

# 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, 2017**

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.**, 3, boulevard Royal, 3rd floor, L-2449 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 Jean-Christoph ARNTZ, Independent Director, Partner Arkus Governance Partners, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg</p>
Persons in charge to conduct the Management Company's Business	<p>Mr Peder Gervin PEDERSEN, Conducting Officer, Alken Luxembourg S.A.*, 3, boulevard Royal, 3rd floor, L-2449 Luxembourg, Grand Duchy of Luxembourg</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.*, 3, boulevard Royal, 3rd floor, L-2449 Luxembourg, Grand Duchy of Luxembourg</p>

\*On December 14, 2017, the Board of Directors of the SICAV has decided to appoint AFFM S.A. as Management Company (note 15) as of January 5, 2018.

\*\*On June 12, 2017, Alken Luxembourg S.A. moved from 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg to 3, boulevard Royal, 3rd floor, L 2449 Luxembourg.

## Organisation of the SICAV (continued)

Investment Manager	Alken Asset Management Ltd., 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
<i>Cabinet de révision agréé</i>	Deloitte Audit, <i>Société à responsabilité limitée</i> , 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg
Swiss Representative	FundPartner Solutions (Suisse) SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Swiss Paying Agent	Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Facility Service Agent	Alken Asset Management Ltd., 61, Conduit Street, London W1S 2GB, United Kingdom
Promoter	Alken Luxembourg S.A., 3, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg
Counterparties on Contracts For Difference (note 10)	UBS AG London Merrill Lynch International 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 Key Investor Information Documents ("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 will be published in the *Recueil Electronique des Sociétés et Associations* ("RESA").



## Distribution abroad

### Distribution in and from 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 KIID 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.

### Distribution in Germany

**Additional information for investors in Germany** Information Agent:  
Zeidler Legal Services Rechtsanwaltsgesellschaft mbH  
Bettinastrasse 48  
D-60325 Frankfurt am Main  
Germany

## Management report

### Equity Market Review

#### Q1 2017

The fund performed strongly in January led by our stock selection which continues to benefit from improved fundamentals. January saw an acceleration of the rotation into cyclical names supported by better-than-expected indicators in the Eurozone. Growth and inflation continue to accelerate.

Equity markets rose in February boosted by strong economic data across the US and the Eurozone. Economic activity continues to accelerate driven by improved consumer and business confidence and supportive employment data. Interest rate increases are likely to be slightly delayed following a more moderate tone from the US Federal Reserve. Companies results have been generally good.

The fund performed strongly in March driven by a very positive contribution from stock selection. The US Federal Reserve raised interest rates and indicated two more hikes in 2017 as it aims to implement a sustainable monetary policy. Leading indicators have been strong especially in Europe and have led to a better interest rate environment for banks. The process to exit the European Union was officially triggered by the UK Prime Minister.

Strong economic data continues to underpin a positive outlook despite political uncertainty. Our portfolio has delivered strong results so far this year providing reassurance about the fundamentals of the businesses we have invested in.

#### Q2 2017

Equity markets rose again in April in anticipation of a favourable outcome of the first round of the French Presidential election which helped to calm investor's fears about additional risks to the European Union.

Global equity markets hit record highs in May driven by reassuring economic data and investors' optimism. The next interest rate hike in the US is likely to be in June whereas in Europe, despite the economic recovery, the European Central Bank remained committed to provide monetary support in the near term suggesting a slower path for interest rate increases.

Equity markets paused for breath during June following a strong performance since the beginning of the year and renewed speculation about the trajectory of monetary policies. Downward pressure in oil prices continued as investors' scepticism about OPEC's ability to balance supply deepened.

The outlook for equity markets remains positive supported by a robust economic background and dissipating political risks. We continue to see attractive investment opportunities across European stocks.

#### Q3 2017

The fund performed strongly in July as equity markets moved sideways. The reporting season started with solid results for most companies, supporting our continued conviction in our stock picks. The ECB left interest rates unchanged and confirmed a continuation of the asset purchase programme until the end of the year.

The rise of political tensions in Asia and investors' growing concerns on economic issues put pressure on equity markets in August. The fund continued to outperform driven by our stock selection. Economic news flow was positive underpinning the recovery across European markets.

## Management report (continued)

After a sluggish summer, equity markets strengthened again in September driven by easing concerns on geopolitical issues in Asia and a continuation of robust economic data. European equity markets saw a rotation into energy and auto sectors. The US Federal Reserve confirmed the removal of quantitative easing whereas the European Central Bank maintained a cautious stance.

The environment for equities remains supportive as investors continue to focus on improving economic fundamentals.

### **Q4 2017**

The potential approval of a tax reform in the US and the ECB announcement to reduce the asset purchase programme while extending it until September 2018 were main topics in October. Despite the political turmoil in Spain, European markets moved upwards helped by solid earnings reports and positive economic data.

Equity markets pulled back in November led by worries about high valuations and uncertainty around a tightening of credit in China and the projected US tax reform. Oil prices were strong ahead of the OPEC decision to extend production cuts to balance the energy market. The mining and consumer discretionary sectors led the downward move following a strong performance this year.

The fund performed strongly in December closing a remarkable year. The economic recovery gathered pace in Europe and the US while China remained at a high level. Importantly, PMIs improved despite worries that they might turn. Persistently low inflation rates suggest a moderate path to interest rate increases.

Robust business fundamentals and attractive valuations provide a positive environment for European equities. The speed of the tightening cycle and political developments will be key factors to watch in 2018.

## 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 75.00% 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.

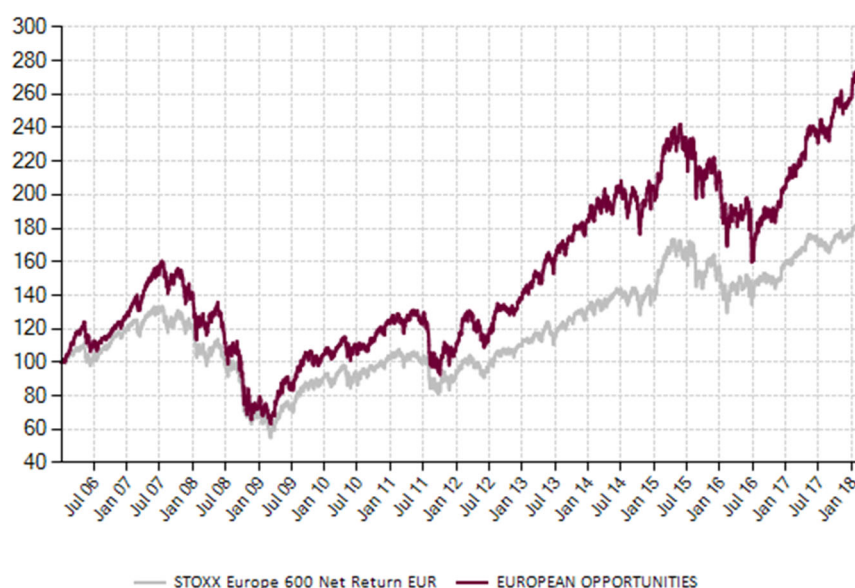
Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### **Performance Review 2017**

Overall In 2017 Alken European Opportunities was up 25.98% vs Stoxx Europe 600 up +10.58%.

## Management report (continued)

### Performance since inception compared to the benchmark



### Performance Q1 2017

The Alken Fund - European Opportunities sub-fund rose 3.45% in January. This represents an outperformance of 3.76% versus the benchmark year to date.

Within the sub-fund, Wirecard performed strongly and released preliminary results reiterating guidance for 2017. The investment case remains intact and we expect sustained market share gains in the mobile payments industry and increasing contribution from acquisitions. Peugeot was a significant contributor as investors acknowledged the attractive valuation relative to its cash generation and earnings profile. Glencore rose sharply on the back of a very strong performance of the mining sector, which continues to benefit from improving industry fundamentals.

Conversely, Leonardo suffered from worries about the outcome of a trial against the CEO in relation to his indirect responsibility in a train crash in 2009, when he was running a train company. This decision can be appealed all the way to Cassation Court and does not deflect from the strong fundamentals of the company. Just Eat was weak on profit-taking after their trading update, despite publishing very strong order numbers. Pandora lagged this month after a strong performance in previous months. We have not changed our positive view on this name.

The underlying economic trends remain positive supported by increasing inventories, rising prices and credit growth which is bouncing back from depressed levels. Market conditions are set for a reflation cycle although the pace remains unknown given political instability in some of the major world economies.

The Alken Fund - European Opportunities sub-fund remained flat in February. This represents an outperformance of 0.71% versus the benchmark year to date.

## Management report (continued)

Within the sub-fund, Peugeot was a material contributor boosted by the announcement of a move to acquire the Opel business from General Motors. This should strengthen the group's market position and generate significant cost synergies. Valeo performed strongly underpinned by a sound medium term outlook provided at the capital markets day. Gamesa full year results exceeded expectations while guidance and cash generation were well above estimates.

Conversely, Pandora suffered from selling pressure as the organic growth numbers understate the growth trajectory of the business. A softer than expected outlook for 2017 penalized Vallourec as the positive impact of a recovery in drilling activity will be slightly delayed. We believe the fundamentals of the business and profitability targets remain intact. Wirecard was hit by another media article raising questions about the quality of the accounts but no new information was provided. We reiterate our confidence on the business case.

Political uncertainty remains the most important risk near term as we approach the French Presidential election and the outcome of Trump policies is yet to be seen. Nevertheless, the fundamentals of European companies continue to improve, reinforcing our confidence in the portfolio.

The Alken Fund - European Opportunities sub-fund rose 6.15% in March. This represents an outperformance of 3.66% versus the benchmark year to date.

Within the sub-fund, Wirecard was the leading contributor driven by the approval of the acquisition of Citi Prepaid in the US, which should help to alleviate worries about the quality of the cash generation of the business. Valeo continued its upward trajectory boosted by broker upgrades which emphasized the significant growth potential of the business. Peugeot shares were up on confirmation of the deal with Opel without liabilities and with high synergy potential.

Conversely, Pandora remained under pressure on the back of increasing fears of a slowdown in sales trends. Renault suffered from renewed media reports about the emissions scandal. Glencore was impacted by a sector wide correction on the back of falling commodity prices.

### Key Statistics Q1 2017

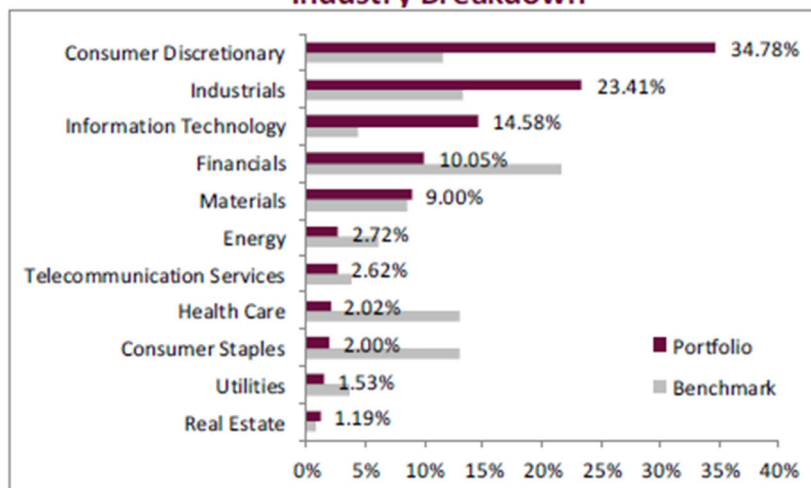
Major Holdings	
WIRECARD AG	10.65%
VALEO SA	8.84%
PEUGEOT SA	6.47%
RYANAIR HOLDINGS PLC	5.52%
RENAULT	5.24%

Market Capitalisation	
Small Cap 0-1bn	0.39%
Small-mid Cap 1-2bn	2.40%
Mid Cap 2-5bn	19.37%
Large Cap >5bn	81.72%

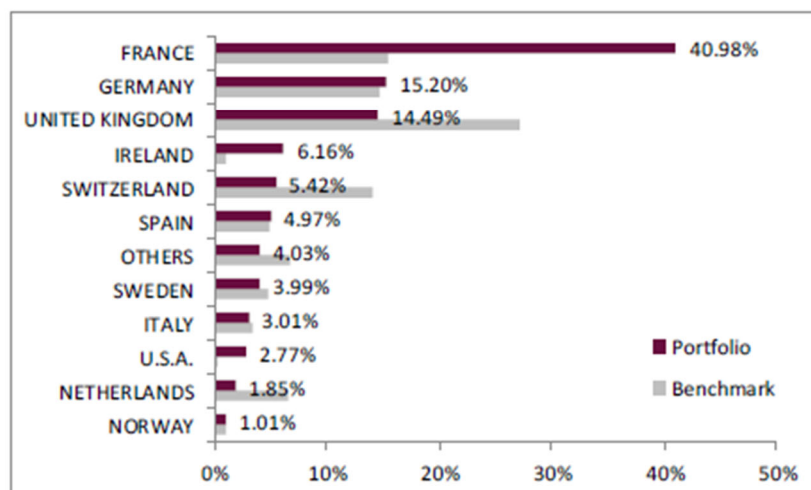
## Management report (continued)

### Industry and Country Breakdown

#### Industry Breakdown



#### Country Breakdown



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

## Management report (continued)

### Performance Q2 2017

The Alken Fund - European Opportunities sub-fund rose 4.67% in April. This represents an outperformance of 6.70% versus the benchmark year to date.

Within the sub-fund, Ryanair was the top contributor driven by strong traffic numbers and positive comments about Easter trading. Valeo performed well on the back of good results which confirmed our view that management guidance was too conservative as the group will continue to benefit from its superior technology and product offering. Wirecard sustained its excellent trajectory reflecting the attractive business fundamentals and cheap valuation relative to its growth potential.

Conversely, Vallourec was the largest detractor impacted by the drop in the oil price and deteriorating sentiment towards the sector as OPEC policies failed to sustain energy prices. Uniper experienced some consolidation after a strong performance year to date. Glencore suffered from the general weakness of the mining sector hit by increasing worries about demand conditions in China.

Market conditions remain favourable underpinned by robust economic data despite political uncertainty. Earnings momentum continues to improve providing a solid framework for the companies in our portfolio.

The Alken Fund - European Opportunities sub-fund rose 1.47% in May. This represents an outperformance of 6.81% versus the benchmark year to date.

Within the sub-fund, Wirecard was again the leading contributor as investor sentiment towards the stock continued to improve. Ryanair performed strongly on the back of positive comments about industry bookings for the summer period at its full year results presentation. Drillisch rose following the announcement of a proposed offer from German telecom operator United Internet.

Conversely, Peugeot and Valeo suffered from a sector correction following a strong performance year to date and persistent worries about the emissions tests. Glencore was weak along with the mining sector due to the weakening sentiment around the Chinese economy. We believe that the impact of credit tightening on demand for commodities will not be as bad as feared and expect projects funded by the Government to remain meaningful.

Robust economic data is driving investors' confidence on corporate results despite persistent political headwinds.

The Alken Fund - European Opportunities sub-fund was down -2.91% in June. This represents an outperformance of 6.19% versus the benchmark year to date.

Within the sub-fund, Credit Agricole was the leading contributor benefiting from the rebound of the banking sector. ArcelorMittal performed strongly helped by a robust European steel market which is benefiting from an improving economic environment and lower imports from China. Volvo provided a strong message at its capital markets day giving confidence about its ability to increase margins.

Conversely, Wirecard was impacted by yet another negative media article after an excellent performance this year. However, recent signs of industry consolidation have led the shares higher since the start of the month. Valeo suffered from an auto components supplier profit warning. However, it is important to know that its highly innovative product portfolio is not exposed to the same pricing pressure. B&M Value Retail consolidated after a strong performance in previous months and very high expectations into results.



# Alken Fund

## Management report (continued)

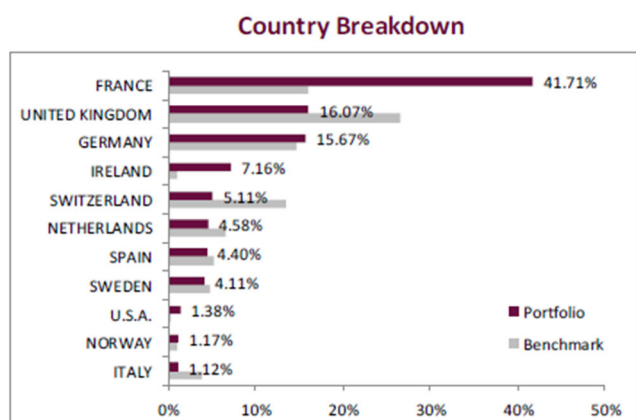
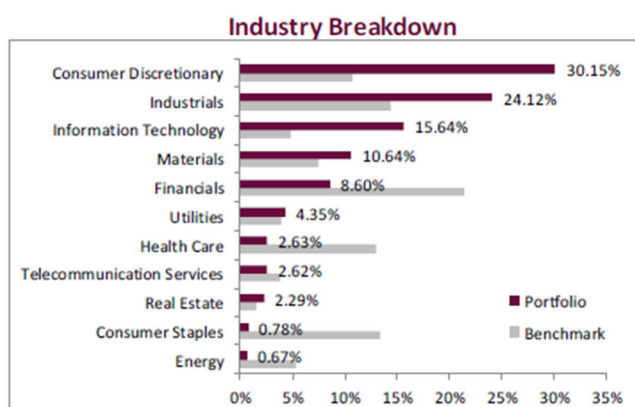
The outlook for equity markets remains positive supported by a robust economic background and dissipating political risks. We continue to see attractive investment opportunities across European stocks.

