



FALCON FUND MANAGEMENT

FALCON FUND SICAV

An investment company with variable capital under Luxembourg law

Audited Annual Report

as at 31 December 2016

Luxembourg Trade and Companies Register (R.C.S Luxembourg) no. B-84227

Subscriptions are invalid if they are not made on the basis of the latest prospectus and the statutes of the company, together with the last annual report and, if the effective date of the latter goes back more than eight months, with the latest semi-annual report. These reports and the statutes of the company can be obtained free of charge from the registered office of the company, the custodian bank and from all distribution and paying agents. Subscriptions can only be accepted, which are based on the prospectus and supplements to the prospectus and addressed to the payment agencies in Switzerland and Germany. No other information may be provided than that which is contained in the prospectus.

FALCON FUND SICAV

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FALCON FUND SICAV

Management and administration

Registered office

Until 31 December 2016
Centre Etoile
11–13, Boulevard de la Foire
L-1528 Luxembourg
Luxembourg Trade and Companies Register (R.C.S. Luxembourg)
no. B-84227

From 1 January 2017
24, avenue Victor Hugo
L-1750 Luxembourg

Board of Directors

Chairman:
Jeffrey Haindl
Until 8 September 2016
Managing Director | Head of Investment Solutions
Falcon Private Bank Ltd., Zurich

Since 8 September 2016
Daniel Malkin
Principal Managing Director
SIMRES Real Estate SARL, Luxembourg

Members:
Until 8 September 2016
Alfred Brandner
Executive Director | Head of Structured Solutions
Falcon Private Bank Ltd., Zurich

Until 8 September 2016
Harald Steinbichler
Managing Partner
Axessum GmbH, Vienna

Until 8 September 2016
Joseph Anthony Zock
Managing Director
Tocqueville Asset Management L.P.

Since 8 September 2016
Markus Leininger
Principal Owner
SIMRES Real Estate SARL, Luxembourg

Since 8 September 2016
Bastian Schwind-Wagner
Managing Director | Head of Risk Fund Administration
Falcon Fund Management (Luxembourg) S.A.

Promoter

Falcon Private Bank Ltd.
Pelikanstrasse 37
P.O. Box 1376
CH-8021 Zurich
www.falconpb.com

Appointed management company

Falcon Fund Management (Luxembourg) S.A.
24, avenue Victor Hugo
L-1750 Luxembourg

Board of Directors of the Management Company

Chairman:
Until 31 December 2016
Jeffrey Haindl
Managing Director | Head of Investment Solutions
Falcon Private Bank Ltd., Zurich

Members:
Alfred Brandner
Executive Director | Head of Structured Solutions
Falcon Private Bank Ltd., Zurich

Harald Steinbichler
Managing Partner
Axessum GmbH, Vienna

From 12 January 2017
Ivo Sauter
Executive Director | Head Trading and Front Services
Falcon Private Bank Ltd., Zurich

Management Board of the Management Company

Alfred Brandner
Executive Director | Head of Structured Solutions
Falcon Private Bank Ltd., Zurich

Bastian Schwind-Wagner
Managing Director | Head of Risk Fund Administration
Falcon Fund Management (Luxembourg) S.A.

Bärbel Schneider
Managing Director | Head of CIS Fund Administration
Falcon Fund Management (Luxembourg) S.A.

Custodian bank

RBC Investor Services Bank S.A. (until 31 December 2016)
14, Porte de France
L-4360 Esch-sur-Alzette

Since 1 January 2017
Hauck & Aufhäuser Investment Gesellschaft S.A.
1c, rue Gabriel Lippmann
L-5365 Munsbach

Central administration and net asset value calculation

RBC Investor Services Bank S.A. (until 31 December 2016)
14, Porte de France
L-4360 Esch-sur-Alzette

Since 1 January 2017
Hauck & Aufhäuser Investment Gesellschaft S.A.
1c, rue Gabriel Lippmann
L-5365 Munsbach

FALCON FUND SICAV

Management and administration (continued)

Registration and transfer agency

RBC Investor Services Bank S.A. (until 31 December 2016)
14, Porte de France
L-4360 Esch-sur-Alzette

Since 1 January 2017
Hauck & Aufhäuser Investment Gesellschaft S.A.
1c, rue Gabriel Lippmann
L-5365 Munsbach

Portfolio managers

For the subfund Falcon Emerging Markets High Yield Bond Fund
Falcon Private Bank Ltd.
Pelikanstrasse 37
CH-8021 Zurich

For the subfunds Twelve-Falcon Insurance Linked Strategy Fund
and
Twelve-Falcon Insurance Opportunities Fund
Twelve Capital AG
Dufourstrasse 101
CH-8008 Zurich

For the subfund Falcon Swiss Small & Mid Cap Equity Fund
Until 31 March 2016
Frankfurter Bankgesellschaft (Schweiz) AG
Börsenstraße 16
CH-8022 Zurich

Since 1 April 2016
Independent Financial Services AG (IFS)
Habsburgerstrasse 12
CH-6003 Luzern

For the subfunds:
Falcon Gold Equity UCITS Fund
Tocqueville-Falcon North American Value Fund
Tocqueville-Falcon Global Equity Fund*

Tocqueville Asset Management L.P.
1209 Orange Street
Wilmington, County of New Castle
Delaware 19801

The portfolio managers are authorised to appoint subfund managers for individual subfunds, who will then be indicated in the appendices to the prospectus of the corresponding subfund.

Representative for Switzerland

ACOLIN Fund Services AG
Affolternstrasse 56
CH-8050 Zurich
www.acolin.ch

Paying agents

in Luxembourg:
RBC Investor Services Bank S.A. (until 31 December 2016)
14, Porte de France
L-4360 Esch-sur-Alzette

Since 1 January 2017
Hauck & Aufhäuser Investment Gesellschaft S.A.
1c, rue Gabriel Lippmann
L-5365 Munsbach

in Switzerland:
Falcon Private Bank Ltd.
Pelikanstrasse 37
P.O. Box 1376
CH-8021 Zurich

in Germany:
Until 31 December 2016
BHF-BANK Aktiengesellschaft
Bockenheimer Landstrasse 10
60323 Frankfurt am Main

Since 1 January 2017
Hauck & Aufhäuser Investment Gesellschaft S.A.
1c, rue Gabriel Lippmann
L-5365 Munsbach

in Austria:
Erste Bank der Österreichischen Sparkasse AG
Graben 21
A-1010 Vienna

Auditors

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg

* The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

FALCON FUND SICAV

Information to the shareholders

Financial period and reporting

The financial year starts on 1 January and ends on 31 December of each year.

The annual report, which contains all subfunds and assets of the company, is available at the registered office of the company no later than 15 days prior to the annual General Meeting. Unaudited semi-annual reports are published within two months after the corresponding date.

The company has the right to publish separate annual and semi-annual reports for individual subfunds, which must however also contain the consolidated annual or semi-annual financial statements of the company. Copies of all reports are available at the registered office of the company. Separate annual and semi-annual reports for corresponding subfunds are available from the distribution agents responsible for their sale.

Documents available for inspection

Copies of the following documents can be inspected during normal business hours (except for weekends and holidays) at the registered office of the company, the management company and the distribution and paying agents:

- (a) Statutes of the company
- (b) Statutes of the management company
- (c) Sales prospectus
- (d) *Key investor information document (KIID)*, available on the website at www.falconpb.com for the individual subfunds of the company;
- (e) Annual and semi-annual reports of the company.

The above-mentioned documents can be modified by mutual agreement of the contracting parties.

Copies of the statutes can be obtained free of charge and on request from the Trade Registry, the District Court of Luxembourg and the distribution agents.

On request, a list of changes in the portfolio for the financial period from 1 January 2016 to 31 December 2016 can be obtained free of charge by shareholders from the registered office of the company and the paying and distribution agents.

Additional information for investors in the Federal Republic of Germany, Austria and Switzerland

The sales prospectus, key investor information document (KIID), the statutes, as well as the annual and the semi-annual reports, are available free of charge and on request from the registered office of the company, the German, Austrian and Swiss paying and information agents, and the official representative in Switzerland.

A list of the changes in the portfolio can be obtained free of charge by investors from the German, Austrian and Swiss paying and information agents and from the representative in Switzerland.

All information that is available to shareholders in the country in which the company is registered is also available from the German, Austrian, and Swiss paying and information agents, and from the representative in Switzerland.

If this annual report for the company and the subfunds is also available or prepared in other languages, the German version remains the authoritative version.

FALCON FUND SICAV

Report of the Board of Directors

Dear Shareholder,

Falcon Swiss Small & Mid Cap Equity Fund

As in previous years, the environment was characterised by political uncertainty, resulting in a corresponding volatility. However, 2016 was a positive year on the whole for Swiss small and mid-caps. The broad SPI Extra Index posted growth of 8.5%. Small-cap stocks recorded even more impressive performances, with the SPI Small Companies Index posting a gain of 14.7%. Cyclical stocks such as auto suppliers, capital goods manufacturers and construction companies were among the main winners. On the other hand, growth was muted for insurance stocks, pharmaceutical and biotech securities, and some real estate companies.

The Fund performed well in this environment. This resulted in a gain of 17.5% (class I), representing a clear outperformance of the benchmark index, SPI Extra. The positions contributing to this positive performance included those in ALSO Holding, Metall Zug and Cham Paper.

ALSO Holding benefited from continued solid growth in high-margin service and consultancy business. This stock was given a further boost by expectations of a significant increase in the free float upon a convertible bond reaching maturity in May 2017. At Cham Paper Holding, anticipation built up ahead of the vote on the new development plan for the real estate project in Cham in September. As expected, the plan was passed with a clear majority. The former industrial site of the Cham paper factory can now be gradually converted into an attractive residential and commercial area. The paper company's production also went back into profit following a process of restructuring and relocation.

Metall Zug reported a positive trend in its core business, whereas the restructuring process at Belimed was again a burden in the first half of the year. However, the measures implemented give hope that a successful turnaround can be achieved in the new year at the latest.

The losers in 2016 included ams, Santhera and Leonteq. The profit warning issued by ams in April was the first major disappointment of the year. The microchip production company published a market outlook that was considerably below market expectations, resulting in a sharp fall in the share price. The share price did subsequently recover, but the result was a performance of -12% over the year.

In July, Santhera announced that the FDA had rejected a request to trial the drug Raxone for marketing approval. As a result, the share price dropped in value by around 35%. The subsequent recovery should in particular be considered in the context of Raxone's potential approval in Europe.

The position in Leonteq caused a further setback. The profit warning in December also led to a drop in the share price of around 35%. The timing of the press release surprised many market participants, especially since a market outlook and the adapted strategy had been released at an investors' day only a few weeks before.

Against a backdrop of ongoing political uncertainty, the new year is likely to remain volatile and challenging. In terms of individual stocks, other events may stimulate prices, which is why we remain fundamentally optimistic.

Twelve-Falcon Insurance Linked Strategy Fund Twelve-Falcon Insurance Opportunities Fund

Review of 2016

The share classes in the Twelve-Falcon Insurance Linked Strategy Fund posted the following performances in 2016:

A-CHF +2.75%, I-CHF +3.21%, T-CHF +3.24%
A-EUR +3.09%, I-EUR +3.57%, T-EUR +3.60%
A-USD +4.47%, I-USD +4.99%, T-USD +4.99%

The share classes in the Twelve-Falcon Insurance Opportunities Fund posted the following performances in 2016:

I-CHF +6.86%,
I-EUR +7.16%,
I-USD +8.69%,

The market for catastrophe bonds saw a change in the supply/demand situation during the third quarter. Strong demand in the first half of the year ran into sluggish supply in the third quarter. Although this is traditionally the case, it gave rise to a relatively strong sellers' market. This resulted in a smaller increase in returns compared to the previous year, which in turn was reflected in a positive performance. The current outstanding bond volume reached a record level of USD 26.06 billion. This year, issues were again made mostly in the higher coupon segment ("more junior"). Overall, however, risk-adjusted returns have decreased slightly.

