUR 13,473.35 for the sub-fund ALKEN FUND - EUROPEAN OPPORTUNITIES,
- EUR 4,050.98 for the sub-fund ALKEN FUND - SMALL CAP EUROPE,
- No performance fee was paid by 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-funds or share class unless specified differently in the latest 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 Board of Directors of the SICAV.

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 SICAV'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.

Notes to the financial statements as at December 31, 2016 (continued)

NOTE 7 OTHER FEES PAYABLE

As at December 31, 2016, the other fees payable include mainly Operating and Administrative expenses.

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 CONTRACT

The SICAV had the following futures contract outstanding as at December 31, 2016:

ALKEN FUND - ABSOLUTE RETURN EUROPE

	Maturity date	Currency	Commitment in EUR
Sale of 12,238.00 Euro Stoxx 50 ESTX 50 EUR	20/03/2017	EUR	-402,693,837.60

Notes to the financial statements as at December 31, 2016 (continued)

NOTE 10

CONTRACTS FOR DIFFERENCE ("CFD")

The SICAV had the following CFD outstanding as at December 31, 2016:

ALKEN FUND - ABSOLUTE RETURN EUROPE

Description	Quantity	Currency	Commitment in EUR
Aperam	330,070	EUR	14,346,492.55
Cheniere Energy	-897,285	USD	-35,244,861.39
Drillisch	529,835	EUR	21,667,602.32
Gamesa Corporacion Tecnologica	2,155,211	EUR	41,530,915.97
Hennes & Mauritz 'B'	-322,118	SEK	-8,518,561.45
Hochtief	-62,002	EUR	-8,249,366.10
Lindt & Spruengli 'C'	-2,974	CHF	-14,634,254.47
Morrison WM Supermarkets	-1,533,890	GBP	-4,145,603.38
Pandora	443,098	DKK	55,063,122.01
S.G.S.	-2,960	CHF	-5,721,219.85
Sainsbury J.	-2,047,076	GBP	-5,978,636.99
Sanofi	-155,052	EUR	-11,923,498.80
Uniper	1,187,220	EUR	15,570,390.30

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, 2016:

ALKEN FUND - EUROPEAN OPPORTUNITIES

Currency	Purchase	Currency	Sale	Maturity date
GBP	140,481,000.00	EUR	165,000,000.00	31/01/2017
USD	80,231,588.68	EUR	77,002,080.81	31/01/2017

The net unrealised loss on these contracts as at December 31, 2016 was EUR 1,615,360.37 and is included in the statement of net assets.

ALKEN FUND - SMALL CAP EUROPE

Currency	Purchase	Currency	Sale	Maturity date
GBP	17,879,400.00	EUR	21,000,000.00	31/01/2017

The net unrealised loss on this contract as at December 31, 2016 was EUR 70,535.27 and is included in the statement of net assets.

Notes to the financial statements as at December 31, 2016 (continued)

ALKEN FUND - ABSOLUTE RETURN EUROPE

Currency	Purchase	Currency	Sale	Maturity date
CHF	15,309,999.01	EUR	14,307,340.58	31/01/2017
GBP	83,144,704.35	EUR	97,652,546.48	31/01/2017
USD	117,919,575.83	EUR	113,177,616.94	31/01/2017

The net unrealised loss on these contracts as at December 31, 2016 was EUR 1,904,476.50 and is included in the statement of net assets.

NOTE 12

WARRANTS

As at December 31, 2016, the SICAV had the following warrants:

ALKEN FUND - EUROPEAN OPPORTUNITIES

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	10,559,778.00	29/04/2017	EUR	56,140,130.21

ALKEN FUND - SMALL CAP EUROPE

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	337,372.00	29/04/2017	EUR	1,793,608.54

ALKEN FUND - ABSOLUTE RETURN EUROPE

Name	Quantity	Maturity date	Currency	Commitment in EUR
Peugeot -Bon De Souscription-	7,753,814.00	29/04/2017	EUR	41,222,469.60

NOTE 13

CREDIT LINE AND GUARANTEES

On September 30, 2016, 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 240,000,000.

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, 2016, the sub-fund is using this credit line for an amount of EUR 41,937,577.40.

On October 31, 2016, 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 25,000,000.

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.

Notes to the financial statements as at December 31, 2016 (continued)

As at December 31, 2016, the sub-fund is using this credit line for an amount of EUR 1,499,545.43.

On September 1, 2016, 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 120,000,000.

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, 2016, 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.

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", 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 period.

The annualised TER including and excluding performance fees as presented in this report is calculated by the Fund Administrator on a 12-month basis with the average total net assets during the year. The figures are not accurate and tend to overstate the real costs of investing in the Fund by 1-2 basis points. Therefore, the theoretical TER data is provided which is derived from the management fee plus the fixed operating expenses of 0.35%.