### Key Statistics Q2 2017

Major Holdings	
WIRECARD AG	10.24%
PEUGEOT SA	8.32%
VALEO	8.13%
RYANAIR HOLDINGS PLC	6.51%
RENAULT	5.09%

Market Capitalisation	
Small Cap 0-1bn	0.20%
Small-mid Cap 1-2bn	1.80%
Mid Cap 2-5bn	16.56%
Large Cap >5bn	83.91%

## Industry and Country Breakdown



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

## Management report (continued)

### Performance Q3 2017

The Alken Fund - European Opportunities sub-fund rose 2.34% in July. This represents an outperformance of 9.22% versus the benchmark year to date.

Within the sub-fund, Wirecard benefited significantly from the recent takeover activity in the online payments industry which highlights the attractive nature of these assets. Glencore performed strongly helped by positive economic data coming out from China. Peugeot was a significant contributor led by a strong set of results which showed a significant improvement in profitability driven by good demand, product mix benefits and cost efficiencies.

Conversely, Siemens Gamesa was the largest detractor after a weak set of results as the Indian market was frozen due to the uncertainty on the transition to an auction system. However, the company upgraded its synergy target and shortened the time to deliver costs savings. We believe the shares are trading at attractive multiples which are not reflecting the benefits of the merger. Renault released strong results but suffered from the comparison with Peugeot whose current geographic mix is more exposed to highly profitable European markets and less to emerging markets which are starting to recover. Just Eat was impacted by investor's worries about the investments the company is making in food delivery.

The outlook for equity markets remains positive underpinned by robust growth trends, low inflation rates, improving employment data and consumer confidence.

The Alken Fund - European Opportunities sub-fund rose 0.25% in August. This represents an outperformance of 10.34% versus the benchmark year to date.

Within the sub-fund, Wirecard was the leading contributor after releasing results which continued to show the attractive growth prospects of the business and structural trends in the industry. Aroundtown sustained its solid trajectory as management improved the company's risk profile by adding a listing on the regulated Frankfurt Prime Standard. Uniper continued to benefit from a very favourable commodities environment which is driving power prices higher.

Conversely, the strengthening of the Euro had a negative effect on Valeo and Peugeot alongside the auto sector as investors worry about the impact on corporate profits. ALD remained weak following its listing in June as its unique business model is not yet understood by most market participants, who are pricing the franchise for terminal decline while it is delivering double digit shareholder returns sustainably.

Despite the recent increase in market volatility because of political unrest and uncertainty about the pace of interest rate increases, the economic recovery remains on track on the back of robust demand and improving business prospects. We are focused on our fundamental approach and remain confident about the outlook for our portfolio.

The Alken Fund - European Opportunities sub-fund rose 6.47% in September. This represents an outperformance of 13.73% versus the benchmark year to date.

Within the sub-fund, auto names, Peugeot, Valeo and Renault performed strongly as sentiment towards the sector turned less negative. We expect major markets such as Europe, US and China to remain robust while emerging regions are on a recovery trend. Wirecard continued to benefit from consolidation newsflow in the industry.

## Management report (continued)

Conversely, Ryanair dropped on the potential impact of the ongoing staff issues. Despite reputational risk and negative short-term sentiment, we do not see a large impact on earnings. Siemens Gamesa suffered from general worries about the wind market's transition to an auction system. Despite increased uncertainties, the company is gearing up to face them and the share price is already reflecting them. Weakness in metallurgical coal prices and logistical issues with railroads were behind Arch Coal's weak performance.

The environment for equities remains supportive as investors continue to focus on improving economic fundamentals.

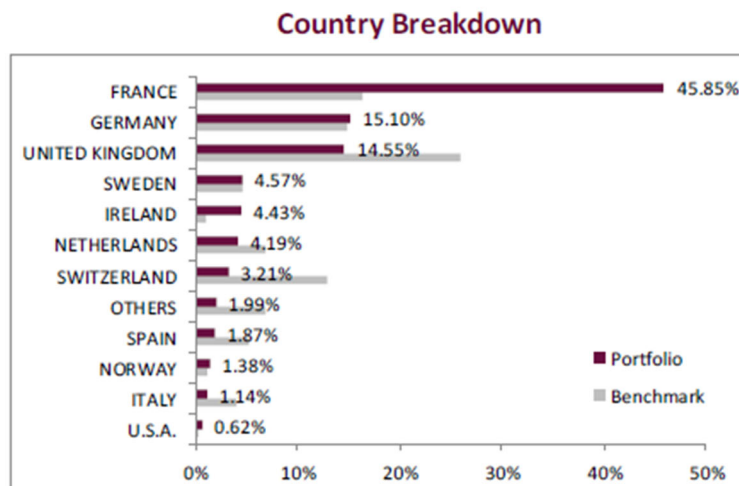
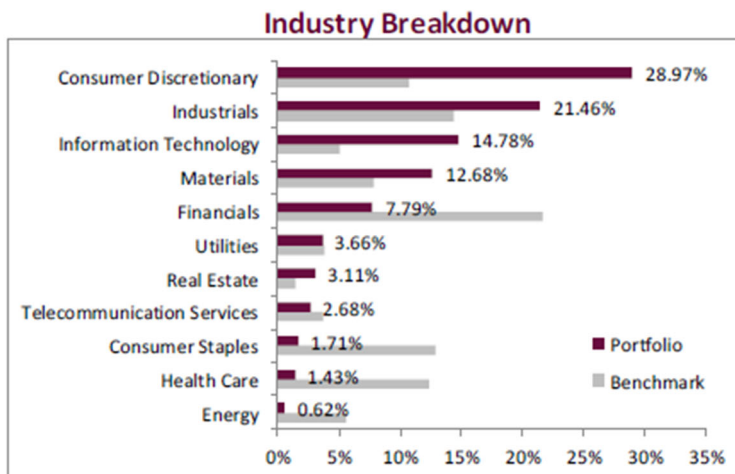
### Key Statistics Q3 2017

Major Holdings	
WIRECARD AG	10.73%
PEUGEOT SA	8.87%
VALEO SA	7.98%
RENAULT	5.43%
RYANAIR HOLDINGS PLC	4.43%

Market Capitalisation	
Small Cap 0-1bn	0.36%
Small-mid Cap 1-2bn	1.46%
Mid Cap 2-5bn	13.62%
Large Cap >5bn	83.45%

## Management report (continued)

### Industry and Country Breakdown



### Performance Q4 2017

The Alken Fund - European Opportunities sub-fund rose 2.08% in October. This represents an outperformance of 14.20% versus the benchmark year to date.

Within the sub-fund, Wirecard contributed the most after releasing another strong results report and upgrading full year guidance. Just Eat shares went up led by better than expected sales numbers and higher full year guidance driven by strong order growth. Glencore performed well alongside the rest of the mining sector which continues to benefit from rising commodity prices.

## Management report (continued)

Conversely, Valeo suffered after releasing sales which were impacted by the weakness of Korean manufacturers. Nevertheless, the order intake of the joint venture with Siemens for electric vehicles engines continued to impress confirming our expectations for long-term growth and pricing power. ALD's weakness reflected other companies' impairments of diesel vehicles' resale value, which we believe is already reflected in the group's guidance and valuation. Unicredit was soft alongside other Italian banks because of a lack of interest rate catalysts but the restructuring story remains attractive.

As we move towards the end of the year, equity markets are reaching record highs. Nevertheless, we continue to see attractive investment opportunities across our investment universe. Corporate earnings are underpinned by robust economic trends and the portfolio continues to perform strongly.

The Alken Fund - European Opportunities sub-fund was down -1.62% in November, against -2.02% for the Stoxx 600 benchmark. This represents an outperformance of 14.43% for the year to date.

Within the sub-fund, Wirecard contributed the most after the publication of very good quarterly results confirmed investors' positive outlook. In automobiles, powertrain electrification is accelerating as we expect and benefits Valeo's Powertrain division, as well as its underestimated e-motor joint venture with Siemens. Aroundtown rebounded ahead of strong quarterly results. Operational metrics remain strong and are compounded by actions to encourage a re-rating.

Conversely, Peugeot was impacted by a misleading media statement indicating that Opel overstated their investments in emission-reducing technologies. Our investment case remains intact, the integration is progressing faster than expected and the European business is performing strongly. Siemens Gamesa remained under pressure as investors wait for the new strategic plan, though shares started to recover at the end of the month following order wins including a large deal in the offshore business. There are also signs that the Indian market will start recovering in 2018. Glencore suffered from deteriorating sentiment around Chinese deleveraging which in our view is unjustified.

Economic growth momentum remains robust across most large global economies. Nevertheless, we remain vigilant about any emerging headwinds at this stage of the market cycle. The ongoing negotiations between the European Union and the UK could create some market volatility as we enter 2018.

The Alken Fund - European Opportunities sub-fund rose 1.43% in December, against 0.72% for the Stoxx 600 benchmark. This represents an outperformance of 15.41% for the year to date.

Within the sub-fund, Glencore regained momentum after some volatility the previous month led by the strength in commodity prices with a brightening outlook in China. Wirecard sustained its upward trajectory reflecting the market views about its attractive business prospects and above-average growth profile. B&M Value Retail performed well on the back of rising expectations ahead of the Christmas trading period.

Conversely, Ryanair fell sharply after announcing that it would begin accepting union representation for its pilots. While this move has prevented industrial action during the Christmas period, it marks a fundamental shift from Ryanair's longstanding "no-unions" policy. The increase in unit labour cost is already priced in but it raises questions about flexibility. Auto names, Peugeot and Renault, were soft as investors fear that large markets will slow down after a stronger than expected 2017.

Robust business fundamentals and attractive valuations provide a positive environment for European equities. The speed of the tightening cycle and political developments will be key factors to watch in 2018.

# Alken Fund

## Management report (continued)

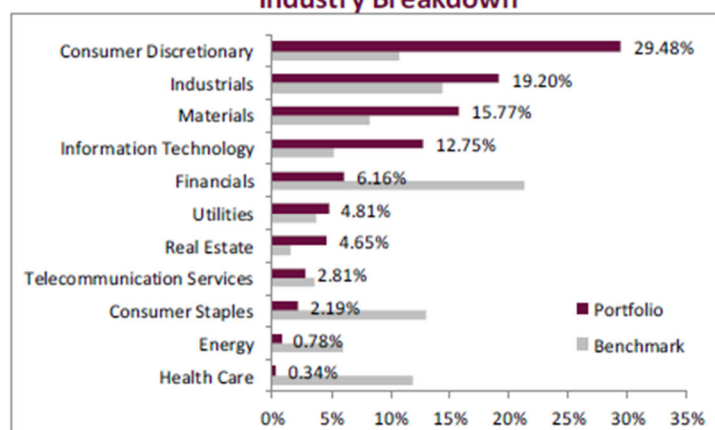
### Key Statistics Q4 2017

Major Holdings	
WIRECARD AG	9.79%
VALEO SA	8.03%
PEUGEOT SA	7.83%
RYANNAIR PLC	6.88%
RENAULT	4.97%

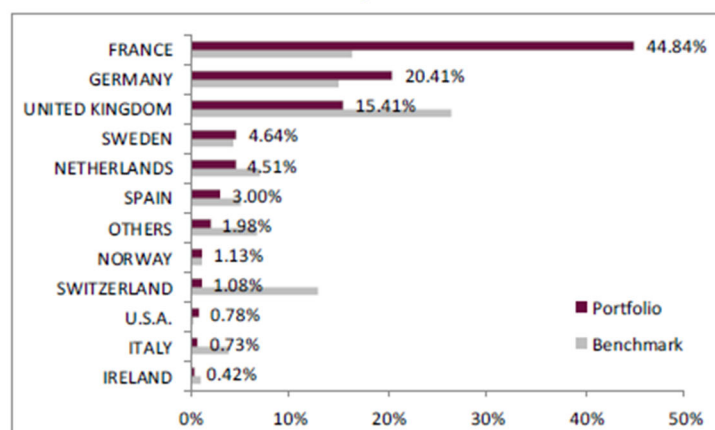
Market Capitalisation	
Small Cap 0-1bn	0.28%
Small-mid Cap 1-2bn	1.44%
Mid Cap 2-5bn	10.61%
Large Cap >5bn	86.61%

## Industry and Country Breakdown

### 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 5 bn EUR.

#### 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.

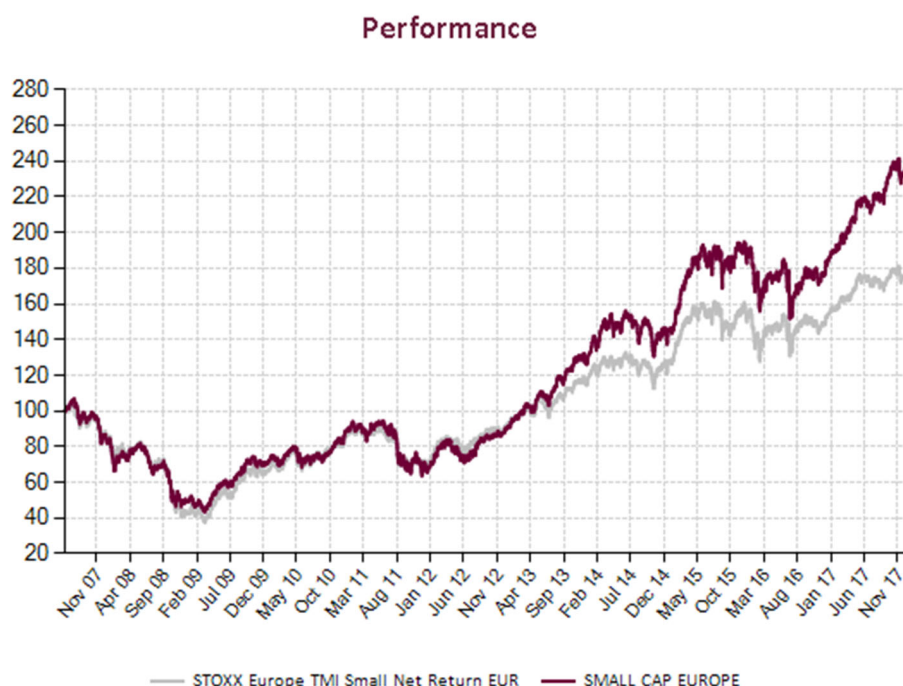
Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### Performance Review 2017

Alken Fund - Small Cap Europe sub-fund was down 30.41% vs Stoxx Europe TMI Small Index down 15.15%.

## Management report (continued)

### Performance since inception compared to benchmark



### Performance Q1 2017

The Alken Fund - Small Cap Europe sub-fund rose 1.68% in January. This represents an outperformance of 1.10% versus the benchmark year to date.

The sub-fund performed strongly in January led by our stock selection which continues to benefit from improved fundamentals. January saw an acceleration of the rotation into cyclical names supported by better-than-expected indicators in the Eurozone. Growth and inflation continue to accelerate.

Within the sub-fund, Wirecard performed strongly and released preliminary results reiterating guidance for 2017. We expect sustained market share gains in the mobile payments industry and increasing contribution from acquisitions. Peugeot was a significant contributor as investors acknowledged the attractive valuation relative to its cash generation and earnings profile. Takeaway.com reported better than expected results and a strong performance in the German market where it is expanding aggressively.

Conversely, Arch Coal shares underperformed the market but held up well in absolute terms in the face of a correction in metallurgical coal prices. Aroundtown remained under pressure as a result of the uncertainty about the impact of rising interest rates. Banca Ifis was a laggard this month as the market awaited an updated business plan after the Inter banca acquisition.

The underlying economic trends remain positive supported by increasing inventories, rising prices and credit growth which is bouncing back from depressed levels. Market conditions are set for a reflation cycle although the pace remains unknown given political instability in some of the major world economies.

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



## Management report (continued)

The Alken Fund - Small Cap Europe sub-fund rose 2.19% in February. This represents an outperformance of 0.24% versus the benchmark year to date.

Equity markets rose sharply in February boosted by strong economic data across the US and the Eurozone. Economic activity continues to accelerate driven by improved consumer and business confidence and supportive employment data. Interest rate increases are likely to be slightly delayed following a more moderate tone from the US Federal Reserve.

Within the sub-fund, Banca Ifis was the leading contributor on the back of the completion of the acquisition of Interbanca. This has led to a one-off gain and should lead to a more detailed business plan. Aroundtown shares recovered from recent weakness as investors realised that the company will continue to create value as the spread between its rental yield and funding cost remains large. Peugeot was a material contributor boosted by the announcement of a move to acquire the Opel business from General Motors. This should strengthen the group's market position and generate significant cost synergies.

Conversely, Pandora suffered from selling pressure as the organic growth numbers understate the growth trajectory of the business. A softer than expected outlook for 2017 penalized Vallourec as the positive impact of a recovery in drilling activity will be slightly delayed. We believe the fundamentals of the business and profitability targets remain intact. Wirecard was hit by another media article raising questions about the quality of the accounts but no new information was provided. We reiterate our confidence on the business case.

Political uncertainty remains the most important risk near term as we approach the French Presidential election and the outcome of Trump policies is yet to be seen. Nevertheless, the fundamentals of European companies continue to improve, reinforcing our confidence in the portfolio.

The Alken Fund - Small Cap Europe sub-fund rose 6.20% in March. This represents an outperformance of 4.67% versus the benchmark year to date.