Outlook for 2017

We expect an active first half of the year for new cat bond issues. It is worth noting that the new issues made in 2016 had higher risks and coupons. We do not believe that this will necessarily continue to the same extent, especially since the largest bond, Everglades 2014, will expire in April. This bond's rather high seniority alone could bring this trend to a halt. In general, however, we hope that the approx. USD 6.6 billion of bonds due to expire in 2017 will return to the market. Given the potentially rising interest rates, this may not be so simple.

FALCON FUND SICAV

Report of the Board of Directors (continued)

Falcon Gold Equity UCITS Fund

The Fund's net asset value per unit (class A) rose by 42.74% in 2016.

The price of gold closed in 2016 at USD 1,151.70 per troy ounce. This resulted in a price drop of 1.6% in December. After the US Federal Reserve (Fed) announced a rate hike in mid-December, gold prices plummeted. Goldmine stocks also suffered significant losses. However, they recovered towards the end of December as investors expected gold prices to rise in 2017. Investors primarily accumulated the shares of medium-sized mining companies. Several of these stocks recorded above-average performance after having undergone significant price corrections in the fourth quarter.

Donald Trump's election victory surprised the markets, which had been expecting gold to perform much better under the new administration. Investors are currently anticipating stronger economic growth as a result of less regulation, new trading policies, tax cuts and increased government expenditure. These expectations are fairly unlikely to be fulfilled. However, given the positive labour market situation and fixed oil prices, the markets have higher inflation expectations. We believe that the fundamental supply and demand situation will continue to support gold prices. At present, precious metal prices are still too low for mining companies to attract major investment; the supply of physical gold is therefore fairly unlikely to record a substantial increase. There is growing interest in gold as a commodity for exchange and for value retention, exemplified by international oil transactions and a new Sharia Gold Standard, which aims to make owning gold easier in Muslim countries. This opens up the gold market to around a quarter of the world's population.

The markets will adapt to political realities and increasing inflationary pressure. We therefore anticipate a continued positive trend in gold. Gold is one of the most notable alternatives to large financial asset classes. Adequate positioning in gold and goldmine stocks has generally paid off in the past. We expect this to be the case once more in 2017.

Tocqueville-Falcon North American Value Fund

The Fund's net asset value per unit (class A) rose by 6.06% in 2016.

At the start of the first quarter of 2016, investors were focused on various interdependent trends, including the Fed's rate hike, the strengthening of the US dollar, the weakness of the commodities sector and risks in emerging markets. In response to measures taken by some central banks, mid-February saw an abrupt reversal in trends. In contrast, the Fed offered no guidance, instead seeming to slowly move away from its original intention of raising interest rates. Finally, US markets began to rally and closed the quarter with a slight gain.

The rally most likely resulted from the recovery in the commodities sector and support from some central banks. The growth of corporate profits appears to have played a secondary role.

US stock markets rose slightly in the second quarter. They were able to overcome the negative effects of the surprising Brexit vote and weaker-than-expected US labour market data. The energy sector continued its strong recovery, while defensive sectors such as healthcare, utilities and daily consumer goods led the upturn in domestic markets. Gold prices also increased as a result of record low interest rates on US government bonds.

At the start of the third quarter, US stock markets continued to recover from the price slumps that followed the surprising outcome of the Brexit referendum. In the months that followed, however, stock exchanges moved sideways. The slightly dampened mood was caused by the impending US presidential election and growing signs of US rate hikes. Investors were concerned about an increasingly restrictive lending policy and structural deflation in most developed economies.

Following the US election in November, US stock markets and the US dollar began to rally. There were signs of stronger growth in China, Europe and Japan. There were still concerns around deflation in developed countries, but they were superseded by expectations of a reflation of the global economy, as well as the sharp rise in interest rates and commodity prices.

As a result of its underweighting in financials, the Fund underperformed the Russell 1000 Index in the fourth quarter. The industry, finance and energy sectors performed best in absolute terms. Materials, consumer goods and information technology were among the weakest market segments.

Investors seem to be confident that the new Trump administration will keep its promises of less regulation, lower taxes for companies and consumers and new infrastructure spending, and will focus on American workers and the trade deficit. We are cautious because we recognise that many of the demands on the new President will be difficult to fulfil. In general, US equities are trading close to record levels. The fund management is therefore tending to focus on companies with stocks that are out of favour with investors and that are trading with a significant discount on their intrinsic value.

Falcon Emerging Markets High Yield Bond Fund

The Fund primarily invests its money around the world in high yield emerging market bonds denominated in US dollars. It aims to achieve high risk-adjusted yields both in terms of income and capital growth.

The Fund's net asset value per share rose by 6.92% (class A and class T) over the past 12 months.

In general, 2016 was a very turbulent year for investments in emerging markets. Stabilising commodity prices led to an improvement in companies' fundamentals. Unfortunately, however, the political landscape partially neutralised this positive trend once again. The US presidential election in November had a particularly negative impact on sentiment in emerging markets. One small mercy came when the sharp price drops in emerging market bonds were somewhat neutralised in December. The J.P. Morgan Corporate EMBI Index rose by over 1% in December.

There was relatively little corporate news in December. New issues also stagnated (but we expect new investment opportunities to be available in the first quarter of 2017).

FALCON FUND SICAV

Report of the Board of Directors (continued)

Foreign capital flows are a major factor influencing emerging markets. We would therefore not be surprised by potential further sharp price adjustments. This is likely to depend primarily on how quickly interest rates are changed by the Fed. Nevertheless, there are corporate bonds to be found with attractive interest rate differentials against US government bonds. We remain committed to our strategy with high-yield, short-term bonds, which should protect us in the current volatile environment.

The Board of Directors

Luxembourg, 23 February 2017

The information in this report refers to historical data and has no significance for the future development of the company.



Audit opinion

To the shareholders of
FALCON FUND SICAV

In view of the task assigned to us in the ordinary General Meeting of Shareholders, we have audited the attached financial statements of FALCON FUND SICAV and its corresponding subfunds, which consist of a statement of net assets, the security portfolio as at 31 December 2016, the statement of operations and changes in net assets for the financial year ending on that date, and a summary of important accounting methods and other explanatory information.

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

The Board of Directors of the SICAV is responsible for the compilation and correct overall presentation of the financial statements in accordance with the laws and statutory regulations in effect in Luxembourg for the preparation of financial statements and for internal controls that it considers necessary to ensure the preparation of financial statements that are free of substantial misstatements, irrespective of whether these result from errors or violations.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express an opinion on these financial statements based on our audit. We performed our audit of the financial statements in accordance with the International Standards on Auditing which have been adopted by the Luxembourg “Commission de Surveillance du Secteur Financier”. These standards require that we comply with the professional code of conduct, and that audits are planned and carried out in such a way as to detect with sufficient certainty that the financial statements are free of substantial misstatements.

An audit of the annual accounts consists of carrying out auditing measures which will provide audit evidence for the valuations and information contained in the financial statements. The selection of the auditing measures is the responsibility of the “Réviseur d’entreprises agréé”, as is an evaluation of the risk that the financial statements contain substantially incorrect information that is due to errors or violations. As part of this risk evaluation, the “Réviseur d’entreprises agréé” takes into account the internal controlling system that had been created for the preparation and proper presentation of the financial statements, so that they could define appropriate auditing measures under these circumstances; this evaluation is not intended as an assessment of the effectiveness of the internal controlling system. An audit of the annual accounts also includes an assessment of the appropriateness of the accounting principles and methods used, the tenability of the estimated values presented by the Board of Directors of the SICAV in the accounts, and an assessment of the overall presentation of the financial statements.

We are of the opinion that the obtained audit evidence is sufficient and suitable to serve as a basis for our audit opinion.

Audit opinion

On the basis of our assessment, the financial statements are in conformity with the laws and statutory regulations in effect in Luxembourg regarding the preparation of financial statements, and present a picture that reflects the actual circumstances of the assets and financial condition of FALCON FUND SICAV and its corresponding subfunds as at 31 December 2016, including the earnings position and changes in net assets for the financial year ending on that date.



Other information

The Board of Directors of the SICAV is responsible for other information. Other information includes the information contained in the annual report, but does not include the annual financial statements or our audit opinion on these annual financial statements.

Our audit opinion on the annual financial statements does not cover other information and we give no guarantees of any kind with regard to this information.

In connection with the audit of the annual financial statements, it is our responsibility to read other information and to assess whether there is a significant discrepancy between this and the annual financial statements or the results of our audit findings, or whether other information is otherwise presented falsely. If we conclude on the basis of the work we carry out that other information contains materially false statements, we are obliged to report this. We have nothing to report in this regard.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 April 2017

Patrick Ries

FALCON FUND SICAV

Statement of net assets as at 31 December 2016

		Falcon Swiss Small & Mid Cap Equity Fund	Twelve-Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund
	Notes	CHF	USD	USD
ASSETS				
Securities portfolio at market value	(2)	15,623,592.50	340,213,869.80	402,775,536.97
Bank balance		2,077,657.36	4,866,943.73	12,016,810.94
Receivables from interest and dividends		-	2,650,651.49	22,926.30
Foundation costs	(3.5)	-	-	1,320.12
Unrealised profit from forward exchange transactions	(6)	-	1,879,490.64	3,806.27
Other assets		933.52	-	-
TOTAL ASSETS		17,702,183.38	349,610,955.66	414,820,400.60
LIABILITIES				
Liabilities from securities purchases		-	18,877,438.30	-
Portfolio manager fees	(3.2)	11,532.69	339,175.21	185,504.77
Provisions for expenses*		14,057.66	120,386.49	86,919.99
TOTAL LIABILITIES		25,590.35	19,337,000.00	272,424.76
TOTAL NET ASSETS		17,676,593.03	330,273,955.66	414,547,975.84
Net asset value per share				
A-CHF share class		-	114.52	-
A-EUR share class		-	121.33	-
A-USD share class		-	124.40	49.36
B-EUR share class		-	-	49.66
I-CHF share class		272.39	118.16	-
I-EUR share class		-	130.08	-
I-USD share class		-	128.25	52.35
T-CHF share class		261.45	107.44	-
T-USD share class		-	112.93	52.24
H-EUR share class		-	-	45.02
T-EUR share class		-	110.96	-
T-SEK share class		-	317.96	-
W-USD share class		-	-	53.31
Number of outstanding shares				
A-CHF share class		-	145,254.87	-
A-EUR share class		-	299,537.88	-
A-USD share class		-	40,334.51	4,733.70
B-EUR share class		-	-	599,058.03
I-CHF share class		42,388.70	290,062.20	-
I-EUR share class		-	517,532.51	-
I-USD share class		-	439,146.56	585,150.67
T-CHF share class		23,448.34	29,880.00	-
T-USD share class		-	65,943.05	81,223.14
H-EUR share class		-	-	12,222.82
T-EUR share class		-	843,948.50	-
T-SEK share class		-	3,903.50	-
W-USD share class		-	-	6,518,330.00

* Provisions for expenses primarily include custodian remuneration, domiciliation fees, accounting fees, transfer and auditing costs.