For the year from January 1, 2016 to December 31, 2016, the TER were the following:

Class	Annualised TER including performance fees	Annualised TER excluding performance fees	Theoretical TER
ALKEN FUND - EUROPEAN OPPORTUNITIES			
Class H	1.26%	1.26%	1.25%
Class R	1.86%	1.86%	1.85%
Class CH1	1.36%	1.36%	1.35%
Class CH2	1.86%	1.86%	1.85%
Class EU1	1.36%	1.36%	1.35%
Class EU1d	1.36%	1.36%	1.35%
Class US1	1.37%	1.37%	1.35%
Class US1h	1.36%	1.36%	1.35%
Class US2	1.86%	1.86%	1.85%
Class US2h	1.86%	1.86%	1.85%
Class GB1	1.35%	1.35%	1.35%
Class U	1.86%	1.86%	1.85%
Class Z	1.86%	1.86%	1.85%
Class A	2.62%	2.62%	2.60%
ALKEN FUND - SMALL CAP EUROPE			
Class R	2.11%	2.11%	2.10%
Class EU1	1.61%	1.61%	1.60%
Class A	2.62%	2.61%	2.60%
ALKEN FUND - ABSOLUTE RETURN EUROPE			
Class A	2.61%	2.61%	2.60%
Class CH1	1.46%	1.46%	1.45%
Class CH2	1.86%	1.86%	1.85%
Class CH3	2.61%	2.61%	2.60%
Class I	1.86%	1.86%	1.85%
Class EU1	1.46%	1.46%	1.45%
Class US1	1.46%	1.46%	1.45%
Class US2	1.86%	1.86%	1.85%

Total Expense Ratio ("TER") (continued)

Class	Annualised TER including performance fees	Annualised TER excluding performance fees	Theoretical TER
Class US3	2.62%	2.62%	2.60%
Class GB1	1.46%	1.46%	1.45%
Class H	1.26%	1.26%	1.25%

Portfolio Turnover Ratio ("PTR")

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, 2016 to December 31, 2016, the PTR of each sub-fund was the following:

Sub-fund	
ALKEN FUND - EUROPEAN OPPORTUNITIES	140.42%
ALKEN FUND - SMALL CAP EUROPE	41.37%
ALKEN FUND - ABSOLUTE RETURN EUROPE	123.24%

Performance

The performance per share class was calculated by comparing the net assets per share as at December 31, 2015 with the net assets per share as at December 31, 2016.

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

As at December 31, 2016, performances were the following:

Class	Currency	Performance for the fiscal year ending December 31, 2016	Performance for the fiscal year ending December 31, 2015	Performance for the fiscal year ending December 31, 2014
ALKEN FUND - EUROPEAN OPPORTUNITIES				
Class H	EUR	-3.24%	4.76%	10.81%
Class R	EUR	-3.82%	4.13%	10.15%
Class CH1	CHF	-4.70%	-5.33%	8.64%
Class CH2	CHF	-5.17%	-5.82%	8.06%
Class EU1	EUR	-3.34%	4.66%	10.55%
Class EU1d	EUR	-3.34%	-7.77%*	-
Class US1	USD	-6.23%	-6.05%	-2.81%
Class US1h	USD	-2.09%	3.70%	0.58%*
Class US2	USD	-6.62%	-6.52%	-3.30%
Class US2h	USD	-2.62%	-0.01%*	-
Class GB1	GBP	11.97%	-0.60%	3.18%
Class U	EUR	-3.82%	4.12%	10.15%
Class Z	EUR	-3.82%	4.13%	10.15%
Class A	EUR	-4.55%	3.33%	9.32%
ALKEN FUND - SMALL CAP EUROPE				
Class R	EUR	-2.15%	30.84%	9.50%
Class EU1	EUR	-1.66%	31.36%	9.98%
Class A	EUR	-2.64%	30.23%	8.97%
ALKEN FUND - ABSOLUTE RETURN EUROPE				
Class A	EUR	-9.18%	6.81%	3.50%
Class CH1	CHF	-8.60%	6.95%	4.37%
Class CH2	CHF	-8.97%	6.54%	3.96%
Class CH3	CHF	-9.65%	5.82%	-0.28%*
Class I	EUR	-8.50%	7.56%	4.25%
Class EU1	EUR	-8.12%	7.93%	4.65%
Class US1	USD	-6.90%	7.41%	4.52%
Class US2	USD	-7.27%	7.02%	4.12%
Class US3	USD	-7.97%	6.25%	-0.43%*
Class GB1	GBP	-8.60%	7.74%	4.72%
Class H	EUR	-7.94%	8.20%	4.93%

* 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 not an indicator of current or future returns.

Other information to Shareholders

1. Remuneration Policy Of The Management Company

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of the staff, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website www.alken-lux.lu/literature.aspx. A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

2. Securities Financing Transactions and of Reuse ("SFTR")

As at December 31, 2016, the SICAV is currently not in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of Securities Financing Transactions and of Reuse ("SFTR"). Furthermore, no corresponding transactions were carried out during the period referring to the financial statements.

3. 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 2016.

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 policy 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 (continued)

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

	Risk Management Policy
VaR	
Methodology	Monte Carlo simulation
Observation period	200 weeks of weekly data
Holding period	20 business days
Confidence interval	99%
VaR limit according to the risk management policy	20% & 17% internal warning
Leverage	
Methodology	Sum of notionals (absolute value)
Leverage limit according to the risk management policy	150%

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

The table below summarizes the VaR and the leverage figures for ALKEN FUND - ABSOLUTE RETURN EUROPE sub-fund for the year 2016.

	ALKEN FUND ABSOLUTE RETURN EUROPE
VaR	
Minimum VaR	3.6%
Maximum VaR	9.5%
Average VaR	6.5%
Leverage	
Minimum leverage	32.2%
Maximum leverage	98.9%
Average leverage	59.6%

ALKEN FUND - ABSOLUTE RETURN EUROPE - VaR and leverage figures - 2016