The sub-fund performed strongly in March driven by a very positive contribution from stock selection. The US Federal Reserve raised interest rates and indicated two more hikes in 2017 as it aims to implement a sustainable monetary policy. Leading indicators have been strong especially in Europe and have led to a better interest rate environment for banks. The process to exit the European Union was officially triggered by the UK Prime Minister.

Within the sub-fund, Wirecard was the leading contributor driven by the approval of the acquisition of Citi Prepaid in the US, which should help to alleviate worries about the quality of the cash generation of the business. Banca Ifis shares rose driven by the acquisition of non-performing loan books which are expected to add value. Drillisch performed strongly following a good set of results and talks of a potential alliance with Amazon to offer mobile services in Germany.

Conversely, Eramet was the main detractor impacted by a sector wide correction. Pandora remained under pressure on the back of increasing fears of a slowdown in sales trends. MetroBank suffered from some profit taking despite a lack of news.

Strong economic data continues to underpin a positive outlook despite political uncertainty. Our portfolio has delivered strong results so far this year providing reassurance about the fundamentals of the businesses we have invested in.

## Management report (continued)

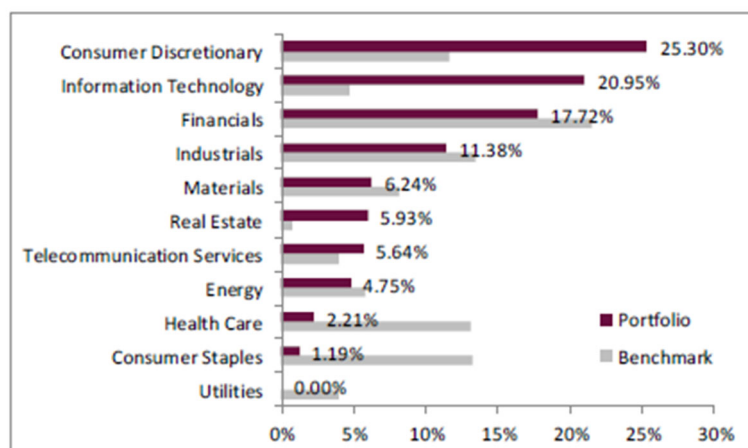
### Key Statistics Q1 2017

Major Holdings	
WIRECARD AG	10.46%
BANCA IFIS SPA	7.54%
VALEO SA	6.16%
DRILLISCH AG	5.64%
PEUGEOT SA	4.77%

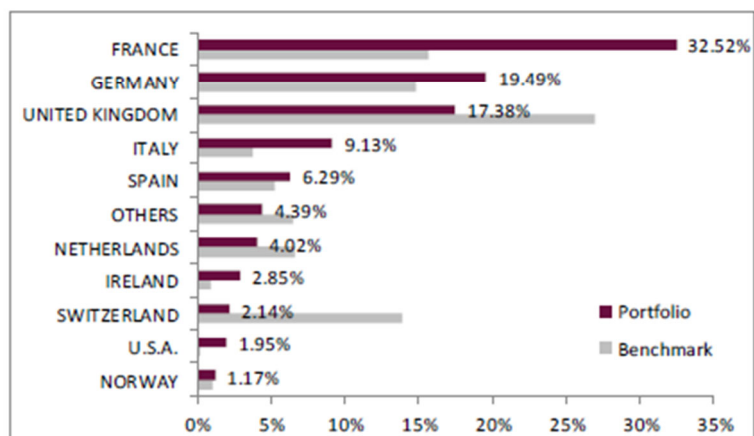
Market Capitalisation	
Small Cap 0-2bn	38.14%
Mid Cap 2-5bn	31.05%
Large Cap >5bn	32.13%

## Industry and Country Breakdown

### Industry Breakdown



### Country Breakdown



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

## Management report (continued)

### Performance Q2 2017

The Alken Fund - Small Cap Europe sub-fund rose 4.76% in April. This represents an outperformance of 4.80% versus the benchmark year to date.

Equity markets rose again in April in anticipation of a favourable outcome of the first round of the French Presidential election which helped to calm investor's fears about additional risks to the European Union.

Within the sub-fund, Banca Ifis was the leading contributor led by positive expectations on its new business plan following the Interbanca acquisition, which should drive significant earnings growth. Wirecard sustained its excellent trajectory reflecting the attractive business fundamentals and cheap valuation relative to its growth potential. Valeo performed well on the back of strong results which confirmed our view that management guidance was too conservative as the group will continue to benefit from its superior technology and product offering.

Conversely, oil services names Vallourec and Petroleum Geo Services suffered from the oil price decline and deteriorating sentiment towards the sector as OPEC policies failed to sustain energy prices. Dalenys was volatile as management restructures non-core businesses, but continues strong execution in payments

Market conditions remain favourable underpinned by robust economic data despite political uncertainty. Earnings momentum continues to improve providing a solid framework for the companies in our portfolio.

The Alken Fund - Small Cap Europe sub-fund rose 0.66% in May. This represents an outperformance of 4.42% versus the benchmark year to date.

Global equity markets hit record highs in May driven by reassuring economic data and investors' optimism. The next interest rate hike in the US is likely to be in June whereas in Europe, despite the economic recovery, the European Central Bank remained committed to provide monetary support in the near term suggesting a slower path for interest rate increases.

Within the sub-fund, Drillisch was the leading contributor following the announcement of a proposed offer from German telecom operator United Internet. Wirecard sustained its upward trend as investor sentiment towards the stock continued to improve. Takeaway.com performed strongly helped by increasing skepticism about the business model of competitors.

Conversely, Banca IFIS lost some momentum because of political uncertainty in Italy though fundamentals remain strong and the latest business plan implies material upside. Peugeot suffered from a sector correction following a strong performance year to date and persistent worries about the emissions tests. Onesavings Bank was down on a poorly executed secondary share placement by its private equity sponsor. Business trends, however, are solid and the market is too negative on the buy to let segment in the UK.

Robust economic data is driving investors' confidence on corporate results despite persistent political headwinds.

The Alken Fund - Small Cap Europe sub-fund was down -2.65% in June. This represents an outperformance of 3.86% versus the benchmark year to date.

Equity markets paused for breath during June following a strong performance since the beginning of the year and renewed speculation about the trajectory of monetary policies. Downward pressure in oil prices continued as investors' skepticism about OPEC's ability to balance supply deepened.

## Management report (continued)

Within the sub-fund, Banca Ifis continue to rally in June alongside the banking sector. Dalenys jumped following the announcement of a takeover offer by Natixis. Trigano was a leading contributor driven by positive upbeat comments on the future growth and market share opportunity for the company.

Conversely, Wirecard was impacted by yet another negative media article after an excellent performance this year. However, recent signs of industry consolidation have led the shares higher since the start of the month. Pendragon suffered from increasing worries about the health of the UK consumer and a slowdown in new car sales. Drillisch consolidated after the takeover announcement last month.

The outlook for equity markets remains positive supported by a robust economic background and dissipating political risks. We continue to see attractive investment opportunities across European stocks.

### Key Statistics Q2 2017

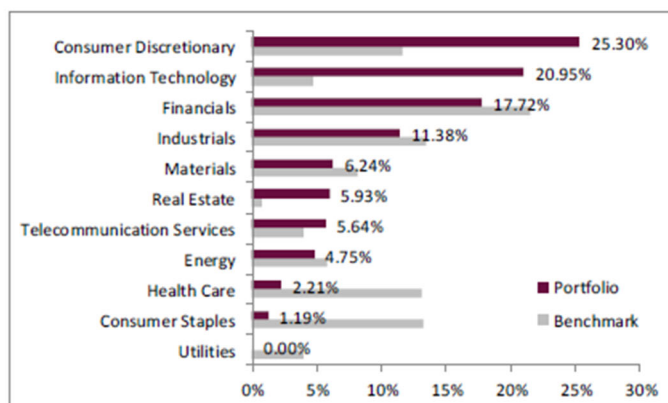
Major Holdings	
WIRECARD AG	9.25%
BANCA IFIS SPA	6.99%
VALEO SA	5.51%
DRILLISCH AG	5.34%
PEUGEOT SA	4.08%

Market Capitalisation	
Small Cap 0-2bn	37.52%
Mid Cap 2-5bn	30.45%
Large Cap >5bn	29.08%

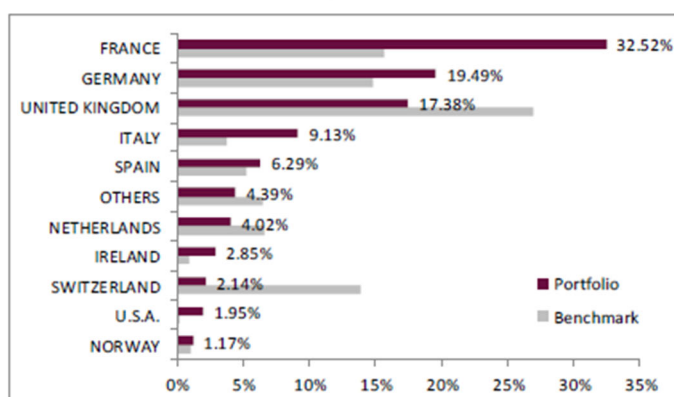
## Management report (continued)

### Industry and Country Breakdown

#### Industry Breakdown



#### Country Breakdown



### Performance Q3 2017

The Alken Fund - Small Cap Europe sub-fund rose 3.25% in July. This represents an outperformance of 6.46% versus the benchmark year to date.

The sub-fund performed strongly in July as equity markets moved sideways. The reporting season started with solid results for most companies, supporting our continued conviction in our stock picks. The ECB left interest rates unchanged and confirmed a continuation of the asset purchase programme until the end of the year.

Within the sub-fund, Wirecard benefited significantly from the recent takeover activity in the online payments industry which highlights the attractive nature of these assets. Banca Ifis continued to perform well on the back of the Interbanca acquisition, where the post-merger integration is progressing well. Drillisch performed well in anticipation of the shareholder approval of the takeover by United Internet.

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

## Management report (continued)

Conversely, Siemens Gamesa was the largest detractor after a weak set of results as the Indian market was frozen due to the uncertainty on the transition to an auction system. However, the company upgraded its synergy target and shortened the time to deliver costs savings. We believe the shares are trading at attractive multiples which are not reflecting the benefits of the merger. Showroomprive dropped after the company missed market expectations as sales in France were weaker than expected driving lower profitability. Maisons du Monde was weak despite strong sales as investors were surprised by one off costs.

The outlook for equity markets remains positive underpinned by robust growth trends, low inflation rates, improving employment data and consumer confidence.

The Alken Fund - Small Cap Europe sub-fund rose 1.60% in August. This represents an outperformance of 9.42% versus the benchmark year to date.

The rise of political tensions in Asia and investors' growing concerns on economic issues put pressure on equity markets in August. The fund continued to outperform driven by our stock selection. Economic newsflow was positive underpinning the recovery across European markets.

Within the sub-fund, Wirecard was the leading contributor after releasing results which continued to show the attractive growth prospect of the business and structural trends in the industry. Aroundtown sustained its strong trajectory as management improved the company's risk profile by adding a listing on the regulated Frankfurt Prime Standard. Maisons du Monde recovered from a selloff following its results as investors started to recognise the outstanding long-term opportunity.

Conversely, the strengthening of the Euro had a negative effect on Valeo alongside the auto sector as investors worry about the impact on corporate profits. Siemens Gamesa shares were soft as the market kept absorbing the news of the profit warning. The group will be hosting an investor day later in the year when more details on the merger and cost synergies will be provided. Metrobank was soft during the month following an equity raise in July though the long-term outlook remains very solid on the back of a superior business model.

Despite the recent increase in market volatility because of political unrest and uncertainty about the pace of interest rate increases, the economic recovery remains on track on the back of robust demand and improving business prospects. We are focused on our fundamental approach and remain confident about the outlook for our portfolio.

The Alken Fund - Small Cap Europe sub-fund rose 5.77% in September. This represents an outperformance of 11.86% versus the benchmark year to date.

After a sluggish summer, Equity markets strengthened again in September driven by easing concerns on geopolitical issues in Asia and a continuation of robust economic data. European equity markets saw a rotation into energy and auto sectors. The US Federal Reserve confirmed the removal of quantitative easing whereas the European Central Bank maintained a cautious stance.

Within the sub-fund, Banca Ifis was the largest contributor as the market continues to recognize the benefits of the Interbanca integration. Wirecard continued to benefit from consolidation newsflow in the industry. Valeo, alongside the auto names, performed strongly as sentiment towards the sector turned less negative. We expect major markets such as Europe, US and China to remain robust while emerging regions are on a recovery trajectory.

## Management report (continued)

Conversely, Siemens Gamesa suffered from general worries about the wind market's transition to an auction system. Despite increased uncertainties, the company is gearing up to face them and the share price is already reflecting them. Weakness in metallurgical coal prices and logistical issues with railroads were behind Arch Coal performance. Neinor Homes was soft after its largest shareholder sold a large stake and the political tension triggered by the Catalanian referendum escalated.

The environment for equities remains supportive as investors continue to focus on improving economic fundamentals.

### Key Statistics Q3 2017

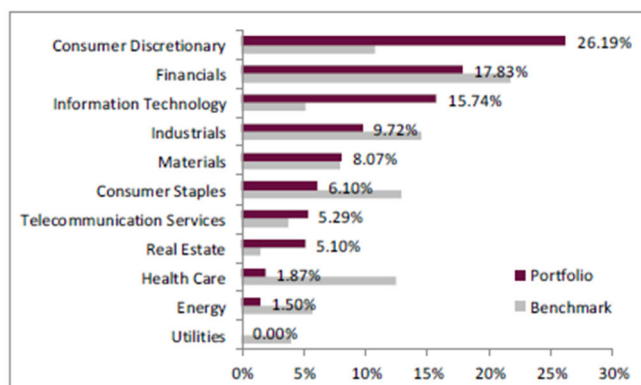
Major Holdings	
WIRECARD AG	9.56%
BANCA IFIS SPA	8.01%
DRILLISCH AG	5.29%
VALEO SA	5.16%
AROUNDTOWN PROPERTY HOLDINGS	4.56%

Market Capitalisation	
Small Cap 0-2bn	28.13%
Mid Cap 2-5bn	26.06%
Large Cap >5bn	43.21%

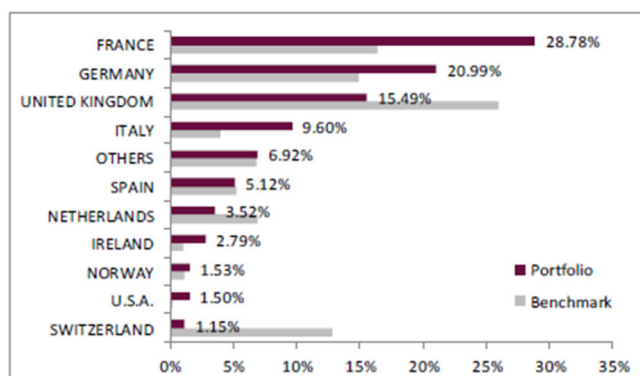
## Management report (continued)

### Industry and Country Breakdown

#### Industry Breakdown



#### Country Breakdown



### Performance Q4 2017

The Alken Fund - Small Cap Europe sub-fund rose 1.73% in October. This represents an outperformance of 12.43% versus the benchmark year to date.

The potential approval of a tax reform in the US and the ECB announcement to reduce the asset purchase programme while extending it until September 2018 were main topics in October. Despite the political turmoil in Spain, European markets moved upwards helped by solid earnings reports and positive economic data.

Within the sub-fund, Wirecard contributed the most after releasing another strong results report and upgrading full year guidance. Sixt made a positive pre-announcement showing earnings growth above 30.00% which underpins the strength of the business model and execution capability of the management team. Eramet performed well alongside the rest of the mining sector which continues to benefit from rising commodity prices.



## Management report (continued)

Conversely, Pendragon was the main detractor as the company warned of weak demand for new vehicles and pricing pressure on used cars in the UK. Valeo suffered after releasing sales which were impacted by the weakness of Korean manufacturers. Nevertheless, the order intake for electric vehicles engine joint venture with Siemens continued to impress confirming our expectations for long-term growth and pricing power. Outokumpu was weak driven by worse than expected results and operational issues in its US operations.

As we move towards the end of the year, equity markets are reaching record highs. Nevertheless, we continue to see attractive investment opportunities across our investment universe. Corporate earnings are underpinned by robust economic trends and the portfolio continues to perform strongly.

The Alken Fund - Small Cap Europe sub-fund was down -2.15% in November, against -2.54% for the STOXX Europe TMI Small benchmark. This represents an outperformance of 12.61% for the year to date.

Equity markets pulled back in November led by worries about high valuations and uncertainty around a tightening of credit in China and the projected US tax reform. Oil prices were strong ahead of the OPEC decision to extend production cuts to balance the energy market. The mining and consumer discretionary sectors led the downward move following a strong performance this year.

Within the sub-fund, Wirecard contributed the most after the publication of very good quarterly results confirmed investors' positive outlook. Aroundtown rebounded ahead of strong quarterly results. Operational metrics remain strong and are compounded by actions to encourage a re-rating. Drillisch reiterated targets for the first time since the acquisition of United Internet providing relief to the market.