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Statement of net assets (continued) as at 31 December 2016

	Notes	Twelve-Falcon Insurance Opportunities Fund USD	Tocqueville-Falcon North American Value Fund USD	Falcon Emerging Markets High Yield Bond Fund USD
ASSETS				
Securities portfolio at market value	(2)	106,384,026.85	53,754,284.00	41,147,454.50
Bank balance		7,639,384.49	5,873,808.53	1,309,296.98
Receivables from interest and dividends		1,068,124.01	54,486.83	703,203.57
Foundation costs	(3.5)	-	-	2,301.17
Unrealised profit from forward exchange transactions	(6)	637,896.54	-	-
Other assets		-	-	-
TOTAL ASSETS		115,729,431.89	59,682,579.36	43,162,256.22
LIABILITIES				
Liabilities from securities purchases		6,702,438.30	-	-
Portfolio manager fees	(3.2)	99,057.02	42,832.92	39,566.45
Provisions for expenses*		29,555.52	13,544.57	12,361.99
TOTAL LIABILITIES		6,831,050.84	56,377.49	51,928.44
TOTAL NET ASSETS		108,898,381.05	59,626,201.87	43,110,327.78
Net asset value per share				
A-CHF share class		-	-	-
A-EUR share class		-	-	-
A-USD share class		-	103.38	968.98
B-EUR share class		-	-	-
I-CHF share class		120.38	-	-
I-EUR share class		124.03	-	-
I-USD share class		126.40	-	-
T-CHF share class		-	-	-
T-USD share class		-	119.76	1,112.59
H-EUR share class		-	-	-
T-EUR share class		-	-	-
T-SEK share class		-	-	-
W-USD share class		-	-	-
Number of outstanding shares				
A-CHF share class		-	-	-
A-EUR share class		-	-	-
A-USD share class		-	270.00	29,953.83
B-EUR share class		-	-	-
I-CHF share class		131,238.38	-	-
I-EUR share class		504,580.07	-	-
I-USD share class		216,317.15	-	-
T-CHF share class		-	-	-
T-USD share class		-	497,657.05	12,660.37
H-EUR share class		-	-	-
T-EUR share class		-	-	-
T-SEK share class		-	-	-
W-USD share class		-	-	-

* Provisions for expenses primarily include custodian remuneration, domiciliation fees, accounting fees, transfer and auditing costs.

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Statement of net assets (continued) as at 31 December 2016

Consolidated

	Notes	EUR
ASSETS		
Securities portfolio at market value	(2)	909,834,018.05
Bank balance		31,998,558.06
Receivables from interest and dividends		4,265,837.59
Foundation costs	(3.5)	3,433.32
Unrealised profit from forward exchange transactions	(6)	2,390,323.25
Other assets		870.83
TOTAL ASSETS		948,493,041.10
LIABILITIES		
Liabilities from securities purchases		24,252,075.47
Portfolio manager fees	(3.2)	680,240.38
Provisions for expenses*		262,242.31
TOTAL LIABILITIES		25,194,558.16
TOTAL NET ASSETS		923,298,482.94

* Provisions for expenses primarily include custodian remuneration, domiciliation fees, accounting fees, transfer and auditing costs.

FALCON FUND SICAV

Statement of operations and changes in net assets for the financial year ending on 31 December 2016

		Falcon Swiss Small & Mid Cap Equity Fund	Twelve-Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund
	Notes	CHF	USD	USD
NET ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR		16,541,697.05	289,227,293.14	284,231,772.43
INCOME				
Dividends from security holdings		140,740.05	-	2,027,673.84
Interest received on bonds	(2)	-	25,409.84	-
Interest received on bank deposits	(2)	-	1,029.80	408.13
Other income		-	10,312.85	-
TOTAL INCOME		140,740.05	36,752.49	2,028,081.97
EXPENDITURE				
Investment manager and management company fees	(3.1, 3.2)	100,850.95	3,819,799.19	2,660,751.06
Custodian bank fees	(3.3)	4,476.39	150,389.46	192,430.40
Domiciliation fee, accounting fee and transfer costs	(3.4)	35,418.93	148,721.39	167,266.58
Auditing costs, printing and publication costs		11,242.47	84,039.15	66,071.25
Liquidation costs	(3.6)	-	-	-
Subscription tax (taxe d'abonnement)	(4)	3,217.05	156,752.21	64,861.82
Bank charges		8,569.64	28,026.08	42,738.28
Interest paid on bank deposits		4,661.58	4,688.66	18,165.44
Amortisation of foundation costs	(3.5)	-	36.61	1,832.19
Other expenses*	(3.7)	11,659.02	775,500.39	34,346.55
TOTAL EXPENDITURE		180,096.03	5,167,953.14	3,248,463.57
NET INCOME / NET EXPENDITURE ON INVESTMENTS		(39,355.98)	(5,131,200.65)	(1,220,381.60)
Realised profits/losses on sales of securities	(2)	4,958,993.92	(2,850,026.26)	(38,073,262.76)
Realised profits/losses on forward exchange transactions		-	(17,585,654.60)	(369.16)
Realised profits/losses on insurance premiums		-	17,071,878.77	-
Realised profits/losses on exchange transactions		843.44	(465,962.20)	314,822.31
REALISED NET PROFIT/NET LOSS		4,920,481.38	(8,960,964.94)	(38,979,191.21)
Change in unrealised profit / loss on:				
- Securities		(3,556,907.06)	6,306,330.09	190,458,492.08
- Forward exchange transactions	(2)	-	2,746,307.49	(34,537.60)
NET INCREASE / NET DECREASE OF NET ASSETS		1,363,574.32	91,672.64	151,444,763.27
DEVELOPMENT OF NET ASSETS				
Inflow of funds		11,734,188.70	157,284,766.05	62,280,719.72
Returns of funds		(11,962,867.04)	(116,329,776.17)	(83,409,279.58)
Dividend paid	(7)	-	-	-
Exchange rate differences		-	-	-
NET ASSETS AT THE END OF THE FINANCIAL YEAR		17,676,593.03	330,273,955.66	414,547,975.84

* Other expenses primarily include BaFin, CSSF and Fundsquare fees and other service charges. Negative interest rates on bonds are also included in the subfund Twelve Falcon Insurance Linked Strategy Fund.

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Statement of operations and changes in net assets (continued) for the financial year ending on 31 December 2016

	Notes	Twelve-Falcon Insurance Opportunities Fund USD	Tocqueville-Falcon North American Value Fund USD	Falcon Emerging Markets High Yield Bond Fund USD
NET ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR		69,413,029.10	60,136,806.13	10,890,945.63
INCOME				
Dividends from security holdings		-	973,770.56	-
Interest received on bonds	(2)	217,102.90	-	2,419,915.22
Interest received on bank deposits	(2)	0.01	-	232.63
Other income		-	-	-
TOTAL INCOME		217,102.91	973,770.56	2,420,147.85
EXPENDITURE				
Investment manager and management company fees	(3.1, 3.2)	935,775.18	524,671.76	387,207.42
Custodian bank fees	(3.3)	40,140.83	23,999.69	12,292.71
Domiciliation fee, accounting fee and transfer costs	(3.4)	55,943.20	47,111.55	38,176.33
Auditing costs, printing and publication costs		36,048.97	10,165.40	5,310.73
Liquidation costs	(3.6)	-	-	-
Subscription tax (taxe d'abonnement)	(4)	8,895.77	5,972.48	3,788.05
Bank charges		11,816.22	12,508.25	10,874.00
Interest paid on bank deposits		1,723.11	46.66	87.14
Amortisation of foundation costs	(3.5)	-	-	3,207.70
Other expenses*	(3.7)	33,135.62	12,856.68	14,573.24
TOTAL EXPENDITURE		1,123,478.90	637,332.47	475,517.32
NET INCOME / NET EXPENDITURE ON INVESTMENTS		(906,375.99)	336,438.09	1,944,630.53
Realised profits/losses on sales of securities	(2)	(179,879.80)	(359,286.15)	(19,926.94)
Realised profits/losses on forward exchange transactions		(5,115,941.11)	-	-
Realised profits/losses on insurance premiums		6,652,661.41	-	-
Realised profits/losses on exchange transactions		(310,187.07)	(339.68)	(577.28)
REALISED NET PROFIT/NET LOSS		140,277.44	(23,187.74)	1,924,126.31
Change in unrealised profit / loss on:				
- Securities		1,831,512.77	3,513,055.90	339,347.68
- Forward exchange transactions	(2)	922,592.89	-	-
NET INCREASE / NET DECREASE OF NET ASSETS		2,894,383.10	3,489,868.16	2,263,473.99
DEVELOPMENT OF NET ASSETS				
Inflow of funds		60,508,325.72	21,000,000.00	39,154,512.27
Returns of funds		(23,917,356.87)	(25,000,472.42)	(8,586,266.46)
Dividend paid	(7)	-	-	(612,337.65)
Exchange rate differences		-	-	-
NET ASSETS AT THE END OF THE FINANCIAL YEAR		108,898,381.05	59,626,201.87	43,110,327.78

* Other expenses primarily include BaFin, CSSF and Fundsquare fees and other service charges.

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Statement of operations and changes in net assets (continued) for the financial year ending on 31 December 2016

		Tocqueville-Falcon Global Equity Fund**	Consolidated
	Notes	USD	EUR
NET ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR		6,769,243.55	678,628,616.76
INCOME			
Dividends from security holdings		13,671.52	2,989,895.15
Interest received on bonds	(2)	4,508.54	2,528,501.07
Interest received on bank deposits	(2)	-	1,583.85
Other income		-	9,777.53
TOTAL INCOME		18,180.06	5,529,757.60
EXPENDITURE			
Investment manager and management company fees	(3.1, 3.2)	17,158.44	8,006,249.47
Custodian bank fees	(3.3)	60.93	401,724.01
Domiciliation fee, accounting fee and transfer costs	(3.4)	11,592.58	477,516.74
Auditing costs, printing and publication costs		1,229.82	202,822.41
Liquidation costs	(3.6)	33,439.50	31,703.72
Subscription tax (taxe d'abonnement)	(4)	302.89	231,086.53
Bank charges		5,911.11	114,060.89
Interest paid on bank deposits		2.68	27,779.36
Amortisation of foundation costs	(3.5)	493.50	5,280.87
Other expenses*	(3.7)	3,054.69	839,003.21
TOTAL EXPENDITURE		73,246.14	10,337,227.21
NET INCOME / NET EXPENDITURE ON INVESTMENTS		(55,066.08)	(4,807,469.61)
Realised profits/losses on sales of securities	(2)	(260,559.95)	(34,950,199.03)
Realised profits/losses on forward exchange transactions		-	(21,523,550.48)
Realised profits/losses on insurance premiums		-	22,493,045.92
Realised profits/losses on exchange transactions		(904.74)	(438,320.73)
REALISED NET PROFIT/NET LOSS		(316,530.77)	(39,226,493.93)
Change in unrealised profit / loss on:			
- Securities		(81,569.04)	188,544,661.55
- Forward exchange transactions	(2)	-	3,445,710.15
NET INCREASE / NET DECREASE OF NET ASSETS		(398,099.81)	152,763,877.77
DEVELOPMENT OF NET ASSETS			
Inflow of funds		-	333,513,862.59
Returns of funds		(6,371,143.74)	(261,090,038.09)
Dividend paid	(7)	-	(580,552.41)
Exchange rate differences		-	20,062,716.32
NET ASSETS AT THE END OF THE FINANCIAL YEAR		0.00	923,298,482.94

* Other expenses primarily include BaFin, CSSF and Fundsquare fees and other service charges.