Conversely, Banca Ifis has been weak since the departure of a key executive in October but our conversations confirm this is not related to any operational problems. Peugeot was impacted by a misleading media statement indicating that Opel overstated their investments in emission-reducing technologies. Our investment case remains intact, the integration is progressing faster than expected and the European business is performing strongly. Siemens Gamesa remained under pressure as investors wait for the new strategic plan, though shares started to recover at the end of the month following order wins including a large deal in the offshore business. There are also signs that the Indian market will start recovering in 2018.

Economic growth momentum remains robust across most large global economies. Nevertheless, we remain vigilant about any emerging headwinds at this stage of the market cycle. The ongoing negotiations between the European Union and the UK could create some market volatility as we enter 2018.

The Alken Fund - Small Cap Europe sub-fund rose 4.24% in December, against 2.36% for the Stoxx Europe TMI Small Net Return benchmark. This represents an outperformance of 15.26% for the year to date.

The sub-fund performed strongly in December closing a remarkable year. The economic recovery gathered pace in Europe and the US while China remained at a high level. Importantly, PMIs improved despite worries that they might turn. Persistently low inflation rates suggest a moderate path to interest rate increases.

Within the sub-fund, Banca Ifis recovered some of the unjustified weakness of recent weeks as concerns about a key executive's departure faded. Drillisch's strength continued this month following the reiteration of 2018 targets. Eramet benefited the rally experienced by the mining sector as commodity prices continue to rise.

Conversely, RPC shares drifted during the month on the lack of material news. ALD remained weak on misplaced fears about diesel but momentum seems to be turning. We remain confident in the midterm investment thesis. Altran Technologies suffered from the announcement of the acquisition of Aricent, which comes at the top of the cycle and for a hefty price. Therefore, we have exited the position.

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

## Management report (continued)

Robust business fundamentals and attractive valuations provide a positive environment for European equities. The speed of the tightening cycle and political developments will be key factors to watch in 2018.

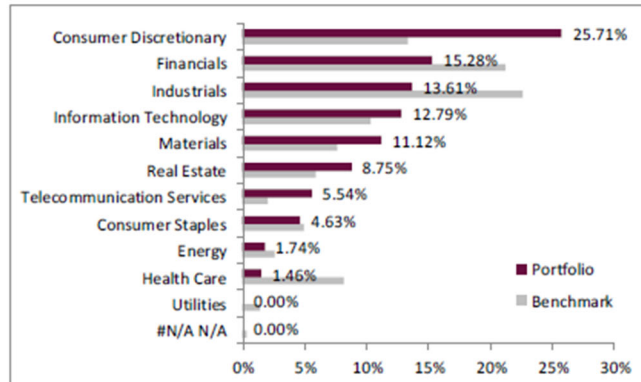
### Key Statistics of Q4 2017

Major Holdings	
AROWNTOWN SA	8.25%
WIRECARD AG	7.85%
BANCA IFIS SPA	6.42%
DRILLISCH AG	5.54%
VALEO SA	3.33%

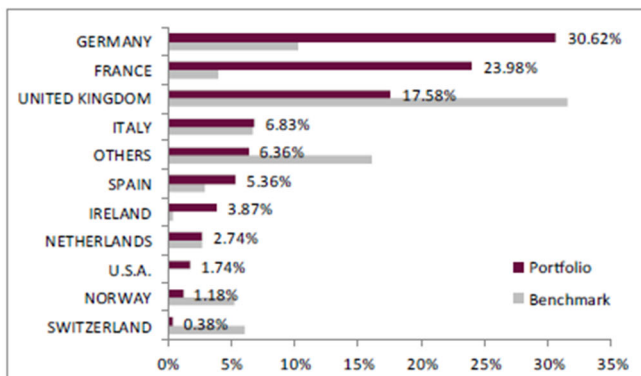
Market Capitalisation	
Small Cap 0-2bn	25.99%
Mid Cap 2-5bn	27.21%
Large Cap >5bn	47.45%

## Industry and Country Breakdown

### Industry Breakdown



### 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.

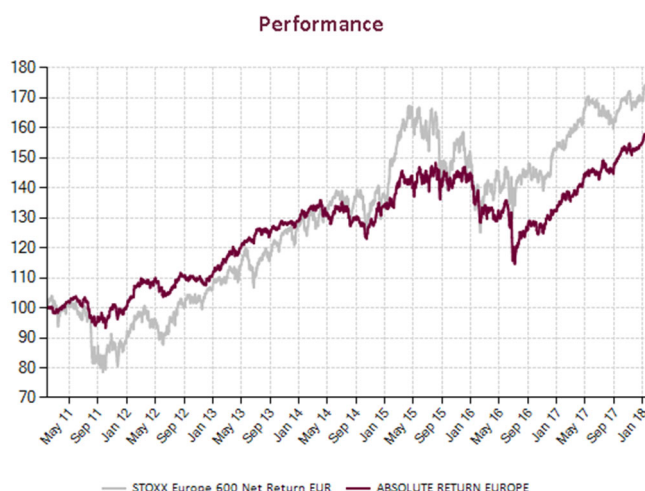
Risk control is an integral part of the investment process. The performance and risk profile of the sub-fund are reviewed continuously.

#### Performance Review 2017

During 2017 Alken Fund - Absolute Return Europe sub-fund was up 17.20% vs Stoxx Europe 600 +10.58% and HFRX Equity Hedge up 7.76% for the same period.

## Management report (continued)

### Performance since inception compared to the 5.00% annualized hurdle rate



## Performance Q1 2017

The Alken Fund - Absolute Return Europe sub-fund rose 3.15% in January, bringing the year to date to 3.15%. The net exposure was increased to 64.06% whereas the gross exposure remained stable at 147.87%.

The sub-fund performed strongly in January led by our stock selection which continues to benefit from improved fundamentals. January saw an acceleration of the rotation into cyclical names supported by better-than-expected indicators in the Eurozone. Growth and inflation continue to accelerate.

Within the sub-fund, Wirecard performed strongly and released preliminary results reiterating guidance for 2017. The investment case remains intact and we expect sustained market share gains in the mobile payments industry and increasing contribution from acquisitions. Peugeot was a significant contributor as the market acknowledge the attractive valuation relative to its cash generation an earnings profile. Glencore rose sharply on the back of a very strong performance of the mining sector, which continues to benefit from improving industry fundamentals.

Conversely, Leonardo suffered from worries about the outcome of a trial against the CEO in relation to his indirect responsibility in a train crash, when he was running a train company. This decision can be appealed all the way to Cassation Court and does not deflect from the strong fundamentals of the company. Aroundtown remained under pressure as a result of the uncertainty about the impact of rising interest rates. Just Eat was weak on profit taking after their trading update, despite publishing very strong order numbers.

The underlying economic trends remain positive supported by increasing inventories, rising prices and credit growth which is bouncing back from depressed levels. Market conditions are set for a reflation cycle although the pace remains unknown given political instability in some of the major world economies.

The Alken Fund - Absolute Return Europe sub-fund fell -0.68% in February, bringing the year to date to 2.45%. The net exposure was reduced to 59.49% whereas the gross exposure remained stable at 147.08%.

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

## Management report (continued)

Equity markets rose in February boosted by strong economic data across the US and the Eurozone. Economic activity continues to accelerate driven by improved consumer and business confidence and supportive employment data. Interest rate increases are likely to be slightly delayed following a more moderate tone from the US Federal Reserve. Companies results have been generally good.

Within the sub-fund, Peugeot was a material contributor boosted by the announcement of a move to acquire the Opel business from General Motors. This should strengthen the group's market position and generate significant cost synergies. Gamesa full year results exceeded expectations while guidance and cash generation were well above estimates. Aroundtown shares recovered as investors realised that the company will continue to create value as the spread between its rental yield and funding cost remains large.

Conversely, Pandora suffered from selling pressure as the organic growth numbers understate the growth trajectory of the business. A softer than expected outlook for 2017 penalized Vallourec as the positive impact of a recovery in drilling activity will be slightly delayed. We believe the fundamentals of the business and profitability targets remain intact. Wirecard was hit by another media article raising questions about the quality of the accounts but no new information was provided. We reiterate our confidence on the business case.

Political uncertainty remains the most important risk near term as we approach the French Presidential election and the outcome of Trump policies is yet to be seen. Nevertheless, the fundamentals of European companies continue to improve, reinforcing our confidence in the portfolio.

The Alken Fund - Absolute Return Europe sub-fund rose 3.44% in March, bringing the year to date to 5.97%. The net exposure was marginally increased to 62.99% whereas the gross exposure was reduced to 141.82%.

The sub-fund performed strongly in March driven by a very positive contribution from stock selection. The US Federal Reserve raised interest rates and indicated two more hikes in 2017 as it aims to implement a sustainable monetary policy. Leading indicators have been strong especially in Europe and have led to a better interest rate environment for banks. The process to exit the European Union was officially triggered by the UK Prime Minister.

Within the sub-fund, Wirecard was the leading contributor driven by the approval of the acquisition of Citi Prepaid in the US, which should help to alleviate worries about the quality of the cash generation of the business. Valeo continued its upward trajectory boosted by broker upgrades which emphasized the significant growth potential of the business. Peugeot shares were up on confirmation of the deal with Opel without liabilities and with high synergy potential.

Conversely, Pandora remained under pressure on the back of increasing fears of a slowdown in sales trends. Renault suffered from renewed media reports about the emissions scandal. Glencore was impacted by a sector wide correction on the back of falling commodity prices.

Strong economic data continues to underpin a positive outlook despite political uncertainty. Our portfolio has delivered strong results so far this year providing reassurance about the fundamentals of the businesses we have invested in.

## Management report (continued)

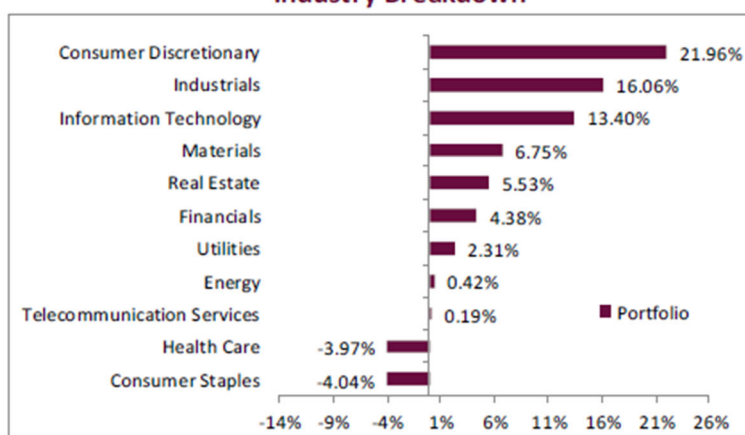
### Key Statistics Q1 2017

Major Holdings	
WIRECARD AG	10.08%
PEUGEOT SA	8.72%
RYANAIR HOLDINGS PLC	5.35%
VALEO SA	5.21%
RENAULT	4.76%

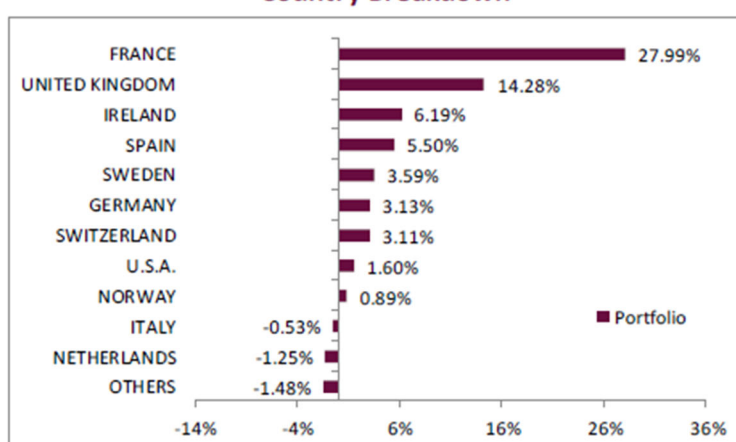
Market Capitalisation	
Small Cap 0-2bn	6.70%
Mid Cap 2-5bn	18.71%
Large Cap >5bn	76.99%

## Industry and Country Breakdown

### Industry Breakdown



### Country Breakdown



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

## Management report (continued)

### Performance Q2 2017

The Alken Fund - Absolute Return Europe sub-fund rose 3.07% in April, bringing the year to date to 9.23%. The net exposure was marginally increased to 65.74% whereas the gross exposure was reduced to 137.21%.

Equity markets rose again in April in anticipation of a favourable outcome of the first round of the French Presidential election which helped to calm investor's fears about additional risks to the European Union.

Within the sub-fund, Ryanair was the top contributor driven by strong traffic numbers and positive comments about Easter trading. Wirecard sustained its excellent trajectory reflecting the attractive business fundamentals and cheap valuation relative to its growth potential. Volvo's good performance was led by a strong set of results which showed margin improvement in the trucks business as well as the construction equipment segment.

Conversely, Uniper experienced some consolidation after a strong performance year to date. Vallourec was impacted by the drop in the oil price and deteriorating sentiment towards the sector as OPEC policies failed to sustain energy prices. Glencore suffered from the general weakness of the mining sector hit by increasing worries about demand conditions in China.

Market conditions remain favourable underpinned by robust economic data despite political uncertainty. Earnings momentum continues to improve providing a solid framework for the companies in our portfolio.

The Alken Fund - Absolute Return Europe sub-fund rose 0.46% in May, bringing the year to date to 9.72%. The net exposure was marginally reduced to 63.28% whereas the gross exposure increased to 139.83%.

Global equity markets hit record highs in May driven by reassuring economic data and investors' optimism. The next interest rate hike in the US is likely to be in June whereas in Europe, despite the economic recovery, the European Central Bank remained committed to provide monetary support in the near term suggesting a slower path for interest rate increases.

Within the sub-fund, Ryanair was the leading contributor on the back of positive comments about the industry bookings for the summer period at its full year results presentation. Wirecard's performance remained strong as investor sentiment towards the stock continued to improve. Drillisch rose following the announcement of a proposed offer from German telecom operator United Internet.

Conversely, Peugeot and Valeo suffered from a sector correction following a strong performance year to date and persistent worries about the emissions tests. Glencore was weak along with the mining sector due to the weakening sentiment around the Chinese economy. We believe that the impact of credit tightening on demand for commodities will not be as bad as feared and expect projects funded by the Government to remain meaningful.

Robust economic data is driving investors' confidence on corporate results despite persistent political headwinds.

The Alken Fund - Absolute Return Europe sub-fund was down -1.27% in June, bringing the year to date to 8.33%. The net exposure was marginally reduced to 58.91% whereas the gross exposure was also reduced to 135.99%.

Equity markets paused for breath during June following a strong performance since the beginning of the year and renewed speculation about the trajectory of monetary policies. Downward pressure in oil prices continued as investors' skepticism about OPEC's ability to balance supply deepened.

## Management report (continued)

Within the sub-fund, Aroundtown was the leading contributor driven by its admission to the main regulated market in Germany and a solid set of results. Neinor Homes, a Spanish real estate developer, was a solid contributor helped by growing expectations about the real estate sector in Spain. Two of our short positions were also meaningful contributors this month.

Conversely, Wirecard was impacted by yet another negative media article after an excellent performance this year. However, recent signs of industry consolidation have led the shares higher since the start of the month. Gamesa was soft on no specific news. Results were above expectations but the company did not upgrade its outlook. Valeo suffered from an auto components supplier profit warning. However, it is important to know that its highly innovative product portfolio is not exposed to the same pricing pressure.

The outlook for equity markets remains positive supported by a robust economic background and dissipating political risks. We continue to see attractive investment opportunities across European stocks.

### Key Statistics Q2 2017

Major Holdings	
WIRECARD AG	9.83%
PEUGEOT SA	8.01%
RYANAIR HOLDINGS PLC CFD	5.43%
RENAULT	5.15%
VALEO SA	4.90%

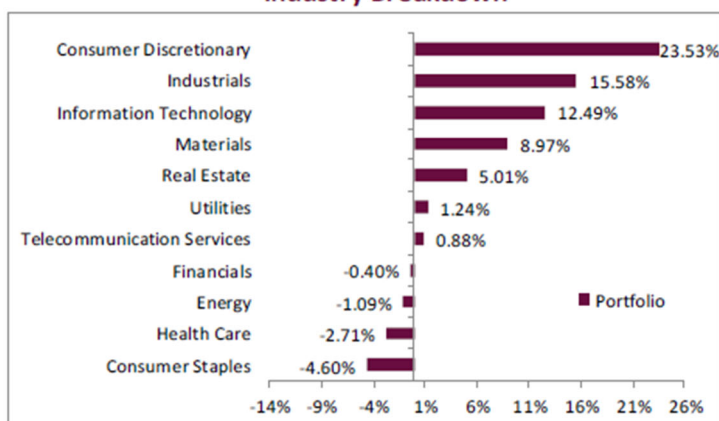
Market Capitalisation	
Small Cap 0-2bn	7.69%
Mid Cap 2-5bn	19.36%
Large Cap >5bn	70.39%



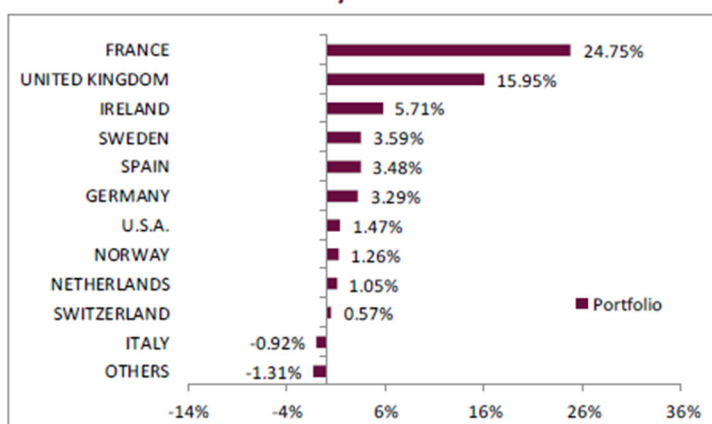
## Management report (continued)

### Industry and Country Breakdown

#### Industry Breakdown



#### Country Breakdown



### Performance Q3 2017

The Alken Fund - Absolute Return Europe sub-fund rose 1.68% in July, bringing the year to date to 10.15%. The net exposure was slightly reduced to 57.39% whereas the gross exposure remained stable at 135.23%.

The sub-fund performed strongly in July as equity markets moved sideways. The reporting season started with solid results for most companies, supporting our continued conviction in our stock picks. The ECB left interest rates unchanged and confirmed a continuation of the asset purchase programme until the end of the year. Within the fund, Wirecard benefited significantly from the recent takeover activity in the online payments industry which highlights the attractive nature of these assets. Glencore performed strongly helped by positive economic data coming out from China. Peugeot was a significant contributor led by a strong set of results which showed a significant improvement in profitability driven by good demand, product mix benefits and cost efficiencies.

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

## Management report (continued)

Conversely, Siemens Gamesa was the largest detractor after a weak set of results as the Indian market was frozen due to the uncertainty on the transition to an auction system. However, the company upgraded its synergy target and shortened the time to deliver costs savings. We believe the shares are trading at attractive multiples which are not reflecting the benefits of the merger. Renault released strong results but suffered from the comparison with Peugeot whose current geographic mix is more exposed to highly profitable European markets and less to emerging markets which are starting to recover. Just Eat was impacted by investor's worries about the investments the company is making in food delivery.

The outlook for equity markets remains positive underpinned by robust growth trends, low inflation rates, improving employment data and consumer confidence.

The Alken Fund - Absolute Return Europe sub-fund rose 0.74% in August, bringing the year to date to 10.96%. The net exposure was slightly increased to 58.28% whereas the gross exposure was marginally increased to 136.55%.

The rise of political tensions in Asia and investors' growing concerns on economic issues put pressure on equity markets in August. The sub-fund continued to outperform driven by our stock selection. Economic newsflow was positive underpinning the recovery across European markets.

Within the fund, Wirecard was the leading contributor after releasing results which continued to show the attractive growth prospects of the business and structural trends in the industry. Aroundtown sustained its solid trajectory as the management improved the company's risk profile by adding a listing on the regulated Frankfurt Prime Standard. Uniper continued to benefit from a very favourable commodities environment which is driving power prices higher.

Conversely, Siemens Gamesa shares were soft as the market kept absorbing the news of the profit warning. The group will be hosting an investor day later in the year when more details on the merger and cost synergies will be provided. Shire was weak despite a strong set of results as the management failed to explain with clarity the objective behind the strategic review for the

Neuroscience Business. The strengthening of the Euro had a negative effect on Peugeot alongside the auto sector as investors worry about the impact on corporate profits.

Despite the recent increase in market volatility because of political unrest and uncertainty about the pace of interest rate increases, the economic recovery remains on track on the back of robust demand and improving business prospects. We are focused on our fundamental approach and remain confident about the outlook for our portfolio.

The Alken Fund - Absolute Return Europe sub-fund rose 3.23% in September, bringing the year to date to 14.55%. The net exposure was significantly reduced to 45.02% whereas the gross exposure was also reduced to 124.83%.

After a sluggish summer, equity markets strengthened again in September driven by easing

Concerns on geopolitical issues in Asia and a continuation of robust economic data. European equity markets saw a rotation into energy and auto sectors. The US Federal Reserve confirmed the removal of quantitative easing whereas the European Central Bank maintained a cautious stance.

Within the sub-fund, auto names, Peugeot and Renault performed strongly as sentiment towards the sector turned less negative. We expect major markets such as Europe, US and China to remain robust while emerging countries are starting to recover. Wirecard continued to benefit from consolidation newsflow in the industry.

## Management report (continued)

Conversely, Ryanair dropped on the potential impact of the ongoing staff issues. Despite reputational risk and negative short-term sentiment, we do not see a large impact on earnings. Neinor Homes was soft after its largest shareholder sold a large stake and the political tension triggered by the Catalanian referendum escalated. SiemensGamesa suffered from general worries about the wind market's transition to an auction system. Despite increased uncertainties, the company is gearing up to face them and the share price is already reflecting them.

The environment for equities remains promising as investors continue to focus on improving economic fundamentals.

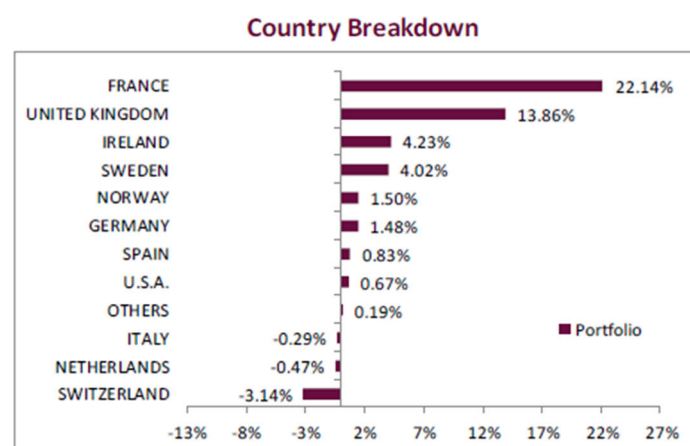
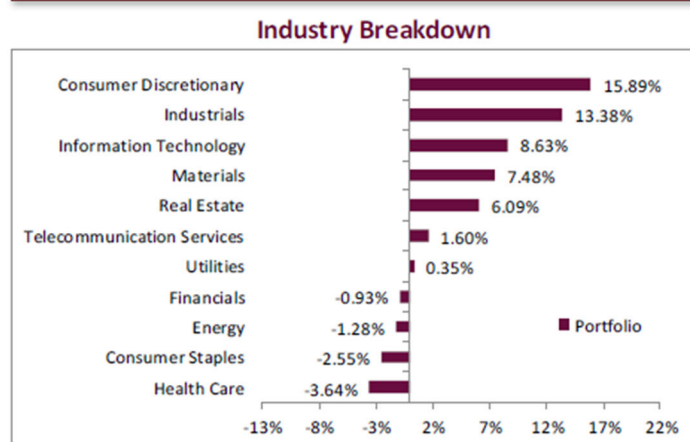
### Key Statistics Q3 2017

Major Holdings	
WIRECARD AG	8.03%
PEUGEOT SA	5.99%
AROUNDTOWN HOLDINGS	PROPERTY 5.64%
RENAULT	4.42%
RYANAIR HOLDINGS PLC	3.91%

Market Capitalisation	
Small Cap 0-2bn	6.67%
Mid Cap 2-5bn	14.30%
Large Cap >5bn	63.96%

## Management report (continued)

### Industry and Country Breakdown



### Performance Q4 2017

The Alken Fund - Absolute Return Europe sub-fund rose 0.98% in October, bringing the year to date to 15.68%. The net exposure was increased to 47.15% whereas the gross exposure was increased to 125.88%.

The potential approval of a tax reform in the US and the ECB announcement to reduce the asset purchase programme while extending it until September 2018 were main topics in October. Despite the political turmoil in Spain, European markets moved upwards helped by solid earnings reports and positive economic data.

Within the sub-fund, Wirecard contributed the most after releasing another strong results report and upgrading full year guidance. Just Eat went up led by better than expected sales numbers and higher full year guidance driven by strong order growth. Siemens Gamesa recovered sharply following a pick-up in order intake announcements with a large order in Norway and a collection of contract wins in the US.

## Management report (continued)

Conversely, Valeo suffered after releasing sales which were impacted by the weakness of Korean manufacturers. Nevertheless, the order intake for electric vehicles engine joint venture with Siemens continued to impress confirming our expectations for long-term growth and pricing power. ALD's weakness reflected other companies' impairments of diesel vehicles' resale value, which we believe it is already reflected in the group's guidance and valuation. Alstom consolidated after benefiting from Siemens' acquisition.

As we move towards the end of the year, equity markets are reaching record highs. Nevertheless, we continue to see attractive investment opportunities across our investment universe. Corporate earnings are underpinned by robust economic trends and the portfolio continues to perform strongly.

The Alken Fund - Absolute Return Europe sub-fund was down -0.25% in November, bringing the year to date to 15.39%. The net exposure remained stable at 46.93% whereas the gross exposure was reduced to 122.07%.

Equity markets pulled back in November led by worries about high valuations and uncertainty around a tightening of credit in China and the projected US tax reform. Oil prices were strong ahead of the OPEC decision to extend production cuts to balance the energy market. The mining and consumer discretionary sectors led the downward move following a strong performance this year.

Within the sub-fund, Wirecard contributed the most after the publication of very good quarterly results confirmed investors' positive outlook. Aroundtown rebounded ahead of strong quarterly results. Operational metrics remain strong and are compounded by actions to encourage a re-rating. ALD's share price began to pick up after excessive fears around diesel pricing in Europe started to normalize. We believe this position offers one of the highest upsides in our portfolio.

Conversely, Peugeot was impacted by a misleading media statement indicating that Opel had overstated their investments in technologies to reduce emissions. Our investment case remains intact, the integration is progressing faster than expected and the European business is performing strongly. Siemens Gamesa remained under pressure as investors wait for the new strategic plan, though shares started to recover at the end of the month following order wins including a large deal in the offshore business. There are also signs that the Indian market will start recovering in 2018. Banca Ifis has been weak since the departure of a key executive in October but our conversations confirm this is not related to any operational problems.

Economic growth momentum remains robust across most large global economies. Nevertheless, we remain vigilant about any emerging headwinds at this stage of the market cycle. The ongoing negotiations between the European Union and the UK could create some market volatility as we enter 2018.

The Alken Fund - Absolute Return Europe sub-fund rose 1.57% in December, bringing the year to date to 17.20%. The net exposure was reduced to 42.22% whereas the gross exposure was reduced to 120.13%.

The sub-fund performed strongly in December closing a remarkable year. The economic recovery gathered pace in Europe and the US while China remained at a high level. Importantly, PMIs improved despite worries that they might turn. Persistently low inflation rates suggest a moderate path to interest rate increases.

Within the sub-fund, Glencore regained momentum after some volatility the previous month led by the strength in commodity prices with a brightening outlook in China. B&M Value Retail performed well on the back of rising expectations ahead of the Christmas trading period. Wacker Chemie made very positive comments about the performance of its silicones business which is benefiting from a favourable supply and demand environment.

## Management report (continued)

Conversely, Ryanair fell sharply after announcing that it would begin accepting union representation for its pilots. While this move has prevented industrial action during the Christmas period, it marks a fundamental shift from Ryanair's longstanding "no-unions" policy. The increase in unit labour cost is already priced in but it raises questions about flexibility. Peugeot lagged as investors fear that main markets will slow down after a stronger than expected 2017. Volvo was down after one of its largest shareholders sold their stake to Geely. We view this as a positive given Geely's strong track record with Volvo Cars.

Robust business fundamentals and attractive valuations provide a positive environment for European equities. The speed of the tightening cycle and political developments will be key factors to watch in 2018.

### Key Statistics Q4 2017

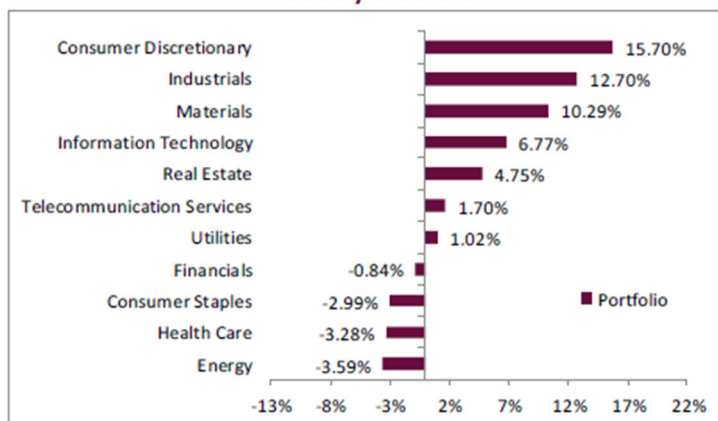
Major Holdings	
WIRECARD AG	6.74%
PEUGEOT SA	4.80%
AROUNDTOWN SA	4.28%
RENAULT	4.24%
VALEO SA	3.27%

Market Capitalisation	
Small Cap 0-2bn	6.08%
Mid Cap 2-5bn	10.66%
Large Cap >5bn	64.43%

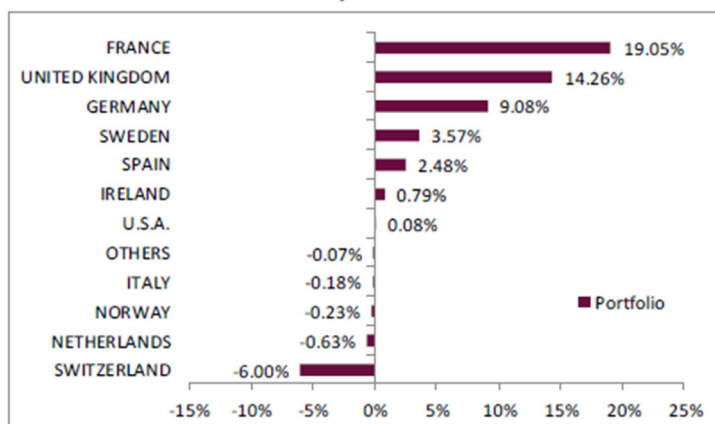
## Management report (continued)

### Industry and Country Breakdown

Industry Breakdown



Country Breakdown



## Management report (continued)

### **Alken Fund - Continental Europe (note 1)**

#### **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 - Continental 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.

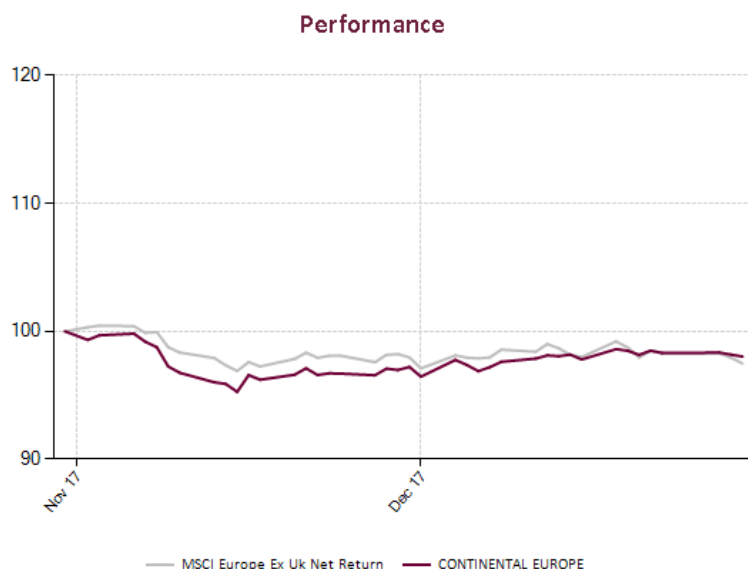
#### **Performance Review 2017**

Overall In 2017 Alken Fund - Continental Europe was down -1.97 % vs MSCI Europe Ex Uk -2.51%.



## Management report (continued)

### Performance since inception compared to the benchmark



### Performance Q4 2017

The Alken Fund - Continental Europe sub-fund rose 0.83% in December, against -0.54% for the MSCI Europe ex UK benchmark. This represents an outperformance of 0.66% for the year to date.

Within the sub-fund, Glencore regained momentum after some volatility the previous month led by the strength in commodity prices with a brightening outlook in China. Wirecard continued its upward trajectory reflecting the market views about its attractive business prospects and above average growth profile. Wacker Chemie made very positive comments about the performance of its silicones business which is benefiting from a favourable supply and demand environment.

Conversely, Ryanair fell sharply after announcing that it would begin accepting union representation for its pilots. While this move has prevented industrial action during the Christmas period, it marks a fundamental shift from Ryanair's longstanding "no-unions" policy. The increase in unit labour cost is already priced in but it raises questions about flexibility. Peugeot and Renault lagged as investors fear that main markets will slow down after a stronger than expected 2017.

Robust business fundamentals and attractive valuations provide a positive environment for European equities. The speed of the tightening cycle and political developments will be key factors to watch in 2018.