** The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Changes in the number of shares in circulation for the financial year ending on 31 December 2016

	Falcon Swiss Small & Mid Cap Equity Fund	Twelve-Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund
A-CHF share class			
Number of outstanding shares at the start of the financial year	-	147,531.03	-
Number of issued shares	-	25,073.93	-
Number of redeemed shares	-	(27,350.09)	-
Number of outstanding shares at the end of the financial year	-	145,254.87	-
A-EUR share class			
Number of outstanding shares at the start of the financial year	-	276,433.62	-
Number of issued shares	-	181,362.37	-
Number of redeemed shares	-	(158,258.11)	-
Number of outstanding shares at the end of the financial year	-	299,537.88	-
A-USD share class			
Number of outstanding shares at the start of the financial year	-	46,480.40	4,768.00
Number of issued shares	-	10,645.59	2,301.84
Number of redeemed shares	-	(16,791.48)	(2,336.14)
Number of outstanding shares at the end of the financial year	-	40,334.51	4,733.70
B-EUR share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	599,058.03
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	599,058.03
I-CHF share class			
Number of outstanding shares at the start of the financial year	51,819.05	288,325.11	-
Number of issued shares	36,516.65	67,955.20	-
Number of redeemed shares	(45,947.00)	(66,218.11)	-
Number of outstanding shares at the end of the financial year	42,388.70	290,062.20	-
I-EUR share class			
Number of outstanding shares at the start of the financial year	-	482,900.20	-
Number of issued shares	-	246,844.93	-
Number of redeemed shares	-	(212,212.62)	-
Number of outstanding shares at the end of the financial year	-	517,532.51	-
I-USD share class			
Number of outstanding shares at the start of the financial year	-	396,212.35	616,637.67
Number of issued shares	-	269,712.37	840,657.00
Number of redeemed shares	-	(226,778.16)	(872,144.00)
Number of outstanding shares at the end of the financial year	-	439,146.56	585,150.67
T-CHF share class			
Number of outstanding shares at the start of the financial year	20,276.35	29,880.00	-
Number of issued shares	8,802.51	-	-
Number of redeemed shares	(5,630.52)	-	-
Number of outstanding shares at the end of the financial year	23,448.34	29,880.00	-

FALCON FUND SICAV

Changes in the number of shares in circulation (continued) for the financial year ending on 31 December 2016

	Falcon Swiss Small & Mid Cap Equity Fund	Twelve-Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund
T-USD share class			
Number of outstanding shares at the start of the financial year	-	54,272.05	74,753.84
Number of issued shares	-	20,000.00	6,469.30
Number of redeemed shares	-	(8,329.00)	-
Number of outstanding shares at the end of the financial year	-	65,943.05	81,223.14
H-EUR share class			
Number of outstanding shares at the start of the financial year	-	-	49,581.76
Number of issued shares	-	-	14,433.01
Number of redeemed shares	-	-	(51,791.95)
Number of outstanding shares at the end of the financial year	-	-	12,222.82
T-EUR Share class			
Number of outstanding shares at the start of the financial year	-	630,184.76	-
Number of issued shares	-	279,858.74	-
Number of redeemed shares	-	(66,095.00)	-
Number of outstanding shares at the end of the financial year	-	843,948.50	-
T-SEK share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	1,340,855.51	-
Number of redeemed shares	-	(1,336,952.01)	-
Number of outstanding shares at the end of the financial year	-	3,903.50	-
W-USD share class			
Number of outstanding shares at the start of the financial year	-	-	6,983,830.00
Number of issued shares	-	-	-
Number of redeemed shares	-	-	(465,500.00)
Number of outstanding shares at the end of the financial year	-	-	6,518,330.00

FALCON FUND SICAV

Changes in the number of shares in circulation (continued) for the financial year ending on 31 December 2016

	Twelve-Falcon Insurance Opportunities Fund	Tocqueville-Falcon North American Value Fund	Falcon Emerging Markets High Yield Bond Fund
A-CHF share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
A-EUR share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
A-USD share class			
Number of outstanding shares at the start of the financial year	-	270.00	4,065.57
Number of issued shares	-	-	33,795.93
Number of redeemed shares	-	-	(7,907.67)
Number of outstanding shares at the end of the financial year	-	270.00	29,953.83
B-EUR share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
I-CHF share class			
Number of outstanding shares at the start of the financial year	124,537.52	-	-
Number of issued shares	67,764.43	-	-
Number of redeemed shares	(61,063.57)	-	-
Number of outstanding shares at the end of the financial year	131,238.38	-	-
I-EUR share class			
Number of outstanding shares at the start of the financial year	327,849.96	-	-
Number of issued shares	271,330.82	-	-
Number of redeemed shares	(94,600.71)	-	-
Number of outstanding shares at the end of the financial year	504,580.07	-	-
I-USD share class			
Number of outstanding shares at the start of the financial year	116,875.97	-	-
Number of issued shares	134,338.04	-	-
Number of redeemed shares	(34,896.86)	-	-
Number of outstanding shares at the end of the financial year	216,317.15	-	-
T-CHF share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-

FALCON FUND SICAV

Changes in the number of shares in circulation (continued) for the financial year ending on 31 December 2016

	Twelve-Falcon Insurance Opportunities Fund	Tocqueville-Falcon North American Value Fund	Falcon Emerging Markets High Yield Bond Fund
T-USD share class			
Number of outstanding shares at the start of the financial year	-	536,312.55	6,779.53
Number of issued shares	-	180,021.59	6,760.00
Number of redeemed shares	-	(218,677.09)	(879.16)
Number of outstanding shares at the end of the financial year	-	497,657.05	12,660.37
H-EUR share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
T-EUR Share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
T-SEK share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-
W-USD share class			
Number of outstanding shares at the start of the financial year	-	-	-
Number of issued shares	-	-	-
Number of redeemed shares	-	-	-
Number of outstanding shares at the end of the financial year	-	-	-

FALCON FUND SICAV

Changes in the number of shares in circulation (continued) for the financial year ending on 31 December 2016

		Tocqueville-Falcon Global Equity Fund*
A-CHF share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
A-EUR share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
A-USD share class		
Number of outstanding shares at the start of the financial year	63,399.73	
Number of issued shares	-	
Number of redeemed shares	(63,399.73)	
Number of outstanding shares at the end of the financial year	-	
B-EUR share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
I-CHF share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
I-EUR share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
I-USD share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	
T-CHF share class		
Number of outstanding shares at the start of the financial year	-	
Number of issued shares	-	
Number of redeemed shares	-	
Number of outstanding shares at the end of the financial year	-	

* The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

FALCON FUND SICAV

Changes in the number of shares in circulation (continued) for the financial year ending on 31 December 2016

	Tocqueville-Falcon Global Equity Fund*
T-USD share class	
Number of outstanding shares at the start of the financial year	-
Number of issued shares	-
Number of redeemed shares	-
Number of outstanding shares at the end of the financial year	-
H-EUR share class	
Number of outstanding shares at the start of the financial year	-
Number of issued shares	-
Number of redeemed shares	-
Number of outstanding shares at the end of the financial year	-
T-EUR Share class	
Number of outstanding shares at the start of the financial year	-
Number of issued shares	-
Number of redeemed shares	-
Number of outstanding shares at the end of the financial year	-
T-SEK share class	
Number of outstanding shares at the start of the financial year	-
Number of issued shares	-
Number of redeemed shares	-
Number of outstanding shares at the end of the financial year	-
W-USD share class	
Number of outstanding shares at the start of the financial year	-
Number of issued shares	-
Number of redeemed shares	-
Number of outstanding shares at the end of the financial year	-

* The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

FALCON FUND SICAV

Statistics

	Falcon Swiss Small & Mid Cap Equity Fund	Twelve-Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund
	CHF	USD	USD
TOTAL NET ASSETS			
31 December 2016	17,676,593.03	330,273,955.66	414,547,975.84
31 December 2015	16,541,697.05	289,227,293.14	284,231,772.43
31 December 2014	16,654,640.19	216,046,362.08	416,834,144.31
Net asset value per share at the end of the financial year			
31 December 2016			
A-CHF share class	-	114.52	-
A-EUR share class	-	121.33	-
A-USD share class	-	124.40	49.36
B-EUR share class	-	-	49.66
I-CHF share class	272.39	118.16	-
I-EUR share class	-	130.08	-
I-USD share class	-	128.25	52.35
T-CHF share class	261.45	107.44	-
T-USD share class	-	112.93	52.24
H-EUR share class	-	-	45.02
T-EUR share class	-	110.96	-
T-SEK share class	-	317.96	-
W-USD share class	-	-	53.31
31 December 2015			
A-CHF share class	-	111.46	-
A-EUR share class	-	117.69	-
A-USD share class	-	119.08	34.58
I-CHF share class	231.85	114.48	-
I-EUR share class	-	125.60	-
I-USD share class	-	122.15	36.39
T-CHF share class	223.30	104.07	-
T-USD share class	-	107.56	36.33
H-EUR share class	-	-	32.80
T-EUR share class	-	107.10	-
W-USD share class	-	-	36.82
31 December 2014			
A-CHF share class	-	111.05	-
A-EUR share class	-	114.47	-
A-USD share class	-	115.65	46.91
I-CHF share class	216.42	113.56	-
I-EUR share class	-	121.52	-
I-USD share class	-	118.04	48.98
T-CHF share class	209.15	103.01	-
T-USD share class	-	103.94	48.91
H-EUR share class	-	-	45.77
T-EUR share class	-	103.77	-
W-USD share class	-	-	49.25

FALCON FUND SICAV

Statistics (continued)

	Twelve-Falcon Insurance Opportunities Fund USD	Tocqueville-Falcon North American Value Fund USD	Falcon Emerging Markets High Yield Bond Fund USD
TOTAL NET ASSETS			
31 December 2016	108,898,381.05	59,626,201.87	43,110,327.78
31 December 2015	69,413,029.10	60,136,806.13	10,890,945.63
31 December 2014	47,307,784.61	50,691,863.37	20,524,553.56
Net asset value per share at the end of the financial year			
31 December 2016			
A-CHF share class	-	-	-
A-EUR share class	-	-	-
A-USD share class	-	103.38	968.98
B-EUR share class	-	-	-
I-CHF share class	120.38	-	-
I-EUR share class	124.03	-	-
I-USD share class	126.40	-	-
T-CHF share class	-	-	-
T-USD share class	-	119.76	1,112.59
H-EUR share class	-	-	-
T-EUR share class	-	-	-
T-SEK share class	-	-	-
W-USD share class	-	-	-
31 December 2015			
A-CHF share class	-	-	-
A-EUR share class	-	-	-
A-USD share class	-	97.47	943.68
I-CHF share class	112.65	-	-
I-EUR share class	115.74	-	-
I-USD share class	116.29	-	-
T-CHF share class	-	-	-
T-USD share class	-	112.08	1,040.54
H-EUR share class	-	-	-
T-EUR share class	-	-	-
W-USD share class	-	-	-
31 December 2014			
A-CHF share class	-	-	-
A-EUR share class	-	-	-
A-USD share class	-	101.47	933.37
I-CHF share class	108.23	-	-
I-EUR share class	108.71	-	-
I-USD share class	108.97	-	-
T-CHF share class	-	-	-
T-USD share class	-	115.83	1,008.04
H-EUR share class	-	-	-
T-EUR share class	-	-	-
W-USD share class	-	-	-

FALCON FUND SICAV

Statistics (continued)

Tocqueville-Falcon
Global Equity Fund*
USD

TOTAL NET ASSETS

31 December 2016	-
31 December 2015	6,769,243.55
31 December 2014	3,076,132.73

Net asset value per share at the end of the financial year

31 December 2016

A-CHF share class	-
A-EUR share class	-
A-USD share class	-
B-EUR share class	-
I-CHF share class	-
I-EUR share class	-
I-USD share class	-
T-CHF share class	-
T-USD share class	-
H-EUR share class	-
T-EUR share class	-
T-SEK share class	-
W-USD share class	-

31 December 2015

A-CHF share class	-
A-EUR share class	-
A-USD share class	106.77
I-CHF share class	-
I-EUR share class	-
I-USD share class	-
T-CHF share class	-
T-USD share class	-
H-EUR share class	-
T-EUR share class	-
W-USD share class	-

31 December 2014

A-CHF share class	-
A-EUR share class	-
A-USD share class	107.19
I-CHF share class	-
I-EUR share class	-
I-USD share class	-
T-CHF share class	-
T-USD share class	-
H-EUR share class	-
T-EUR share class	-
W-USD share class	-