# Alken Fund

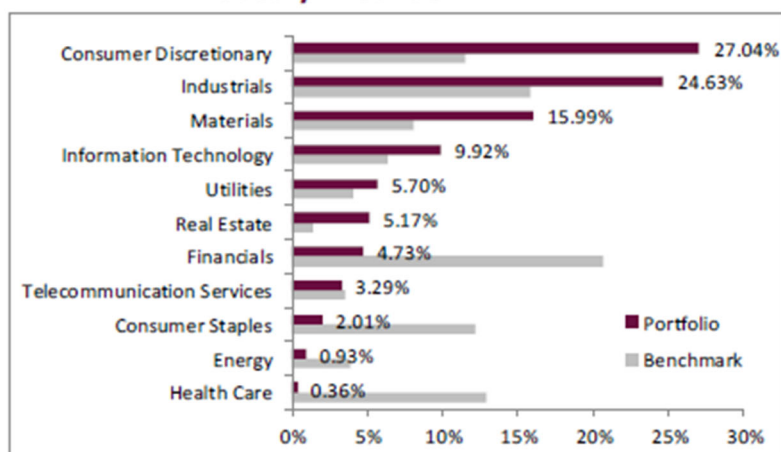
## Management report (continued)

### Key Statistics Q4 2017

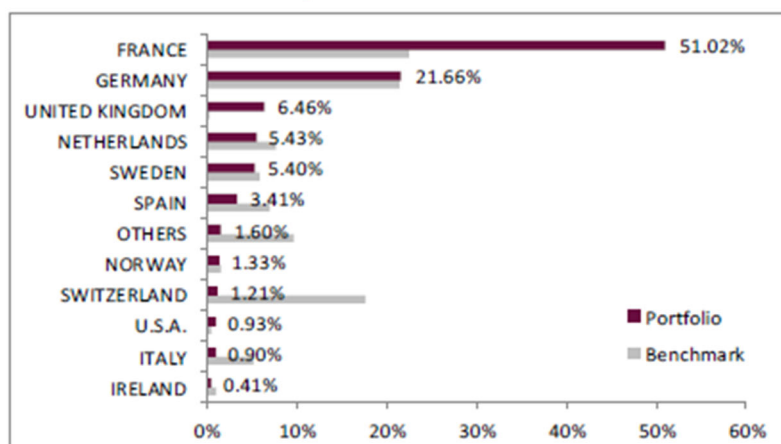
Major Holdings	
WIRECARD AG	9.50%
PEUGEOT SA	7.91%
VALEO SA	7.77%
RENAULT	7.57%
GLENCORE XSTRATA PLC	4.79%

## Industry and Country Breakdown

### Industry Breakdown



### Country Breakdown\*



\* Country of listing.

1 - Alken Fund Continental Europe SEU1 Class

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

## Management report (continued)

April 20, 2018

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

## Report of the Réviseur d'Entreprises Agréé / Auditor's report

To the Shareholders of

Alken Fund  
Société d'investissement à capital variable  
(a Luxembourg domiciled open-ended investment company)  
15, avenue J.F. Kennedy, L-1855 Luxembourg

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Alken Fund (the "SICAV") and 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, 2017, and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2017, 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 and presentation of the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Financial Statements" section of our report. We are also independent of the SICAV in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 concluded that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regards.

## Report of the Réviseur d'Entreprises Agréé / Auditor's report (continued)

### **Responsibilities 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 the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation 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.

In preparing the financial statements, the Board of Directors of the SICAV is responsible for assessing the SICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the SICAV either intends to liquidate the SICAV or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 SICAV's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the SICAV.
- Conclude on the appropriateness of Board of Directors of the SICAV's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *Réviseur d'Entreprises Agréé* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *Réviseur d'Entreprises Agréé*. However, future events or conditions may cause the SICAV to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Report of the Réviseur d'Entreprises Agréé / Auditor's report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de révision agréé*

A handwritten signature in blue ink, reading "Hennebert", with a long horizontal flourish extending to the right.

Nicolas Hennebert, *Réviseur d'entreprises agréé*  
Partner

April 20, 2018  
560, rue de Neudorf  
L-2220 Luxembourg



## Statement of net assets as at December 31, 2017

	COMBINED	Alken Fund - European Opportunities	Alken Fund - Small Cap Europe
	EUR	EUR	EUR
<b>ASSETS</b>			
Investments in securities at acquisition cost	2,758,721,211.17	1,851,768,940.08	264,599,971.27
Net unrealised gain/loss on investments	1,042,802,879.23	731,747,469.19	110,110,926.24
Investments in securities at market value (note 2.d)	3,801,524,090.40	2,583,516,409.27	374,710,897.51
Cash at banks (note 2.d)	157,928,011.96	48,488,186.78	8,079,757.75
Bank deposits	95,890,000.00	0.00	0.00
Interest receivable, net	53.28	0.00	0.00
	4,055,342,155.64	2,632,004,596.05	382,790,655.26
<b>LIABILITIES</b>			
Management fee payable (note 4)	13,744,571.87	8,576,501.88	1,338,897.98
Performance fee payable (note 5)	7,762,319.15	4,006,060.75	1,100,926.17
Net unrealised loss on forward exchange contracts (notes 2.g, 11)	1,324,320.38	796,438.48	0.00
Credit line and guarantees (note 12)	1,696,078.85	1,696,053.69	0.00
Other fees payable (note 7)	3,511,167.71	2,295,122.29	319,869.69
	28,038,457.96	17,370,177.09	2,759,693.84
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2017</b>	<b>4,027,303,697.68</b>	<b>2,614,634,418.96</b>	<b>380,030,961.42</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2016</b>	<b>3,581,341,006.94</b>	<b>2,194,006,793.24</b>	<b>257,495,301.48</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2015</b>	<b>8,451,863,747.09</b>	<b>5,103,721,128.36</b>	<b>329,963,323.44</b>

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



## Statement of net assets as at December 31, 2017 (continued)

Alken Fund - Absolute Return Europe	Alken Fund - Continental Europe (note 1)
EUR	EUR
606,607,188.35	35,745,111.47
200,985,551.00	-41,067.20
807,592,739.35	35,704,044.27
101,277,479.02	82,588.41
95,890,000.00	0.00
53.28	0.00
1,004,760,271.65	35,786,632.68
3,797,672.30	31,499.71
2,628,691.23	26,641.00
527,881.90	0.00
25.16	0.00
881,216.23	14,959.50
7,835,486.82	73,100.21
<b>996,924,784.83</b>	<b>35,713,532.47</b>
<b>1,129,838,912.22</b>	-
<b>3,018,179,295.29</b>	-

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

## Statement of operations and changes in net assets for the year/period ended December 31, 2017

	COMBINED	Alken Fund - European Opportunities	Alken Fund - Small Cap Europe
	EUR	EUR	EUR
<b>NET ASSETS AT THE BEGINNING OF THE YEAR/PERIOD</b>	<b>3,581,341,006.94</b>	<b>2,194,006,793.24</b>	<b>257,495,301.48</b>
<b>INCOME</b>			
Dividends, net (note 2.l)	90,284,140.41	65,313,807.62	6,576,207.77
Bank interest	10,982.00	3,431.83	190.60
	90,295,122.41	65,317,239.45	6,576,398.37
<b>EXPENSES</b>			
Management fee (note 4)	51,870,139.06	31,575,259.54	4,591,302.83
Performance fee (note 5)	51,965,716.92	24,490,230.23	4,671,348.77
Depositary fee, bank charges and interest	1,928,731.14	808,622.98	165,423.86
Operating and administrative expenses (note 6)	13,488,316.87	8,513,866.49	1,105,038.63
Transaction fees (note 2.n)	9,399,583.95	5,675,053.68	685,632.01
	128,652,487.94	71,063,032.92	11,218,746.10
<b>NET INVESTMENT LOSS</b>	<b>-38,357,365.53</b>	<b>-5,745,793.47</b>	<b>-4,642,347.73</b>
Net realised gain/loss on sales of investments	588,219,908.95	324,387,288.39	33,415,163.46
Net realised gain/loss on foreign exchange	-116,662.04	210,973.28	-57,611.44
Net realised gain/loss on forward exchange contracts	-26,087,666.72	-14,860,113.86	-893,206.93
Net realised gain/loss on forward contracts	-49,422,056.43	172,049.91	-525,745.65
<b>NET REALISED GAIN/LOSS</b>	<b>474,236,158.23</b>	<b>304,164,404.25</b>	<b>27,296,251.71</b>
<b>Change in net unrealised appreciation/depreciation:</b>			
- on investments	321,570,249.39	245,557,363.08	53,743,057.05
- on forward exchange contracts	2,266,051.76	818,921.89	70,535.27
<b>INCREASE/DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>798,072,459.38</b>	<b>550,540,689.22</b>	<b>81,109,844.03</b>
Proceeds from subscriptions of shares	1,285,079,795.63	883,364,744.86	127,209,649.84
Cost of shares redeemed	-1,612,993,486.43	-1,004,071,738.62	-85,783,833.93
Revaluation difference*	-24,196,077.84	-9,206,069.74	0.00
<b>NET ASSETS AT THE END OF THE YEAR/PERIOD</b>	<b>4,027,303,697.68</b>	<b>2,614,634,418.96</b>	<b>380,030,961.42</b>

\* The difference mentioned above is the result of fluctuations in the exchange rates used to convert the different items related to share classes denominated in a currency other than the currency of the sub-funds into the currency of the related sub-funds between December 31, 2016 and December 31, 2017.

# Alken Fund

## Statement of operations and changes in net assets for the year/period ended December 31, 2017 (continued)

Alken Fund - Absolute Return Europe	Alken Fund - Continental Europe (note 1)
EUR	EUR
<b>1,129,838,912.22</b>	-
18,355,810.47	38,314.55
7,354.91	4.66
<b>18,363,165.38</b>	<b>38,319.21</b>
15,672,076.98	31,499.71
22,777,496.92	26,641.00
935,683.95	19,000.35
3,854,452.25	14,959.50
2,935,749.55	103,148.71
<b>46,175,459.65</b>	<b>195,249.27</b>
<b>-27,812,294.27</b>	<b>-156,930.06</b>
230,554,814.70	-137,357.60
-279,028.37	9,004.49
-10,340,281.20	5,935.27
-49,068,360.69	0.00
<b>143,054,850.17</b>	<b>-279,347.90</b>
22,310,896.46	-41,067.20
1,376,594.60	0.00
<b>166,742,341.23</b>	<b>-320,415.10</b>
238,449,908.66	36,055,492.27
-523,116,369.18	-21,544.70
-14,990,008.10	0.00
<b>996,924,784.83</b>	<b>35,713,532.47</b>

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

# 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
			31.12.2017	31.12.2017	31.12.2016	31.12.2015
Alken Fund - European Opportunities	Class H	EUR	134,329.98	275.85	217.93	225.23
	Class R	EUR	4,555,413.46	257.32	204.25	212.36
	Class CH1	CHF	4,789.85	137.12	99.45	104.36
	Class CH2	CHF	11,307.19	148.24	107.78	113.66
	Class EU1	EUR	5,116,251.29	191.36	151.29	156.51
	Class EU1d	EUR	483,499.52	112.76	89.15	92.23
	Class US1	USD	219,607.39	149.32	103.67	110.56
	Class US1h	USD	336,114.48	130.96	102.12	104.30
	Class US2	USD	34,048.25	133.73	93.28	99.89
	Class US2h	USD	556,642.73	124.12	97.37	99.99
	Class GB1	GBP	155,367.71	184.49	140.17	125.19
	Class U	EUR	283,010.47	199.74	158.55	164.85
	Class Z	EUR	280,156.57	244.21	193.81	201.51
	Class A	EUR	406,702.04	214.66	171.39	179.56
Alken Fund - Small Cap Europe	Class R	EUR	583,690.75	243.91	187.03	191.14
	Class EU1	EUR	1,137,327.68	203.41	155.28	157.90
	Class A	EUR	27,770.40	227.85	175.55	180.31
Alken Fund - Absolute Return Europe	Class A	EUR	1,396,976.53	140.99	120.81	133.02
	Class CH1	CHF	14,009.63	122.47	104.57	114.41
	Class CH2	CHF	17,764.72	120.47	103.16	113.32
	Class CH3	CHF	10,750.34	110.41	95.04	105.19
	Class I	EUR	2,472,503.08	155.12	132.35	144.64
	Class EU1	EUR	2,280,254.69	139.47	118.62	129.11
	Class US1	USD	291,543.31	146.06	122.69	131.78
	Class US2	USD	80,313.69	125.45	105.53	113.80
	Class US3	USD	217,053.92	115.01	97.26	105.68
	Class GB1	GBP	36,464.64	126.97	107.37	117.47
	Class K	EUR	-	-	-	146.99
	Class H	EUR	149,253.70	162.37	137.67	149.54
Alken Fund - Continental Europe (note 1)	Class SEU1	EUR	352,912.53	98.03	-	-
	Class SGB1	GBP	10,000.00	99.20	-	-

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, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>AUSTRALIA</i>			
SOUTH32	9,236,430.00	21,096,558.93	0.81
		21,096,558.93	0.81
<i>FINLAND</i>			
OUTOKUMPU	4,173,872.00	32,305,769.28	1.24
		32,305,769.28	1.24
<i>FRANCE</i>			
AEROPORTS DE PARIS	51,669.00	8,189,536.50	0.31
ALD	2,980,836.00	38,497,496.94	1.47
ALSTOM	1,883,074.00	65,163,775.77	2.49
ALTRAN TECHNOLOGIES	370,401.00	5,144,869.89	0.20
ARKEMA	582,570.00	59,159,983.50	2.26
CARREFOUR	494,790.00	8,926,011.60	0.34
CREDIT AGRICOLE	4,143,823.00	57,184,757.40	2.19
EIFFAGE	939,512.00	85,815,026.08	3.28
ELECTRICITE DE FRANCE	3,906,566.00	40,706,417.72	1.56
ELIS	2,980,422.00	68,594,412.33	2.62
ENGIE	1,776,611.00	25,467,718.69	0.97
GENFIT	157,888.00	3,776,680.96	0.14
ILIAD	51,204.00	10,227,999.00	0.39
LVMH MOET HENNESSY LOUIS VUITTON	52,587.00	12,904,849.80	0.49
MAISONS DU MONDE FRANCE	201,651.00	7,612,325.25	0.29
PEUGEOT	12,450,818.00	211,103,619.19	8.08
RENAULT S.A.	2,158,020.00	181,079,458.20	6.94
REXEL	1,240,698.00	18,759,353.76	0.72
SARTORIUS STEDIM BIOTECH	84,703.00	5,106,743.87	0.20
VALEO	3,306,744.00	205,910,948.88	7.89
VEOLIA ENVIRONNEMENT	2,830,944.00	60,228,333.60	2.30
		1,179,560,318.93	45.13
<i>GERMANY</i>			
DEUTSCHE LUFTHANSA	572,454.00	17,585,786.88	0.67
DRILLISCH	927,119.00	63,813,600.77	2.44
NORDEX -KAPITALHERABSETZUNG-	409,204.00	3,631,276.30	0.14
PROSIEBEN SAT.1 MEDIA	990,685.00	28,437,612.93	1.09
SCOUT24	300,682.00	10,238,222.10	0.39
WACKER CHEMIE	263,517.00	42,742,457.40	1.63
WIRECARD	2,767,429.00	257,564,617.03	9.86
		424,013,573.41	16.22
<i>IRELAND</i>			
RYANAIR HOLDINGS	728,257.00	10,960,267.85	0.42
		10,960,267.85	0.42

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, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>ITALY</i>			
UNICREDIT	1,239,816.00	19,316,333.28	0.74
		19,316,333.28	0.74
<i>JERSEY</i>			
GLENCORE	29,787,863.00	130,873,154.82	5.01
		130,873,154.82	5.01
<i>LUXEMBOURG</i>			
APERAM	660,378.00	28,346,725.65	1.08
ARCELORMITTAL	1,879,401.00	50,959,958.12	1.95
AROUNDTOWN	17,573,517.00	112,751,685.07	4.31
B&M EUROPEAN VALUE RETAIL	18,703,927.00	89,255,578.06	3.41
		281,313,946.90	10.75
<i>NETHERLANDS</i>			
GRANDVISION	736,982.00	15,694,031.69	0.60
ING GROUP	1,549,368.00	23,744,064.60	0.91
		39,438,096.29	1.51
<i>NORWAY</i>			
MARINE HARVEST	1,239,905.00	17,547,433.45	0.67
NORSK HYDRO	1,946,616.00	12,357,400.97	0.47
		29,904,834.42	1.14
<i>SPAIN</i>			
CAIXABANK SA	934,887.00	3,635,775.54	0.14
HISPANIA ACTIVOS INMOBILIARIOS	607,007.00	9,530,009.90	0.36
SIEMENS GAMESA RENEWABLE ENERGY	5,740,659.00	65,615,732.37	2.51
		78,781,517.81	3.01
<i>SWEDEN</i>			
SKF 'B'	2,797,964.00	51,852,338.98	1.98
VOLVO 'B'	4,531,710.00	70,384,819.89	2.69
		122,237,158.87	4.67
<i>SWITZERLAND</i>			
COMPANIE FINANCIERE RICHEMONT	313,285.00	23,640,008.80	0.90
GAM HOLDING	356,092.00	4,792,808.80	0.18
		28,432,817.60	1.08
<i>UNITED KINGDOM</i>			
BRITISH AMERICAN TOBACCO	205,538.00	11,619,017.35	0.44
JUST EAT	7,104,518.00	62,507,520.16	2.39
METRO BANK	1,320,795.00	53,327,353.83	2.04
RPC GROUP	3,746,593.00	37,205,354.84	1.42
		164,659,246.18	6.29

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, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<hr/>			
<i>UNITED STATES</i>			
ARCH COAL 'A'	265,821.00	20,622,814.70	0.79
		20,622,814.70	0.79
<b>TOTAL INVESTMENTS</b>		<b>2,583,516,409.27</b>	<b>98.81</b>
CASH AT BANKS		59,988,496.32	2.29
OTHER NET LIABILITIES		-28,870,486.63	-1.10
<b>TOTAL NET ASSETS</b>		<b>2,614,634,418.96</b>	<b>100.00</b>