* The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

FALCON FUND SICAV

Falcon Swiss Small & Mid Cap Equity Fund

Portfolio

as at 31 December 2016

(expressed in CHF)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Shares					
Italy					
NEWRON PHARMACEUTICALS S.P.A.	19,350	CHF	393,890.95	389,902.50	2.21
			393,890.95	389,902.50	2.21
Liechtenstein					
VP BANK AG	5,287	CHF	540,018.79	570,996.00	3.23
			540,018.79	570,996.00	3.23
Austria					
AMS AG	15,660	CHF	453,253.93	452,574.00	2.56
			453,253.93	452,574.00	2.56
Switzerland					
AFG ARBONIA NAMEN-AKT	22,016	CHF	170,699.62	361,062.40	2.04
ALSO HOLDING N NAMEN-AKT.	7,650	CHF	527,222.07	687,735.00	3.89
ARYZTA AG /NAM.	4,000	CHF	171,922.90	179,400.00	1.02
BALOISE HOLDING /NAM.	1,600	CHF	172,542.50	205,280.00	1.16
BASILEA PHARMACEUTICA /NAMENSAKTIE	2,400	CHF	159,984.46	175,440.00	0.99
BKW AG	7,000	CHF	325,050.27	344,750.00	1.95
CHAM PAPER GRP /NOM.	2,100	CHF	582,337.33	685,650.00	3.88
CLARIANT /NAM.	31,000	CHF	519,533.74	544,670.00	3.08
CYTOS BIOTECHNOLOGY LTD	4,664	CHF	73,641.69	95,612.00	0.54
DAETWYLER HOLDING AG	4,100	CHF	546,283.30	567,440.00	3.21
DUFREY AG BASEL	4,000	CHF	473,503.50	508,000.00	2.87
FEINTOOL INTL HLD /REG.	5,150	CHF	557,976.41	562,380.00	3.18
FLUGHAFEN ZUERICH AG	750	CHF	50,552.06	141,675.00	0.80
GALENICA AG /NAM.	430	CHF	486,856.34	494,070.00	2.80
HELVETIA HOLDING SA /NAM.	600	CHF	269,377.99	329,100.00	1.86
KABA HOLDING AG RUEMLANG	570	CHF	410,674.59	431,490.00	2.44
KUEHNE + NAGEL INTERNATIONAL	4,150	CHF	553,366.50	558,590.00	3.16
LEONTEQ — NAMEN-AKT.	6,000	CHF	336,288.06	204,000.00	1.16
LINDT & SPRUENGLI /PARTIZ.	60	CHF	188,352.37	316,500.00	1.79
LOGITECH INTERNATIONAL SA	14,000	CHF	298,372.60	355,600.00	2.01
LONZA GROUP AG /NAM.	3,900	CHF	544,024.94	687,570.00	3.89
METALL ZUG LTD /NAMEN-AKT. -B-	127	CHF	301,417.00	411,353.00	2.33
OC OERLIKON CORPORATION SA /NAM.	62,000	CHF	493,071.16	620,000.00	3.51
ORELL FUESSLI HOLDING SA /NAMEN	492	CHF	56,587.31	61,500.00	0.35
PARTNERS GROUP HOLDING	1,500	CHF	584,513.92	715,875.00	4.05
SANOVA HOLDING AG	5,200	CHF	648,734.32	641,680.00	3.63
SANTHERA PHARMACEUTICALS /NAM.	2,904	CHF	171,585.70	153,912.00	0.87
SCHINDLER HOLDING SA /PARTIC.	4,550	CHF	813,730.28	817,180.00	4.62
SIEGFRIED HOLDING SA /NAM. AKT.	2,330	CHF	456,437.61	496,290.00	2.81
SIKA SA	150	CHF	641,972.17	733,800.00	4.15
STRAUMANN HOLDING	1,000	CHF	384,316.61	397,500.00	2.25
TECAN GROUP SA /NAM.	1,000	CHF	139,968.62	158,900.00	0.90
TEMENOS GROUP AG	3,500	CHF	217,883.84	248,150.00	1.40
U BLOX HOLDING AG	1,663	CHF	317,088.21	317,965.60	1.80
			12,645,869.99	14,210,120.00	80.39
Total – Shares			14,033,033.66	15,623,592.50	88.39
Total - Officially listed securities			14,033,033.66	15,623,592.50	88.39
TOTAL PORTFOLIO			14,033,033.66	15,623,592.50	88.39

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Falcon Swiss Small & Mid Cap Equity Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%
Switzerland	80.39
Liechtenstein	3.23
Austria	2.56
Italy	2.21
	88.39

Industrial sector distribution	%
Machinery, machines	15.68
Chemicals	13.93
Pharmaceuticals and cosmetics	13.65
Electronic semiconductors	10.69
Holding and finance companies	8.42
Traffic and transportation	3.96
Paper and wood	3.88
Banks, credit institutions	3.23
Insurance	3.02
Retail trade	2.87
Foods, alcoholic beverages	2.81
Office furnishings, computers	2.01
Energy and water utilities	1.95
Internet software	1.40
Biotechnology	0.54
Graphics and publication	0.35
	88.39

FALCON FUND SICAV

Twelve-Falcon Insurance Linked Strategy Fund

Portfolio as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Bonds					
Bermuda					
AOZORA RE FRN 14-07.04.17 -B- /CAT	94,700,000	JPY	930,242.73	814,614.46	0.25
ARTEX 0% 16-20.01.17	6,470,000	USD	6,470,511.40	6,662,159.00	2.02
ARTEX SAC FRN 16-05.01.17	6,211,000	USD	6,211,511.40	6,985,511.70	2.11
			13,612,265.53	14,462,285.16	4.38
Ireland					
BENU CAPITA FRN 15-08.01.20 /CAT	6,800,000	EUR	7,304,743.78	7,269,126.05	2.20
CALY CAP II FRN 08.01.18 /CAT	2,750,000	EUR	3,732,715.02	2,944,941.11	0.89
			11,037,458.80	10,214,067.16	3.09
Total – Bonds			24,649,724.33	24,676,352.32	7.47
Total - Officially listed securities			24,649,724.33	24,676,352.32	7.47
Securities traded on another regulated market					
Bonds					
Bermuda					
ACORN RE FRN 15-17.07.18 /CAT	3,250,000	USD	3,265,254.20	3,325,075.00	1.01
ALAMO RE FRN 14-07.06.17 /CAT	7,850,000	USD	7,995,429.61	7,959,900.00	2.41
ALAMO RE FRN 15-07.06.18 /CAT	7,550,000	USD	7,632,108.88	7,799,150.00	2.36
ALAMO RE FRN 15-07.06.22 15-01 B	4,777,000	USD	4,869,828.53	4,998,175.10	1.51
BLUE HALO FRN 16-21.06.19 /CAT	4,500,000	USD	4,500,519.51	4,677,475.82	1.42
BLUE HALO FRN 16-21.06.22 /CAT	1,400,000	USD	1,400,519.51	1,454,042.93	0.44
BLUE HALO FRN 16-26.07.19 /CAT	1,850,000	USD	1,850,508.93	1,924,555.00	0.58
CITRUS RE FRN 14-18.04.17 /CAT	2,000,000	USD	1,998,893.46	2,015,000.00	0.61
CITRUS RE FRN 16-25.02.19 /CAT	5,500,000	USD	5,583,426.09	5,768,950.00	1.75
CITRUS RE FRN 16-25.02.21 CAT	4,700,000	USD	4,700,504.87	4,938,760.00	1.50
CRANBERRY FRN 15-06.07.18 /CAT	6,650,000	USD	6,650,523.34	6,816,250.00	2.06
EVERGLADES FRN 14-17 /CAT	11,500,000	USD	11,627,305.89	11,674,800.00	3.54
FIRST COAST FRN 16-07.06.19	1,250,000	USD	1,274,814.08	1,275,000.00	0.39
GALILEI FRN 08.01.20 /CAT -D1- 144A	5,000,000	USD	5,000,487.66	5,002,000.00	1.51
GALILEI FRN 08.01.20 /CAT -E1- 144A	3,600,000	USD	3,600,487.66	3,601,080.00	1.09
GALILEI FRN 08.01.23 /CAT -A1- 144A	850,000	USD	850,487.66	852,125.00	0.26
GALILEI FRN 08.01.23 /CAT -B1- 144A	1,550,000	USD	1,550,487.66	1,551,395.00	0.47
GALILEI FRN 08.01.23 /CAT -C1- 144A	4,850,000	USD	4,850,487.66	4,852,910.00	1.47
GALILEI FRN 08.01.24 /CAT -A2- 144A	700,000	USD	700,487.66	700,487.66	0.21
GALILEI FRN 08.01.24 /CAT -B2- 144A	1,550,000	USD	1,550,487.66	1,550,487.65	0.47
GALILEI FRN 08.01.24 /CAT -C2- 144A	7,500,000	USD	7,500,487.66	7,500,487.65	2.27
GALILEI FRN 08.01.24 /CAT -D2- 144A	4,750,000	USD	4,750,487.66	4,750,487.64	1.44
GALILEI FRN 08.01.24 /CAT -E2- 144A	4,375,000	USD	4,375,487.66	4,375,487.64	1.33
GALILEO RE FRN 08.01.18 /CAT	6,950,000	USD	7,066,350.10	7,161,975.00	2.17
GALILEO RE FRN 16-08.01.19 /CAT	3,000,000	USD	3,044,320.24	3,118,500.00	0.94
GALILEO RE FRN 16-08.01.19 /CAT	1,150,000	USD	1,150,498.43	1,189,675.00	0.36
GALILEO RE FRN 16-08.01.19 /CAT	1,800,000	USD	1,800,498.43	1,864,080.00	0.56
GD ST RE II FRN 08.07.19 /CAT	6,500,000	USD	6,500,433.13	6,479,200.00	1.96
KILIMANJARO FRN 06.12.19 /CAT	7,000,000	USD	7,087,010.29	7,323,400.00	2.22
KILIMANJARO FRN 06.12.19 /CAT	9,700,000	USD	9,850,542.16	10,058,900.00	3.05
KILIMANJARO FRN 25.11.19 /CAT	7,750,000	USD	7,751,033.11	7,854,625.00	2.38
KILIMANJARO FRN 30.04.18 /CAT	2,000,000	USD	2,000,454.14	2,043,600.00	0.62
KILIMANJARO FRN 30.04.18 /CAT	4,650,000	USD	4,650,567.67	4,744,860.00	1.44
KIZUNA RE II FRN 06.04.18 /CAT	250,000	USD	251,249.54	250,475.00	0.08
LAETERE RE 0% 16-06.06.17	1,650,000	USD	1,551,505.05	1,631,520.00	0.49
LAETERE RE 0% 16-06.06.17 CAT	700,000	USD	634,005.05	688,240.00	0.21
LOMA REINS FRN 08.01.18 /CAT	5,125,000	USD	5,425,907.94	5,297,712.50	1.60
LOMA REINS FRN 14-08.01.18 /CAT	1,075,000	USD	1,075,558.75	1,133,949.11	0.34
LOMA REINS FRN 14-08.01.18 /CAT	1,150,000	USD	1,208,731.56	1,181,365.32	0.36
MERNA FRN 15-09.04.18 /CAT	4,000,000	USD	3,980,496.45	4,028,000.00	1.22
MERNA RE V FRN 14-07.04.17 /CAT	3,550,000	USD	3,551,163.12	3,549,290.00	1.07