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

# Alken Fund - European Opportunities

## Geographical and industrial classification of investments as at December 31, 2017

### Geographical classification

(in % of net assets)

France	45.13
Germany	16.22
Luxembourg	10.75
United Kingdom	6.29
Jersey	5.01
Sweden	4.67
Spain	3.01
Netherlands	1.51
Finland	1.24
Norway	1.14
Switzerland	1.08
Australia	0.81
United States	0.79
Italy	0.74
Ireland	0.42
	<b>98.81</b>

### Industrial classification

(in % of net assets)

Automobiles	25.60
Utilities	10.25
Holding and finance companies	7.64
Banks and credit institutions	6.06
Mining and steelworks	5.87
Electronics and electrical equipment	5.72
Miscellaneous	5.01
Real Estate Shares	4.67
Chemicals	4.36
Construction and building materials	3.28
Communications	2.83
Public utilities	2.67
Food and soft drinks	2.39
Environmental conservation and waste management	2.30
Construction of machines and appliances	1.98
Packaging	1.42
Transport and freight	1.40
Publishing and graphic arts	1.09
Watch-making	0.90
Agriculture and fisheries	0.67
Retail and supermarkets	0.63
Photography and optics	0.60
Textiles and clothing	0.49
Tobacco and alcohol	0.44
Internet, software and IT services	0.20
Pharmaceuticals and cosmetics	0.20
Biotechnology	0.14
	<b>98.81</b>



# Alken Fund - Small Cap Europe

## Statement of investments and other net assets as at December 31, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>BELGIUM</i>			
TESSENDERLO CHEMIE	88,062.00	3,424,731.18	0.90
WAREHOUSES DE PAUW SICAFI	28,378.00	2,651,356.54	0.70
		6,076,087.72	1.60
<i>FINLAND</i>			
OUTOKUMPU	885,748.00	6,855,689.52	1.80
		6,855,689.52	1.80
<i>FRANCE</i>			
ALD	728,260.00	9,405,477.90	2.47
ALTRAN TECHNOLOGIES	401,182.00	5,572,417.98	1.47
ARKEMA	21,891.00	2,223,031.05	0.58
EIFFAGE	91,600.00	8,366,744.00	2.20
ELIS	424,428.00	9,768,210.42	2.57
ERAMET	86,779.00	8,593,724.37	2.26
GENFIT	31,808.00	760,847.36	0.20
MAISONS DU MONDE FRANCE	267,363.00	10,092,953.25	2.66
MARIE BRIZARD	141,544.00	1,780,623.52	0.47
PEUGEOT	600,037.00	10,173,627.34	2.68
RENAULT S.A.	33,770.00	2,833,640.70	0.75
SARTORIUS STEDIM BIOTECH	80,286.00	4,840,442.94	1.27
TRIGANO	32,544.00	4,793,731.20	1.26
VALEO	205,231.00	12,779,734.37	3.36
		91,985,206.40	24.20
<i>GERMANY</i>			
DRILLISCH	308,979.00	21,267,024.57	5.60
NORDEX -KAPITALHERABSETZUNG-	80,601.00	715,253.27	0.19
PROSIEBEN SAT.1 MEDIA	135,241.00	3,882,092.91	1.02
SIXT	129,679.00	9,662,382.29	2.54
SIXT LEASING	57,955.00	1,101,145.00	0.29
WACKER CHEMIE	41,471.00	6,726,596.20	1.77
WIRECARD	323,764.00	30,132,715.48	7.93
		73,487,209.72	19.34
<i>IRELAND</i>			
CAIRN HOMES	5,194,109.00	10,154,483.10	2.67
DALATA HOTEL GROUP	787,756.00	4,966,801.58	1.31
IRISH RESIDENTIAL PROPERTIES	6,588,721.00	9,883,081.50	2.60
		25,004,366.18	6.58
<i>ITALY</i>			
ANIMA HOLDING	264,235.00	1,574,840.60	0.41
BANCA IFIS	604,220.00	24,634,049.40	6.48
		26,208,890.00	6.89

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, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>LUXEMBOURG</i>			
APERAM	83,884.00	3,600,720.70	0.95
AROUNDTOWN	4,931,540.00	31,640,760.64	8.32
B&M EUROPEAN VALUE RETAIL	2,231,748.00	10,649,953.77	2.80
SAF HOLLAND	552,738.00	9,913,356.03	2.61
SENVION	235,665.00	2,427,349.50	0.64
		58,232,140.64	15.32
<i>NETHERLANDS</i>			
TAKEAWAY.COM HOLDING	135,598.00	6,899,226.24	1.82
		6,899,226.24	1.82
<i>NORWAY</i>			
BAKKAFROST	61,167.00	2,165,370.74	0.57
MARINE HARVEST	166,882.00	2,361,754.16	0.62
		4,527,124.90	1.19
<i>SPAIN</i>			
HISPANIA ACTIVOS INMOBILIARIOS	123,318.00	1,936,092.60	0.51
NEINOR HOMES	518,849.00	9,494,936.70	2.50
SIEMENS GAMESA RENEWABLE ENERGY	799,693.00	9,140,490.99	2.41
		20,571,520.29	5.42
<i>SWITZERLAND</i>			
ALSO HOLDING	12,741.00	1,459,001.18	0.38
		1,459,001.18	0.38
<i>UNITED KINGDOM</i>			
IBSTOCK	967,868.00	2,905,761.47	0.76
JUST EAT	568,931.00	5,005,612.76	1.32
METRO BANK	301,054.00	12,155,113.53	3.20
ONESAVINGS BANK	1,665,368.00	7,740,803.73	2.04
PENDRAGON	27,803,340.00	8,926,648.77	2.35
RPC GROUP	840,915.00	8,350,664.45	2.20
STAFFLINE GROUP	139,845.00	1,638,426.26	0.43
		46,723,030.97	12.30
<i>UNITED STATES</i>			
ARCH COAL 'A'	86,121.00	6,681,403.75	1.76
		6,681,403.75	1.76
<b>TOTAL INVESTMENTS</b>		<b>374,710,897.51</b>	<b>98.60</b>
CASH AT BANKS		8,079,757.75	2.13
OTHER NET LIABILITIES		-2,759,693.84	-0.73
<b>TOTAL NET ASSETS</b>		<b>380,030,961.42</b>	<b>100.00</b>

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

# Alken Fund - Small Cap Europe

## Geographical and industrial classification of investments as at December 31, 2017

### Geographical classification

(in % of net assets)

France	24.20
Germany	19.34
Luxembourg	15.32
United Kingdom	12.30
Italy	6.89
Ireland	6.58
Spain	5.42
Netherlands	1.82
Finland	1.80
United States	1.76
Belgium	1.60
Norway	1.19
Switzerland	0.38
	<b>98.60</b>

### Industrial classification

(in % of net assets)

Real Estate Shares	14.63
Banks and credit institutions	12.13
Holding and finance companies	9.66
Utilities	8.22
Transport and freight	7.50
Automobiles	6.79
Construction and building materials	5.63
Communications	5.60
Mining and steelworks	4.51
Chemicals	3.25
Electronics and electrical equipment	2.79
Retail and supermarkets	2.66
Gastronomy	2.57
Stainless steel	2.26
Packaging	2.20
Internet, software and IT services	1.90
Food and soft drinks	1.32
Pharmaceuticals and cosmetics	1.27
Agriculture and fisheries	1.19
Publishing and graphic arts	1.02
Public utilities	0.83
Tobacco and alcohol	0.47
Biotechnology	0.20
	<b>98.60</b>

# Alken Fund - Absolute Return Europe

## Statement of investments and other net assets as at December 31, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>AUSTRALIA</i>			
SOUTH32	3,238,007.00	7,395,801.78	0.74
		7,395,801.78	0.74
<i>FINLAND</i>			
OUTOKUMPU	647,545.00	5,011,998.30	0.50
		5,011,998.30	0.50
<i>FRANCE</i>			
AEROPORTS DE PARIS	19,763.00	3,132,435.50	0.31
ALD	1,318,873.00	17,033,244.80	1.71
ALSTOM	670,886.00	23,216,010.03	2.33
ALTRAN TECHNOLOGIES	315,970.00	4,388,823.30	0.44
ARKEMA	210,555.00	21,381,860.25	2.14
CARREFOUR	190,647.00	3,439,271.88	0.34
EIFFAGE	257,777.00	23,545,351.18	2.36
ELIS	1,119,187.00	25,758,088.81	2.58
ENGIE	448,753.00	6,432,874.26	0.65
GENFIT	39,626.00	947,853.92	0.10
ILIAD	17,610.00	3,517,597.50	0.35
LVMH MOET HENNESSY LOUIS VUITTON	19,655.00	4,823,337.00	0.48
MAISONS DU MONDE FRANCE	80,472.00	3,037,818.00	0.30
PEUGEOT	2,841,880.00	48,184,075.40	4.84
RENAULT S.A.	508,282.00	42,649,942.62	4.29
REXEL	490,847.00	7,421,606.64	0.74
SARTORIUS STEDIM BIOTECH	32,586.00	1,964,609.94	0.20
TERREIS	30,410.00	1,301,548.00	0.13
VALEO	527,138.00	32,824,883.26	3.30
VEOLIA ENVIRONNEMENT	836,306.00	17,792,410.15	1.78
		292,793,642.44	29.37
<i>GERMANY</i>			
DEUTSCHE LUFTHANSA	215,161.00	6,609,745.92	0.66
DRILLISCH	437,762.00	30,131,158.46	3.02
NORDEX -KAPITALHERABSETZUNG-	164,646.00	1,461,068.60	0.15
PROSIEBEN SAT.1 MEDIA	380,062.00	10,909,679.71	1.09
SCOUT24	124,282.00	4,231,802.10	0.42
WACKER CHEMIE	105,314.00	17,081,930.80	1.71
WIRECARD	727,429.00	67,701,817.03	6.80
		138,127,202.62	13.85
<i>IRELAND</i>			
IRISH RESIDENTIAL PROPERTIES	4,552,117.00	6,828,175.50	0.68
RYANAIR HOLDINGS	260,964.00	3,927,508.20	0.39
		10,755,683.70	1.07

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, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>ITALY</i>			
BANCA IFIS	274,000.00	11,170,980.00	1.12
		11,170,980.00	1.12
<i>JERSEY</i>			
GLENCORE	5,922,830.00	26,021,989.14	2.61
		26,021,989.14	2.61
<i>LUXEMBOURG</i>			
APERAM	272,991.00	11,718,138.68	1.18
ARCELORMITTAL	479,444.00	13,000,124.06	1.30
AROUNDTOWN	6,704,033.00	43,013,075.73	4.32
B&M EUROPEAN VALUE RETAIL	6,437,891.00	30,721,766.76	3.09
		98,453,105.23	9.89
<i>NETHERLANDS</i>			
GRANDVISION	299,126.00	6,369,888.17	0.64
ING GROUP	329,356.00	5,047,380.70	0.51
		11,417,268.87	1.15
<i>NORWAY</i>			
MARINE HARVEST	468,430.00	6,629,333.90	0.66
NORSK HYDRO	918,885.00	5,833,215.38	0.59
		12,462,549.28	1.25
<i>SPAIN</i>			
HISPANIA ACTIVOS INMOBILIARIOS	448,762.00	7,045,563.40	0.71
NEINOR HOMES	1,272,838.00	23,292,935.40	2.34
SIEMENS GAMESA RENEWABLE ENERGY	1,923,611.00	21,986,873.73	2.21
		52,325,372.53	5.26
<i>SWEDEN</i>			
SKF 'B'	1,000,828.00	18,547,512.66	1.86
VOLVO 'B'	1,785,280.00	27,728,299.31	2.78
		46,275,811.97	4.64
<i>UNITED KINGDOM</i>			
BRITISH AMERICAN TOBACCO	409,760.00	23,163,641.51	2.32
JUST EAT	2,558,738.00	22,512,486.72	2.26
METRO BANK	472,783.00	19,088,705.16	1.91
ONESAVINGS BANK	1,856,432.00	8,628,889.08	0.87
RPC GROUP	1,348,794.00	13,394,131.51	1.34
		86,787,853.98	8.70
<i>UNITED STATES</i>			
ARCH COAL 'A'	110,767.00	8,593,479.51	0.86
		8,593,479.51	0.86

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, 2017 (expressed in EUR)

Description	Market value (note 2)	% of net assets
<b>TOTAL INVESTMENTS</b>	<b>807,592,739.35</b>	<b>81.01</b>
CASH AT BANKS	101,277,476.19	10.16
BANK DEPOSITS	95,890,000.00	9.62
OTHER NET LIABILITIES	-7,835,430.71	-0.79
<b>TOTAL NET ASSETS</b>	<b>996,924,784.83</b>	<b>100.00</b>

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

# Alken Fund - Absolute Return Europe

## Geographical and industrial classification of investments as at December 31, 2017

### Geographical classification

(in % of net assets)

France	29.37
Germany	13.85
Luxembourg	9.89
United Kingdom	8.70
Spain	5.26
Sweden	4.64
Jersey	2.61
Norway	1.25
Netherlands	1.15
Italy	1.12
Ireland	1.07
United States	0.86
Australia	0.74
Finland	0.50
	<b>81.01</b>

### Industrial classification

(in % of net assets)

Automobiles	15.21
Real Estate Shares	8.18
Holding and finance companies	7.38
Utilities	7.22
Electronics and electrical equipment	5.28
Mining and steelworks	4.58
Chemicals	4.44
Banks and credit institutions	4.41
Communications	3.37
Miscellaneous	2.61
Construction and building materials	2.36
Tobacco and alcohol	2.32
Food and soft drinks	2.26
Construction of machines and appliances	1.86
Environmental conservation and waste management	1.78
Transport and freight	1.36
Packaging	1.34
Publishing and graphic arts	1.09
Public utilities	0.80
Agriculture and fisheries	0.66
Retail and supermarkets	0.64
Photography and optics	0.64
Textiles and clothing	0.48
Internet, software and IT services	0.44
Pharmaceuticals and cosmetics	0.20
Biotechnology	0.10
	<b>81.01</b>

# Alken Fund - Continental Europe (note 1)

## Statement of investments and other net assets as at December 31, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>			
<b>SHARES</b>			
<i>AUSTRALIA</i>			
SOUTH32	127,036.00	290,157.83	0.81
		290,157.83	0.81
<i>FINLAND</i>			
OUTOKUMPU	74,101.00	573,541.74	1.61
		573,541.74	1.61
<i>FRANCE</i>			
AEROPORTS DE PARIS	1,429.00	226,496.50	0.63
ALD	122,064.00	1,576,456.56	4.41
ALSTOM	30,295.00	1,048,358.48	2.94
ARKEMA	9,371.00	951,625.05	2.66
CARREFOUR	7,412.00	133,712.48	0.37
CREDIT AGRICOLE	62,613.00	864,059.40	2.42
EIFFAGE	15,179.00	1,386,449.86	3.88
ELECTRICITE DE FRANCE	64,722.00	674,403.24	1.89
ELIS	37,343.00	859,449.15	2.41
ENGIE	27,677.00	396,749.80	1.11
GENFIT	2,288.00	54,728.96	0.15
ILIAD	671.00	134,032.25	0.38
LVMH MOET HENNESSY LOUIS VUITTON	719.00	176,442.60	0.49
MAISONS DU MONDE FRANCE	2,924.00	110,381.00	0.31
PEUGEOT	166,903.00	2,829,840.37	7.92
RENAULT S.A.	32,286.00	2,709,118.26	7.59
REXEL	19,960.00	301,795.20	0.85
SARTORIUS STEDIM BIOTECH	1,226.00	73,915.54	0.21
VALEO	44,622.00	2,778,611.94	7.78
VEOLIA ENVIRONNEMENT	45,547.00	969,012.43	2.71
		18,255,639.07	51.11
<i>GERMANY</i>			
DEUTSCHE LUFTHANSA	8,398.00	257,986.56	0.72
DRILLISCH	15,181.00	1,044,908.23	2.93
NORDEX -KAPITALHERABSETZUNG-	5,276.00	46,819.22	0.13
PROSIEBEN SAT.1 MEDIA	15,827.00	454,314.04	1.27
SCOUT24	4,359.00	148,423.95	0.42
WACKER CHEMIE	4,238.00	687,403.60	1.92
WIRECARD	36,532.00	3,400,033.24	9.52
		6,039,888.84	16.91
<i>IRELAND</i>			
RYANAIR HOLDINGS	9,857.00	148,347.85	0.42
		148,347.85	0.42