FALCON FUND SICAV

Twelve-Falcon Insurance Linked Strategy Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
MONA LISA RE FRN 13-07.07.17 /CAT	1,750,000	USD	1,820,526.43	1,799,000.00	0.54
NAKAMA RE FRN 14-13.04.18 /CAT	2,850,000	USD	2,868,577.39	2,863,110.00	0.87
NAKAMA RE FRN 14-16.01.20 /CAT	2,500,000	USD	2,534,153.20	2,552,250.00	0.77
PELICAN III FRN 15-16.04.18 /CAT	3,250,000	USD	3,282,020.17	3,346,525.00	1.01
SANDERS B FRN 05.05.17 144A /CAT	1,800,000	USD	1,806,604.07	1,810,080.00	0.55
SANDERS FRN 14-07.06.17 /CAT	3,000,000	USD	3,004,998.83	3,017,100.00	0.91
SANDERS FRN 14-25.05.18 /CAT	2,500,000	USD	2,433,009.63	2,524,250.00	0.76
SANDERS FRN 14-28.05.19 /CAT	3,500,000	USD	3,413,034.76	3,552,850.00	1.08
SANDERS RE LTD FRN 05.05.17 /CAT	2,100,000	USD	2,125,629.81	2,106,480.26	0.64
SHIMA REINS FRN 14-24.01.17 /CAT	1,600,000	USD	1,621,789.03	1,595,612.50	0.48
TRADEWYND FRN 13-09.07.18	1,500,000	USD	1,649,779.78	1,634,542.27	0.50
TRADEWYND FRN 14-08.01.18 /CAT	5,950,000	USD	5,974,494.62	6,092,800.00	1.85
TRADEWYND FRN 14-09.01.17 /CAT	1,500,000	USD	1,509,949.95	1,499,400.00	0.45
TRADEWYND FRN 14-09.01.17 CAT	1,900,000	USD	1,910,583.18	1,900,000.00	0.58
TRAMLINE RE FRN 05.07.17 144A /CAT	3,500,000	USD	3,525,385.65	3,516,800.00	1.06
TRAMLINE RE FRN 14-04.01.19 /CAT	7,400,000	USD	7,460,556.37	7,677,500.00	2.32
URSA RE FRN 14-07.12.17 /CAT	3,700,000	USD	3,700,519.08	3,760,310.00	1.14
URSA RE FRN 14-07.12.17 /CAT	3,000,000	USD	2,970,496.40	3,040,800.00	0.92
URSA RE FRN 15-21.09.18 /CAT	3,750,000	USD	3,750,470.97	3,823,125.00	1.16
URSA RE FRN 16-10.12.22 /CAT	4,400,000	USD	4,400,494.80	4,403,080.00	1.33
			228,422,912.78	231,479,064.05	70.09
Cayman Islands					
CAE RE IV FRN 16-06.03.24 /CAT	250,000	USD	254,259.85	261,800.00	0.08
EAST LANE FRN 14-14.03.18 /CAT	4,940,000	USD	4,946,531.44	4,977,544.00	1.51
EAST LANE FRN 15-13.03.23 /CAT	4,200,000	USD	4,203,473.73	4,296,600.00	1.30
LONGPT III FRN 15-23.05.18 /CAT	4,250,000	USD	4,250,279.99	4,332,450.00	1.31
PELICAN RE FRN 13-15.05.17 CAT	2,300,000	USD	2,359,935.33	2,331,970.00	0.71
RES REINS FRN 06.06.17 /CAT	3,000,000	USD	3,171,083.11	3,078,000.00	0.93
RES REINS FRN 06.06.17 144A /CAT	900,000	USD	942,198.20	927,000.00	0.28
RES REINS FRN 13-06.12.17 /CAT	2,000,000	USD	2,009,984.91	2,064,800.00	0.63
RES REINS FRN 13-06.12.17 /CAT	500,000	USD	507,005.79	503,850.00	0.15
RES REINS FRN 14-06.06.18 /CAT	5,000,000	USD	5,007,939.02	5,216,000.00	1.58
RES REINS FRN 14-06.12.18	2,200,000	USD	2,193,785.38	2,225,080.00	0.67
RESID REIN 0% 16-06.12.23 CAT	2,550,000	USD	2,550,513.22	2,539,545.00	0.77
RESID REIN 0% 16-06.12.23 CAT	2,850,000	USD	2,850,513.22	2,842,305.00	0.86
VITAL RE IV FRN 08.01.18 /CAT	1,000,000	USD	1,000,580.75	1,001,700.00	0.30
VITAL RE IV FRN 13-09.01.17 /CAT	730,000	USD	749,304.10	730,146.00	0.22
VITAL RE IV FRN 13-09.01.17 CAT	320,000	USD	325,460.85	319,968.00	0.10
			37,322,848.89	37,648,758.00	11.40
Ireland					
ATLAS IX FRN 15-07.01.19 /CAT	1,000,000	USD	1,028,937.32	1,023,862.06	0.31
ATLAS IX CAP FRN 16-08.01.20 /CAT	3,750,000	USD	3,788,534.37	3,990,375.00	1.21
ATLAS IX CAP FRN 17.01.19 /CAT	3,850,000	USD	3,871,746.45	3,925,460.00	1.19
GREEN FLDS FRN 09.01.17 144A /CAT	3,000,000	EUR	3,222,268.12	3,163,617.15	0.96
LION I RE L FRN 28.04.17 /CAT	2,700,000	EUR	3,547,398.18	2,849,248.91	0.86
QUEEN ST FRN 15-20.06.21 /CAT	5,550,000	USD	5,550,474.70	5,673,210.00	1.72
QUEEN STR FRN 16-08.04.20 /CAT	1,875,000	USD	1,875,512.03	1,899,937.50	0.57
			22,884,871.17	22,525,710.62	6.82
Total – Bonds			288,630,632.84	291,653,532.67	88.31
Total - Securities traded on another regulated market			288,630,632.84	291,653,532.67	88.31
Other securities					
Bonds					
Bermuda					
ARTEX 0% 16-05.01.17	5,593,000	USD	5,593,507.59	5,843,007.10	1.77
ARTEX 0% 16-30.12.18 CAT	8,492,000	USD	8,492,506.05	8,898,766.80	2.69
BONANZA FRN16-30.12.22 /CAT 144A	2,250,000	USD	2,250,493.29	2,244,375.00	0.68
BONANZA FRN16-30.12.22/CAT 144A	250,000	USD	250,493.29	249,175.00	0.08
CITRUS RE FRN 15-09.04.20 /CAT	650,000	USD	665,438.83	663,715.00	0.20
CITRUS RE FRN 15-09.04.20 /CAT	900,000	USD	927,487.78	925,200.00	0.28

FALCON FUND SICAV

Twelve-Falcon Insurance Linked Strategy Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
NAKAMA RE FRN 16-13.10.21 /CAT	1,375,000	USD	1,375,512.06	1,378,437.50	0.42
			19,555,438.89	20,202,676.40	6.12
Cayman Islands					
ESPADA RE FRN 16-06.06.20 /CAT	1,500,000	USD	1,524,486.95	1,517,100.00	0.46
			1,524,486.95	1,517,100.00	0.46
Ireland					
AZZURRO FRN 15-16.01.19 /CAT	2,049,000	EUR	2,309,455.16	2,164,208.41	0.65
			2,309,455.16	2,164,208.41	0.65
Total – Bonds			23,389,381.00	23,883,984.81	7.23
Total – Other securities			23,389,381.00	23,883,984.81	7.23
TOTAL PORTFOLIO			336,669,738.17	340,213,869.80	103.01

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Twelve-Falcon Insurance Linked Strategy Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%
Bermuda	80.59
Cayman Islands	11.86
Ireland	10.56
	103.01

Industrial sector distribution	%
Holding and finance companies	48.96
Insurance	48.07
Miscellaneous	3.69
Other service providers	2.29
	103.01

FALCON FUND SICAV

Falcon Gold Equity UCITS Fund

Portfolio

as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Shares					
Australia					
EVOLUTION MINING LTD	7,957,360	AUD	7,826,534.42	12,215,279.68	2.95
NEWCREST MINING	1,057,500	AUD	14,102,119.42	15,506,148.94	3.74
			21,928,653.84	27,721,428.62	6.69
Great Britain					
FRESNILLO PLC	1,356,500	GBP	21,317,061.10	20,465,904.14	4.93
			21,317,061.10	20,465,904.14	4.93
Jersey					
RANDGOLD RESOURCES LTD /ADR	177,600	USD	14,016,482.61	13,557,984.00	3.27
			14,016,482.61	13,557,984.00	3.27
Canada					
AGNICO EAGLE MINES LTD	585,100	USD	20,468,333.03	24,629,118.54	5.94
ALAMOS GOLD INC.	2,780,500	USD	20,447,351.09	19,018,620.00	4.59
ARGONAUT GOLD INC.	1,867,149	CAD	9,388,536.15	2,951,682.65	0.71
ATAC RESOURCES LTD	429,600	USD	587,719.26	131,341.80	0.03
AURICO METALS INC.	566,377	USD	461,477.25	420,421.65	0.10
B2GOLD CORP	8,098,921	USD	20,726,513.76	19,194,442.77	4.63
BARRICK GOLD CORP	525,200	USD	7,501,795.80	8,392,696.00	2.03
BEAR CREEK MINING CORP	1,467,900	CAD	3,618,165.10	2,572,285.43	0.62
CORVUS GOLD	840,178	CAD	1,626,107.37	344,579.01	0.08
DETOUR GOLD CORPORATION	1,791,500	CAD	18,213,459.40	24,433,480.88	5.89
ELDORADO GOLD	4,431,815	USD	22,159,356.09	14,270,444.30	3.44
FRANCO-NEVADA CORP	358,400	USD	18,967,196.42	21,417,984.00	5.17
GOGOLD RESOURCES INC.	1,717,545	CAD	2,276,830.87	691,602.75	0.17
GOLDCORP INC.	1,337,300	USD	34,130,996.75	18,187,280.00	4.39
IAMGOLD CORP	527,400	USD	2,130,458.80	2,030,490.00	0.49
INTL TOWER HILL-USD EQUIV.	2,322,000	USD	1,909,583.51	1,265,490.00	0.31
KLONDEX MINES LTD	700,000	CAD	4,003,084.09	3,262,367.50	0.79
MAG SILVER CORP	1,695,900	USD	14,218,638.13	18,705,777.00	4.51
NOVAGOLD RESOURCES INC.	2,801,459	USD	10,980,594.83	12,774,653.04	3.08
OCEANAGOLD CORP	3,897,649	CAD	11,420,745.45	11,364,080.68	2.74
OSISKO GOLD ROYALTIES LTD	1,024,930	USD	14,195,561.22	10,004,345.38	2.41
OSISKO MINING INC	1,795,000	CAD	4,105,610.54	3,265,946.78	0.79
PAN AMERICAN SILVER CORP	1,381,399	USD	19,237,278.04	20,817,682.93	5.02
RICHMONT MINES	154,900	CAD	953,936.57	1,007,216.26	0.24
RUBICON MINERALS CORPORATION	26,181	CAD	6,387,945.10	36,507.55	0.01
SEMAFO INC.	4,717,000	USD	18,747,489.39	15,546,870.11	3.75
SILVER WHEATON CORP	761,900	USD	18,988,369.91	14,719,908.00	3.55
TAHOE RESOURCES INC.	727,666	USD	16,124,957.85	6,864,002.50	1.66
TOREX GOLD RESOURCES INC	954,540	CAD	12,543,515.96	14,798,014.42	3.57
			336,521,607.73	293,119,331.93	70.71
United States of America					
NEWMONT MINING CORP	702,000	USD	17,643,254.13	23,917,140.00	5.77
ROYAL GOLD INC.	320,700	USD	21,896,927.95	20,316,345.00	4.90
			39,540,182.08	44,233,485.00	10.67
Total – Shares			433,323,987.36	399,098,133.69	96.27
Total - Officially listed securities			433,323,987.36	399,098,133.69	96.27

FALCON FUND SICAV

Falcon Gold Equity UCITS Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Securities traded on another regulated market					
Shares					
Canada					
PREMIER GOLD MINES LTD	1,926,400	USD	3,605,901.68	3,677,403.28	0.89
			3,605,901.68	3,677,403.28	0.89
Total – Shares			3,605,901.68	3,677,403.28	0.89
Total - Securities traded on another regulated market			3,605,901.68	3,677,403.28	0.89
TOTAL PORTFOLIO			436,929,889.04	402,775,536.97	97.16

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Falcon Gold Equity UCITS Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%
Canada	71.60
United States of America	10.67
Australia	6.69
Great Britain	4.93
Jersey	3.27
	97.16

Industrial sector distribution	%
Precious metals	66.90
Mining industry	16.67
Holding and finance companies	5.10
Non-ferrous metals	4.94
Miscellaneous	3.55
	97.16

FALCON FUND SICAV

Twelve-Falcon Insurance Opportunities Fund

Portfolio as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Bonds					
Bermuda					
ARTEX 0% 16-20.01.17	1,800,000	USD	1,800,511.40	1,853,460.00	1.70
ARTEX SAC FRN 16-05.01.17	1,775,000	USD	1,775,511.40	1,996,342.50	1.84
			3,576,022.80	3,849,802.50	3.54
Ireland					
CALY CAP II FRN 08.01.18 /CAT	250,000	EUR	268,287.04	267,721.92	0.24
CALY CAP II FRN 09.01.17 /CAT	750,000	EUR	801,846.12	791,062.50	0.73
			1,070,133.16	1,058,784.42	0.97
Total – Bonds			4,646,155.96	4,908,586.92	4.51
Total - Officially listed securities			4,646,155.96	4,908,586.92	4.51
Securities traded on another regulated market					
Bonds					
Bermuda					
ALAMO RE FRN 14-07.06.17 /CAT	500,000	USD	508,351.33	507,000.00	0.47
ALAMO RE FRN 15-07.06.18 /CAT	1,800,000	USD	1,800,000.00	1,859,400.00	1.71
BLUE HALO FRN 16-21.06.19 /CAT	3,000,000	USD	3,000,519.51	3,118,317.21	2.86
BLUE HALO FRN 16-21.06.22 /CAT	1,900,000	USD	1,900,519.51	1,973,343.97	1.81
BLUE HALO FRN 16-26.07.19 /CAT	950,000	USD	950,508.93	988,285.00	0.91
CITRUS RE FRN 14-18.04.17 /CAT	1,000,000	USD	1,013,893.39	1,007,500.00	0.92
CITRUS RE FRN 15-09.04.20 /CAT	1,250,000	USD	1,246,051.70	1,302,125.00	1.20
CITRUS RE FRN 16-25.02.19 /CAT	2,500,000	USD	2,500,315.54	2,622,250.00	2.41
CITRUS RE FRN 16-25.02.21 CAT	1,450,000	USD	1,470,272.12	1,523,660.00	1.40
EVERGLADES FRN 14-17 /CAT	500,000	USD	510,674.74	507,600.00	0.47
GALILEI FRN 08.01.20 /CAT -D1- 144A	1,700,000	USD	1,700,487.66	1,700,680.00	1.56
GALILEI FRN 08.01.20 /CAT -E1- 144A	1,450,000	USD	1,450,487.66	1,450,435.00	1.33
GALILEI FRN 08.01.23 /CAT -A1- 144A	450,000	USD	450,487.66	451,125.00	0.41
GALILEI FRN 08.01.23 /CAT -B1- 144A	620,000	USD	620,487.66	620,558.00	0.57
GALILEI FRN 08.01.23 /CAT -C1- 144A	1,500,000	USD	1,500,487.66	1,500,900.00	1.38
GALILEI FRN 08.01.24 /CAT -A2- 144A	400,000	USD	400,487.66	400,487.66	0.37
GALILEI FRN 08.01.24 /CAT -B2- 144A	650,000	USD	650,487.66	650,487.66	0.60
GALILEI FRN 08.01.24 /CAT -C2- 144A	2,300,000	USD	2,300,487.66	2,300,487.65	2.11
GALILEI FRN 08.01.24 /CAT -D2- 144A	1,600,000	USD	1,600,487.66	1,600,487.65	1.47
GALILEI FRN 08.01.24 /CAT -E2- 144A	1,750,000	USD	1,750,487.66	1,750,487.66	1.61
GALILEO RE FRN 08.01.18 /CAT	3,000,000	USD	3,050,385.86	3,091,500.00	2.84
GALILEO RE FRN 09.01.17 /CAT	1,700,000	USD	1,736,794.34	1,700,170.00	1.56
GALILEO RE FRN 16-08.01.19 /CAT	2,650,000	USD	2,650,498.43	2,754,675.00	2.53
GD ST RE II FRN 08.07.19 /CAT	1,000,000	USD	998,218.29	996,800.00	0.92
KILIMANJARO FRN 06.12.19 /CAT	3,000,000	USD	3,000,297.77	3,138,600.00	2.88
KILIMANJARO FRN 06.12.19 /CAT	3,500,000	USD	3,592,534.48	3,629,500.00	3.33
KILIMANJARO FRN 30.04.18 /CAT	600,000	USD	600,567.67	613,080.00	0.56
KILIMANJARO FRN 30.04.18 /CAT	1,100,000	USD	1,100,567.67	1,122,440.00	1.03
LAETERE RE 0% 16-06.06.17	750,000	USD	742,057.40	741,600.00	0.68
LAETERE RE 0% 16-06.06.17 CAT	1,100,000	USD	996,005.05	1,081,520.00	0.99
LAETERE RE 0% 16-06.06.17 CAT	2,000,000	USD	1,650,505.05	1,955,462.84	1.80
LOMA REINS FRN 08.01.18 /CAT	2,100,000	USD	2,170,258.58	2,170,770.00	1.99
LOMA REINS FRN 14-08.01.18 /CAT	2,000,000	USD	2,026,307.30	2,109,672.76	1.94
LOMA REINS FRN 14-08.01.18 /CAT	2,050,000	USD	2,097,026.99	2,105,912.09	1.93
MONA LISA RE FRN 13-07.07.17 /CAT	250,000	USD	261,472.62	257,000.00	0.24
QUEEN CITY FRN 13-06.01.19 /CAT	250,000	USD	250,512.24	250,000.00	0.23
TRADEWYND FRN 13-09.07.18	1,050,000	USD	1,151,800.80	1,144,179.59	1.05
TRADEWYND FRN 14-08.01.18 /CAT	1,950,000	USD	1,950,511.22	1,996,800.00	1.83
TRADEWYND FRN 14-09.01.17 CAT	1,000,000	USD	1,007,895.78	1,000,000.00	0.92
TRAMLINE RE FRN 05.07.17 144A /CAT	650,000	USD	654,019.54	653,120.00	0.60
TRAMLINE RE FRN 14-04.01.19 /CAT	3,000,000	USD	3,051,531.64	3,112,500.00	2.86
URSA RE FRN 16-10.12.22 /CAT	1,350,000	USD	1,350,494.80	1,350,945.00	1.24

FALCON FUND SICAV

Twelve-Falcon Insurance Opportunities Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
VENTERRA FRN 09.01.17 /CAT	1,250,000	USD	1,254,512.71	1,249,250.00	1.15
			64,670,759.60	66,061,114.74	60.67
Cayman Islands					
CAE RE IV FRN 16-06.03.24 /CAT	1,450,000	USD	1,450,504.16	1,518,440.00	1.39
LONGPT III FRN 15-23.05.18 /CAT	250,000	USD	256,718.57	254,850.00	0.23
MYTHEN RE FRN 05.01.17 A /CAT	1,000,000	USD	1,029,013.03	1,000,000.00	0.92
PELICAN RE FRN 13-15.05.17 CAT	750,000	USD	767,097.58	760,425.00	0.70
RES 2015 FRN 15-06.12.19 /CAT	2,250,000	USD	2,250,491.14	2,319,750.00	2.13
RES REINS FRN 13-06.12.17 /CAT	2,000,000	USD	2,014,811.45	2,064,800.00	1.90
RES REINS FRN 13-06.12.17 /CAT	3,000,000	USD	3,028,643.00	3,023,100.00	2.78
RES REINS FRN 14-06.06.18 /CAT	3,250,000	USD	3,295,706.44	3,390,400.00	3.11
RES REINS FRN 14-06.12.18	825,000	USD	837,037.67	834,405.00	0.77
RESID REIN 0% 16-06.12.20 CAT	650,000	USD	600,138.22	600,145.00	0.55
RESID REIN 0% 16-06.12.23 CAT	1,300,000	USD	1,300,513.22	1,294,670.00	1.19
RESID REIN 0% 16-06.12.23 CAT	1,000,000	USD	1,000,513.22	997,300.00	0.91
			17,831,187.70	18,058,285.00	16.58
Ireland					
ATLAS IX FRN 15-07.01.19 /CAT	1,000,000	USD	1,035,715.66	1,023,862.06	0.94
ATLAS IX CAP FRN 16-08.01.20 /CAT	1,500,000	USD	1,500,503.30	1,596,150.00	1.46
QUEEN STR FRN 16-08.04.20 /CAT	1,125,000	USD	1,125,512.03	1,139,962.50	1.05
QUEEN STREET IX FRN 08.06.17 /CAT	1,500,000	USD	1,489,252.82	1,505,550.00	1.38
QUEEN STRT FRN 08.06.18 /CAT	2,000,000	USD	1,990,506.66	2,011,200.00	1.85
			7,141,490.47	7,276,724.56	6.68
Total – Bonds			89,643,437.77	91,396,124.30	83.93
Total - Securities traded on another regulated market			89,643,437.77	91,396,124.30	83.93
Other securities					
Bonds					
Bermuda					
ARTEX 0% 16-05.01.17	2,237,000	USD	2,237,507.59	2,336,993.90	2.15
ARTEX 0% 16-30.12.18 CAT	2,831,000	USD	2,831,506.05	2,966,604.90	2.72
BONANZA FRN16-30.12.22 /CAT 144A	700,000	USD	700,493.29	698,250.00	0.64
CITRUS RE FRN 15-09.04.20 /CAT	350,000	USD	358,538.83	357,385.00	0.33
CITRUS RE FRN 15-09.04.20 /CAT	300,000	USD	309,487.78	308,400.00	0.28
MANATEE RE FRN 16-14.03.22 /CAT	2,500,000	USD	2,494,012.12	2,530,044.33	2.32
NAKAMA RE FRN 16-13.10.21 /CAT	375,000	USD	375,512.06	375,937.50	0.35
			9,307,057.72	9,573,615.63	8.79
Cayman Islands					
ESPADA RE FRN 16-06.06.20 /CAT	500,000	USD	508,486.95	505,700.00	0.46
			508,486.95	505,700.00	0.46
Total – Bonds			9,815,544.67	10,079,315.63	9.25
Total – Other securities			9,815,544.67	10,079,315.63	9.25
TOTAL PORTFOLIO			104,105,138.40	106,384,026.85	97.69

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Twelve-Falcon Insurance Opportunities Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%
Bermuda	73.00
Cayman Islands	17.04
Ireland	7.65
	97.69

Industrial sector distribution	%
Insurance	57.78
Holding and finance companies	34.48
Other service providers	2.90
Miscellaneous	2.53
	97.69

FALCON FUND SICAV

Tocqueville-Falcon North American Value Fund

Portfolio as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Shares					
Australia					
BHP BILLITON /ADR	20,000	USD	623,685.67	715,600.00	1.20
			623,685.67	715,600.00	1.20
Bermuda					
LAZARD LTD CL.A	15,000	USD	630,600.00	616,350.00	1.03
XL GROUP LTD	20,000	USD	610,010.01	745,200.00	1.25
			1,240,610.01	1,361,550.00	2.28
Ireland					
ALKERMES INC.	10,000	USD	408,112.79	555,800.00	0.94
ALLERGAN PLC	7,500	USD	1,633,628.51	1,575,075.00	2.64
JOHNSON CTR INT SHS	10,000	USD	434,630.90	411,900.00	0.69
			2,476,372.20	2,542,775.00	4.27
Israel					
CAESARSTONE SDOT-YAM LTD	22,500	USD	779,036.81	644,625.00	1.08
			779,036.81	644,625.00	1.08
Canada					
GOLDCORP INC.	100,000	USD	1,662,603.87	1,360,000.00	2.28
LIONS GATE ENTERTAINMENT -A-	5,000	USD	99,737.38	134,500.00	0.22
LIONS GATE ENTERTAINMENT -B-	5,000	USD	99,737.38	122,700.00	0.21
			1,862,078.63	1,617,200.00	2.71
Netherlands					
FRANK S INTERNATIONAL N.V.	48,400	USD	822,395.84	595,804.00	1.00
			822,395.84	595,804.00	1.00
Netherlands Antilles					
SCHLUMBERGER LTD	15,000	USD	1,259,487.71	1,259,250.00	2.11
			1,259,487.71	1,259,250.00	2.11
United States of America					
ABBOTT LABORATORIES INC	32,000	USD	1,245,090.31	1,229,120.00	2.06
AFLAC INC.	7,500	USD	490,382.23	522,000.00	0.88
ALCOA CORP	10,000	USD	227,419.04	280,800.00	0.47
ALPHABET INC -A-	1,000	USD	597,312.09	792,450.00	1.33
AMAZON COM INC.	1,500	USD	457,617.43	1,124,805.00	1.89
APPLE INC.	10,000	USD	838,600.91	1,158,200.00	1.94
APPLIED MATERIALS INC.	30,000	USD	508,246.01	968,100.00	1.62
ARCONIC INC	25,000	USD	487,419.26	463,500.00	0.78
BANK OF AMERICA CORP	25,000	USD	577,821.93	552,500.00	0.93
BANK OF NY MELLON CORP SHS	20,000	USD	670,840.78	947,600.00	1.59
BIOGEN INC.	2,500	USD	934,718.52	708,950.00	1.19
BLOCK INC. H+R	25,000	USD	530,910.17	574,750.00	0.96
BOEING CO	5,000	USD	667,673.67	778,400.00	1.31
CAMPBELL SOUP CO	15,000	USD	627,811.94	907,050.00	1.52
CAPITAL ONE FINANCIAL CORP	5,000	USD	391,792.82	436,200.00	0.73
CATERPILLAR INC.	10,000	USD	650,054.14	927,400.00	1.55
COCA-COLA CO	15,000	USD	591,926.64	621,900.00	1.04
COLGATE-PALMOLIVE CO	10,000	USD	641,777.58	654,400.00	1.10
DEERE & CO.	10,000	USD	774,530.01	1,030,400.00	1.73
DELTA AIR LINES	20,000	USD	626,289.81	983,800.00	1.65
DIEBOLD NIXDORF	32,700	USD	736,792.25	822,405.00	1.38
DU PONT DE NEM. & CO /E.I.	15,000	USD	860,185.90	1,101,000.00	1.85
ENERGEN CORP	15,000	USD	1,001,399.96	865,050.00	1.45
EXXON MOBIL CORP	15,000	USD	1,373,080.51	1,353,900.00	2.27
FACEBOOK INC. -A-	10,000	USD	547,173.91	1,150,500.00	1.93
FORD MOTOR CO	50,000	USD	810,053.72	606,500.00	1.02
GENERAL ELECTRIC CO	50,000	USD	1,311,747.36	1,580,000.00	2.65
ILLINOIS TOOL WORKS	10,000	USD	795,985.50	1,224,600.00	2.05
INTEL CORP	25,000	USD	663,891.09	906,750.00	1.52