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



# Alken Fund - Continental Europe (note 1)

## Statement of investments and other net assets as at December 31, 2017 (expressed in EUR)

Description	Quantity	Market value (note 2)	% of net assets
<i>ITALY</i>			
UNICREDIT	20,725.00	322,895.50	0.90
		322,895.50	0.90
<i>JERSEY</i>			
GLENCORE	390,576.00	1,715,998.00	4.80
		1,715,998.00	4.80
<i>LUXEMBOURG</i>			
APERAM	10,624.00	456,035.20	1.28
ARCELORMITTAL	31,418.00	851,899.07	2.39
AROUNDTOWN	266,774.00	1,711,621.98	4.79
		3,019,556.25	8.46
<i>NETHERLANDS</i>			
GRANDVISION	11,856.00	252,473.52	0.71
ING GROUP	24,927.00	382,006.28	1.07
		634,479.80	1.78
<i>NORWAY</i>			
MARINE HARVEST	19,684.00	278,572.70	0.78
NORSK HYDRO	31,318.00	198,811.21	0.56
		477,383.91	1.34
<i>SPAIN</i>			
CAIXABANK SA	13,556.00	52,719.28	0.15
HISPANIA ACTIVOS INMOBILIARIOS	8,802.00	138,191.40	0.39
SIEMENS GAMESA RENEWABLE ENERGY	90,035.00	1,029,100.05	2.88
		1,220,010.73	3.42
<i>SWEDEN</i>			
SKF 'B'	43,780.00	811,338.32	2.27
VOLVO 'B'	72,319.00	1,123,231.58	3.15
		1,934,569.90	5.42
<i>SWITZERLAND</i>			
COMPANIE FINANCIERE RICHEMONT	4,803.00	362,427.06	1.01
GAM HOLDING	5,163.00	69,491.23	0.19
		431,918.29	1.20
<i>UNITED KINGDOM</i>			
BRITISH AMERICAN TOBACCO	5,447.00	307,917.70	0.86
		307,917.70	0.86
<i>UNITED STATES</i>			
ARCH COAL 'A'	4,276.00	331,738.86	0.93
		331,738.86	0.93

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

## Alken Fund - Continental Europe (note 1)

### Statement of investments and other net assets as at December 31, 2017 (expressed in EUR)

Description	Market value (note 2)	% of net assets
<b>TOTAL INVESTMENTS</b>	<b>35,704,044.27</b>	<b>99.97</b>
CASH AT BANKS	82,588.41	0.23
OTHER NET LIABILITIES	-73,100.21	-0.20
<b>TOTAL NET ASSETS</b>	<b>35,713,532.47</b>	<b>100.00</b>

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

# Alken Fund - Continental Europe (note 1)

## Geographical and industrial classification of investments as at December 31, 2017

### Geographical classification

(in % of net assets)

France	51.11
Germany	16.91
Luxembourg	8.46
Sweden	5.42
Jersey	4.80
Spain	3.42
Netherlands	1.78
Finland	1.61
Norway	1.34
Switzerland	1.20
United States	0.93
Italy	0.90
United Kingdom	0.86
Australia	0.81
Ireland	0.42
	<b>99.97</b>

### Industrial classification

(in % of net assets)

Automobiles	26.44
Utilities	9.94
Mining and steelworks	7.02
Holding and finance companies	6.97
Electronics and electrical equipment	6.67
Real Estate Shares	5.18
Chemicals	5.14
Miscellaneous	4.80
Banks and credit institutions	4.58
Construction and building materials	3.88
Communications	3.31
Public utilities	3.13
Environmental conservation and waste management	2.71
Construction of machines and appliances	2.27
Transport and freight	1.77
Publishing and graphic arts	1.27
Watch-making	1.01
Tobacco and alcohol	0.86
Agriculture and fisheries	0.78
Photography and optics	0.71
Retail and supermarkets	0.68
Textiles and clothing	0.49
Pharmaceuticals and cosmetics	0.21
Biotechnology	0.15
	<b>99.97</b>

## Notes to the financial statements as at December 31, 2017

### 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 in Transferable Securities (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 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 3, boulevard Royal, 3rd floor, L 2449 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, 2017, the SICAV includes four 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).
- Alken Fund - Continental Europe, denominated in Euro (EUR) (launched on September 18, 2017).

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

As at December 31, 2017, 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,

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\* On June 12, 2017, Alken Luxembourg S.A. moved from 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg to 3, boulevard Royal, 3<sup>rd</sup> floor, L-2449 Luxembourg.

## Notes to the financial statements as at December 31, 2017 (continued)

- Class US1h,
  - Class US2,
  - Class US2h,
  - Class GB1,
  - Class U,
  - Class Z and
  - Class A.
- 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.
- Alken Fund - Continental Europe:
  - Class SEU1 and
  - Class SGB1.

## 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.

Net realised gain/loss on foreign exchange is included in the statement of operations and changes in net assets.

## Notes to the financial statements as at December 31, 2017 (continued)

### c) Combined financial statements of the SICAV

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

### d) Valuation of assets

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

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 weighted 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.

## Notes to the financial statements as at December 31, 2017 (continued)

### 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. The net realised gains or losses and the changes in net unrealised appreciations or depreciations on forward exchange contracts are recorded in the statement of operations and changes in net assets.

### 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) Recognition of futures contracts and CFD

At the time of each NAV calculation, the margin call on futures and CFD is recorded directly in the realised capital gains and losses accounts relating to future contracts or CFD by the bank account counterparty.

### l) Income

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

### m) Formation expenses

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

### n) Transaction fees

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

## Notes to the financial statements as at December 31, 2017 (continued)

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*".

### 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%



## Notes to the financial statements as at December 31, 2017 (continued)

Alken Fund - Continental Europe	Class SEU1	0.75%
	Class SGB1	0.75%

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

### NOTE 5

#### PERFORMANCE FEE

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

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

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

The performance fee for the year from January 1, 2017 to December 31, 2017 amounts to:

- EUR 24,490,230.23 for the sub-fund Alken Fund - European Opportunities,
- EUR 4,671,348.77 for the sub-fund Alken Fund - Small Cap Europe,
- EUR 22,777,496.92 for the sub-fund Alken Fund - Absolute Return Europe,
- EUR 26,641.00 for the sub-fund Alken Fund - Continental 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.

## Notes to the financial statements as at December 31, 2017 (continued)

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 capitalised and amortized over a period not exceeding five years, as permitted by Luxembourg law.

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

Operating and Administrative expenses do not include management fees, performance fees, taxes, transactions fees and extraordinary expenses.

### NOTE 7

#### OTHER FEES PAYABLE

As at December 31, 2017, 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.

## Notes to the financial statements as at December 31, 2017 (continued)

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, Class EU1d and GB1: 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, 2017:

##### Alken Fund - Absolute Return Europe

	Maturity date	Currency	Commitment in EUR
Sale of 7,706.00 Euro Stoxx 50 ESTX 50 EUR	19/03/2018	EUR	-270,015,157.60

### NOTE 10

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

The SICAV had the following CFD outstanding as at December 31, 2017:

##### Alken Fund - European Opportunities

Description	Quantity	Currency	Commitment in EUR
Atacadao	5,125,788	USD	19,624,619.28

##### Alken Fund - Small Cap Europe

Description	Quantity	Currency	Commitment in EUR
Atacadao	2,993,700	USD	11,461,695.79

##### Alken Fund - Absolute Return Europe

Description	Quantity	Currency	Commitment in EUR
Assa Abloy 'B'	-276,169	SEK	-4,786,549.18
Atacadao	2,161,547	USD	8,275,710.38
Barry Callebaut	-8,971	CHF	-15,585,678.47
Essilor International	-45,387	EUR	-5,217,235.65
Hennes & Mauritz 'B'	-322,118	SEK	-5,546,895.19
Kuehne & Nagel International Nom.	-51,851	CHF	-7,643,525.40
Lindt & Spruengli 'C'	-3,883	CHF	-19,743,849.58
Morrison WM Supermarkets	-2,997,095	GBP	-7,424,592.15

## Notes to the financial statements as at December 31, 2017 (continued)

### Alken Fund - Absolute Return Europe (continued)

Description	Quantity	Currency	Commitment in EUR
Orange Belgium	-208,236	EUR	-3,644,130.00
Royal Dutch Shell 'A'	-462,556	EUR	-12,852,118.46
Statoil Asa	-829,430	NOK	-14,795,320.24
Tesla	-30,122	USD	-7,810,197.12
U-Blox AG	-69,108	CHF	-11,327,247.89
Vifor Pharma	-55,203	CHF	-5,892,133.74

## 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, 2017:

#### Alken Fund - European Opportunities

Currency	Purchase	Currency	Sale	Maturity date
USD	113,500,112.31	EUR	95,136,938.90	31/01/2018

The net unrealised loss on this contract as at December 31, 2017 was EUR 796,438.48 and is included in the statement of net assets.

#### Alken Fund - Absolute Return Europe

Currency	Purchase	Currency	Sale	Maturity date
CHF	5,028,375.25	EUR	4,282,019.29	31/01/2018
GBP	4,582,474.92	EUR	5,162,188.71	31/01/2018
USD	77,755,353.55	EUR	65,170,010.52	31/01/2018

The net unrealised loss on these contracts as at December 31, 2017 was EUR 527,881.90 and is included in the statement of net assets.

## NOTE 12

### CREDIT LINE AND GUARANTEES

On September 25, 2017, the SICAV renewed its Loan agreement (the "Loan Agreement") with Pictet & Cie (Europe) S.A. (the "Depositary"), which was entered into on September 16, 2013, in respect of the sub-fund Alken Fund - European Opportunities, for an unconfirmed credit line amount fixed to EUR 250,000,000.00.

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, 2017, the sub-fund is using this credit line for an amount of EUR 1,696,053.69.

## Notes to the financial statements as at December 31, 2017 (continued)

On October 31, 2017, 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 35,000,000.00.

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, 2017, no drawdown has been made under the Loan Agreement.

On September 1, 2017, 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 90,000,000.00.

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, 2017, the sub-fund is using this credit line for an amount of EUR 25.16.

### NOTE 13

#### 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 14

#### COLLATERAL ON OTC DERIVATIVES PRODUCTS

In the framework of their transactions on OTC derivatives products (CFD), the sub-funds Alken Fund - European Opportunities, Alken Fund - Small Cap Europe and Alken Fund - Absolute Return Europe have not received any collateral from the counterparties with which they deals.

### NOTE 15

#### SIGNIFICANT EVENTS

By Circular Resolution dated December 14, 2017, the Board of Directors of the SICAV has decided to appoint AFFM S.A., 3, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg as Management Company of the Alken Fund in replacement of Alken Luxembourg S.A. as of January 5, 2018.

As at January 1, 2018, Mr Jean DE COURRÈGES resigned from its position of Director of the SICAV.

## Total Expense Ratio ("TER")

Pursuant to the "Guidelines on the calculation and disclosure of the total expense ratio (TER)" of collective investment schemes of May 16, 2008 (version of April 20, 2015) of the Swiss Funds & Asset Management Association ("SFAMA"), the SICAV is obliged to publish a TER for the latest 12-month financial period.

The TER is defined as the ratio between the total operating expenses (operating charges primarily consist of management and investment advisory fees, depositary 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 year) expressed in its reference currency.

For the year from January 1, 2017 to December 31, 2017, the TER were the following:

Class	Currency	Annualised TER including performance fees	Annualised TER excluding performance fees
Alken Fund - European Opportunities			
Class H	EUR	2.38%	1.25%
Class R	EUR	2.82%	1.85%
Class CH1	CHF	2.50%	1.35%
Class CH2	CHF	2.77%	1.85%
Class EU1	EUR	2.40%	1.35%
Class EU1d	EUR	2.43%	1.35%
Class US1	USD	2.34%	1.35%
Class US1h	USD	2.65%	1.35%
Class US2	USD	2.83%	1.85%
Class US2h	USD	3.25%	1.85%
Class GB1	GBP	2.33%	1.35%
Class U	EUR	2.85%	1.85%
Class Z	EUR	2.82%	1.85%
Class A	EUR	3.41%	2.60%
Alken Fund - Small Cap Europe			
Class R	EUR	3.57%	2.10%
Class EU1	EUR	3.12%	1.60%
Class A	EUR	3.98%	2.60%
Alken Fund - Absolute Return Europe			
Class A	EUR	4.50%	2.60%
Class CH1	CHF	3.42%	1.46%
Class CH2	CHF	3.80%	1.85%
Class CH3	CHF	4.11%	2.62%
Class I	EUR	4.07%	1.85%
Class EU1	EUR	3.75%	1.45%
Class US1	USD	4.24%	1.45%
Class US2	USD	4.42%	1.86%
Class US3	USD	4.92%	2.60%
Class GB1	GBP	3.80%	1.45%
Class H	EUR	3.43%	1.25%
Alken Fund - Continental Europe			
Class SEU1	EUR	1.20%	1.09%
Class SGB1	GBP	1.17%	1.10%

## Performance

The performance was calculated by us at the end of each financial period according to the "Guidelines on the calculation and disclosure of the performance of collective capital investment schemes" of May 16, 2008 (version of July 1, 2013) of the Swiss Funds & Asset Management Association ("SFAMA").

The performance given is based on historical data, which is no guide to current or future performance. Commissions and fees levied for the issue or redemption of shares, as applicable, have not been taken into account in this performance calculation.

As at December 31, 2017, performances were the following:

Class	Currency	Performance for the financial year ending December 31, 2017	Performance for the financial year ending December 31, 2016	Performance for the financial year ending December 31, 2015
Alken Fund - European Opportunities				
Class H	EUR	26.58%	-3.24%	4.76%
Class R	EUR	25.98%	-3.82%	4.13%
Class CH1	CHF	37.88%	-4.70%	-5.33%
Class CH2	CHF	37.54%	-5.17%	-5.82%
Class EU1	EUR	26.49%	-3.34%	4.66%
Class EU1d	EUR	26.48%	-3.34%	-7.77%*
Class US1	USD	44.03%	-6.23%	-6.05%
Class US1h	USD	28.24%	-2.09%	3.70%
Class US2	USD	43.36%	-6.62%	-6.52%
Class US2h	USD	27.47%	-2.62%	-0.01%*
Class GB1	GBP	31.62%	11.97%	-0.60%
Class U	EUR	25.98%	-3.82%	4.12%
Class Z	EUR	26.00%	-3.82%	4.13%
Class A	EUR	25.25%	-4.55%	3.33%
Alken Fund - Small Cap Europe				
Class R	EUR	30.41%	-2.15%	30.84%
Class EU1	EUR	31.00%	-1.66%	31.36%
Class A	EUR	29.79%	-2.64%	30.23%
Alken Fund - Absolute Return Europe				
Class A	EUR	16.70%	-9.18%	6.81%
Class CH1	CHF	17.12%	-8.60%	6.95%
Class CH2	CHF	16.78%	-8.97%	6.54%
Class CH3	CHF	16.17%	-9.65%	5.82%
Class I	EUR	17.20%	-8.50%	7.56%
Class EU1	EUR	17.58%	-8.12%	7.93%
Class US1	USD	19.05%	-6.90%	7.41%
Class US2	USD	18.88%	-7.27%	7.02%
Class US3	USD	18.25%	-7.97%	6.25%
Class GB1	GBP	18.25%	-8.60%	7.74%
Class H	EUR	17.94%	-7.94%	8.20%

# Alken Fund

## Performance (continued)

Class	Currency	Performance for the financial year ending December 31, 2017	Performance for the financial year ending December 31, 2016	Performance for the financial year ending December 31, 2015
Alken Fund - Continental Europe				
Class SEU1	EUR	-1.97%*	-	-
Class SGB1	GBP	-0.80%*	-	-

*\* 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.*



## Other information to Shareholders

### 1. Remuneration Policy of the Management Company

The Management Company has adopted a Remuneration Policy, which is in accordance with the principles established by the law of May 10, 2016, amending the law of December 17, 2010 ("the UCITS Law").

In promoting sound and effective risk management and not encouraging excessive risk-taking with respect to the risk profiles, management regulations or instruments of incorporation of the Funds, the remunerations set by the Management Company are composed of fixed remuneration received in cash on a periodic basis, based on the competences of the employees of the Management Company and guaranteed irrespective of their performance and variable remuneration, linked to risk and therefore tied to performance measures on an individual basis as well as on a collective basis in accordance to predefined financial as well as non-financial criteria.

#### Remuneration for the financial year 2017

	Number of beneficiaries in the staff	Fixed remuneration paid in EUR	Variable remuneration paid in EUR	Total remuneration paid in EUR
<b>For the Management Company</b>				
Members	10	829,100	247,000	1,076,100

The figures are provided on the basis of present employees on December 31, 2017.

1. Information on fixed and variable remuneration paid excludes staff that left before December 31, 2017.
2. Information on remuneration are exclusive of social charges.
3. Fixed remuneration is the salary paid during the exercise.
4. Variable Remuneration is the one attributed in 2017 on the basis of the performance of the year 2016. It is composed of discretionary total variable pay (including immediate cash and deferred remuneration) and discretionary long-term incentives.

More information on the determination of the variable remuneration is set out in the qualitative disclosure on the remuneration policy, which is available on the website of the company.

Under the supervision of the Chairman of the Board of the Management Company a remuneration committee reviews the remuneration policy and its application. No significant issues were found and there were no significant changes in the remuneration policy in 2017.

### 2. Securities Financing Transactions Regulation ("SFTR")

As at December 31, 2017, the SICAV is currently in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse. Nevertheless, no corresponding transactions were carried out during the year referring to the financial statements.

## Other information to Shareholders (continued)

### 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 year under review is the year 2017.

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

Alken Fund is composed of four sub-funds:

- Alken Fund - European Opportunities
- Alken Fund - Small Cap Europe
- Alken Fund - Absolute Return Europe
- Alken Fund - Continental Europe

The table below summarises 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 - Continental Europe	Commitment 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.

## Other information to Shareholders (continued)

### 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.

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 summarised in the table below.

	Risk Management Policy
<b>VaR</b>	
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	15% & 17% internal warning
<b>Leverage</b>	
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 2017.

	Alken Fund - Absolute Return Europe
<b>VaR</b>	
Minimum VaR	4.69%
Maximum VaR	8.58%
Average VaR	6.82%
<b>Leverage</b>	
Minimum leverage	32.02%
Maximum leverage	72.19%
Average leverage	47.31%

*Alken Fund - Absolute Return Europe - VaR and leverage figures - 2017*