FALCON FUND SICAV

Tocqueville-Falcon North American Value Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
IONIS PHARMACEUTICALS INC	15,000	USD	482,760.88	717,450.00	1.20
JOHNSON & JOHNSON	5,000	USD	472,023.17	576,050.00	0.97
KANSAS CITY SOUTHERN	7,000	USD	595,976.92	593,950.00	1.00
M&T BANK CORPORATION	5,000	USD	574,720.89	782,150.00	1.31
MACY S	20,000	USD	736,038.10	716,200.00	1.20
MATTEL INC.	25,000	USD	662,829.99	688,750.00	1.15
MCDONALD S CORP	10,000	USD	940,488.00	1,217,200.00	2.04
MERCK	10,000	USD	491,010.77	588,700.00	0.99
MICROSOFT CORP	20,000	USD	756,223.73	1,242,800.00	2.08
NEXTERA ENERGY	10,000	USD	841,098.21	1,194,600.00	2.00
NOBLE ENERGY	32,000	USD	1,286,009.18	1,217,920.00	2.04
PFIZER INC.	20,000	USD	605,000.00	649,600.00	1.09
PITNEY BOWES INC.	30,000	USD	640,193.53	455,700.00	0.76
PROCTER & GAMBLE CO	10,000	USD	820,980.15	840,800.00	1.41
PTC THERAPEUTICS	25,000	USD	709,468.68	272,750.00	0.46
QUALCOMM INC.	20,000	USD	1,262,229.11	1,304,000.00	2.19
SIGNATURE BANK NY	4,000	USD	598,849.40	600,800.00	1.01
SNAP-ON INC	4,000	USD	603,119.72	685,080.00	1.15
SONOCO PRODUCTS CO	15,000	USD	608,889.50	790,500.00	1.33
STEELCASE INC. -A-	50,000	USD	703,364.01	895,000.00	1.50
TARGET CORP	5,000	USD	311,592.95	361,150.00	0.61
US CONCRETE INC	5,000	USD	283,709.93	327,500.00	0.55
VERIZON COMMUNICATIONS INC.	15,000	USD	720,743.47	800,700.00	1.34
WAL-MART STORES INC.	10,000	USD	736,876.65	691,200.00	1.16
WALT DISNEY /DISNEY SER	7,500	USD	720,575.75	781,650.00	1.31
WEYERHAEUSER CO	25,000	USD	737,769.57	752,250.00	1.26
			38,541,087.75	45,017,480.00	75.50
Total – Shares			47,604,754.62	53,754,284.00	90.15
Total - Officially listed securities			47,604,754.62	53,754,284.00	90.15
TOTAL PORTFOLIO			47,604,754.62	53,754,284.00	90.15

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Tocqueville-Falcon North American Value Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%
United States of America	75.50
Ireland	4.27
Canada	2.71
Bermuda	2.28
Netherlands Antilles	2.11
Australia	1.20
Israel	1.08
Netherlands	1.00
	90.15

Industrial sector distribution	%
Pharmaceuticals and cosmetics	9.41
Banks, credit institutions	6.53
Machinery, machines	6.48
Fuels	6.42
Holding and finance companies	5.50
Internet software	5.34
Retail trade	4.86
Electronic semiconductors	4.52
Energy and water utilities	4.45
Consumer goods	4.35
Office furnishings, computers	4.20
Communications	3.53
Electronics and electrical equipment	2.65
Traffic and transportation	2.65
Foods, alcoholic beverages	2.56
Leisure	2.04
Chemicals	1.85
Graphics and publication	1.74
Mining industry	1.67
Construction, building materials	1.63
Packaging and container industry	1.33
Aviation technology	1.31
Real estate companies	1.26
Biotechnology	1.19
Automotive industry	1.02
Insurance	0.88
Non-ferrous metals	0.78
	90.15

FALCON FUND SICAV

Falcon Emerging Markets High Yield Bond Fund

Portfolio as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Officially listed securities					
Bonds					
Egypt					
ARAB REP EG 5.875% 15-11.06.25	1,000,000	USD	980,514.32	913,090.00	2.12
			980,514.32	913,090.00	2.12
Bangladesh					
BANGLALINK 8.625% 14-06.05.19	1,500,000	USD	1,548,859.86	1,589,385.00	3.69
			1,548,859.86	1,589,385.00	3.69
Brazil					
BIC BANCO 8.5% 10-27.04.20 REGS	1,550,000	USD	1,614,968.25	1,658,484.50	3.85
			1,614,968.25	1,658,484.50	3.85
British Virgin Islands					
CAIFU HOLD 8.75% 13-24.01.20	700,000	USD	742,170.10	733,187.00	1.70
YING GAS IN 8.125% 13-22.04.18	1,000,000	USD	1,011,024.64	882,780.00	2.05
			1,753,194.74	1,615,967.00	3.75
Cayman Islands					
AGILE PROP 8.25% 13-PERP	1,500,000	USD	1,485,506.15	1,518,090.00	3.52
CHINA HONG 6.875% 14-03.05.18	500,000	USD	510,418.91	514,330.00	1.19
CHINA HONG 7.625% 14-26.06.17	800,000	USD	810,525.96	813,472.00	1.89
GEMS MEA 12% 13-PERP	1,200,000	USD	1,353,763.28	1,305,504.00	3.03
			4,160,214.30	4,151,396.00	9.63
France					
CR AGR 6.637% (FRN) 07-PERP /SUB	2,000,000	USD	2,000,407.89	1,878,320.00	4.36
			2,000,407.89	1,878,320.00	4.36
India					
ST BK INDIA 7.14% 07-PERP	600,000	USD	609,820.00	606,582.00	1.41
			609,820.00	606,582.00	1.41
Ireland					
CRBKMO 8.7% 13-13.11.18	750,000	USD	774,494.54	772,155.00	1.79
			774,494.54	772,155.00	1.79
Jersey					
BK OF INDIA 6.994% 07-PERP	900,000	USD	905,895.91	902,583.00	2.09
			905,895.91	902,583.00	2.09
Kenya					
ESAFRB 6.375% 13-06.12.18	1,500,000	USD	1,523,884.43	1,552,200.00	3.60
			1,523,884.43	1,552,200.00	3.60
Luxembourg					
KUZNETSKI FRN 07-10.05.17 /STD	200,000	USD	199,400.00	201,902.00	0.47
MINERVA LUX 6.5% 16-20.09.26	300,000	USD	297,803.76	291,138.00	0.67
MINERVA LUX 7.75% 13-31.01.23	1,300,000	USD	1,332,391.64	1,369,004.00	3.18
MINERVA LUX 8.75% 14-PERP	500,000	USD	500,521.65	514,945.00	1.19
			2,330,117.05	2,376,989.00	5.51
Netherlands					
GTH FINANCE 7.25% 16-26.04.23	750,000	USD	802,019.54	805,665.00	1.87
JABABEKA 7.5% 14-24.09.19	1,700,000	USD	1,749,048.76	1,795,081.00	4.17
L DREYF COM 8.25% 12-PERP	1,500,000	USD	1,507,252.89	1,530,780.00	3.55
PETROBRAS 6.85% 15-05.06.15	1,000,000	USD	772,514.62	815,560.00	1.89
			4,830,835.81	4,947,086.00	11.48
Philippines					
SAN MIGUEL 4.875% 13-26.04.23	1,500,000	USD	1,472,504.85	1,467,090.00	3.40
			1,472,504.85	1,467,090.00	3.40
Singapore					
ALAM SYNERG 6.95% 13-27.03.20	1,000,000	USD	1,038,505.54	1,018,150.00	2.36
MARQUEE LAN 9.75% 14-05.08.19	1,000,000	USD	1,091,761.40	1,065,840.00	2.47
THETA CAP 7% 14-11.04.22	1,500,000	USD	1,582,865.12	1,545,780.00	3.59
			3,713,132.06	3,629,770.00	8.42

FALCON FUND SICAV

Falcon Emerging Markets High Yield Bond Fund

Portfolio (continued) as at 31 December 2016

(expressed in USD)

Security description	Quantity	Currency	Initial value	Market value	% of net assets
Sri Lanka					
BK OF CEYLON 6.875% 12-03.05.17	500,000	USD	506,575.00	504,655.00	1.17
NAT SAVINGS 8.875% 13-18.09.18	1,500,000	USD	1,588,516.91	1,587,510.00	3.68
			2,095,091.91	2,092,165.00	4.85
Tunisia					
BQ CENT TUN 5.75% 15-30.01.25	800,000	USD	793,320.16	746,704.00	1.73
			793,320.16	746,704.00	1.73
Turkey					
FINANSBANK 6.25% 14-30.04.19	1,000,000	USD	1,020,506.77	1,035,130.00	2.40
			1,020,506.77	1,035,130.00	2.40
Venezuela					
PETROLEOS 5.5% 07-12.04.37	1,000,000	USD	365,516.53	375,810.00	0.87
			365,516.53	375,810.00	0.87
United States of America					
BRASKEM AMERICA 7.125% 22.07.41	1,700,000	USD	1,512,035.55	1,722,304.00	4.00
			1,512,035.55	1,722,304.00	4.00
Total – Bonds			34,005,314.93	34,033,210.50	78.95
Total - Officially listed securities			34,005,314.93	34,033,210.50	78.95
Securities traded on another regulated market					
Bonds					
Hong Kong					
BBL TB 9.025% 97-15.03.29	1,000,000	USD	1,418,004.85	1,401,540.00	3.25
			1,418,004.85	1,401,540.00	3.25
Jersey					
WEST CHINA 6.5% 14-11.09.19	2,300,000	USD	2,377,289.43	2,391,678.00	5.55
			2,377,289.43	2,391,678.00	5.55
Netherlands					
MARFRIG EUR 8% 16-08.06.23	2,000,000	USD	2,056,030.31	2,072,540.00	4.81
MARFRIG EUR 11.25% 13-20.09.21	300,000	USD	340,311.10	295,125.00	0.68
GREENKO 8% 14-01.08.19	900,000	USD	954,450.00	953,361.00	2.21
			3,350,791.41	3,321,026.00	7.70
Total – Bonds			7,146,085.69	7,114,244.00	16.50
Total - Securities traded on another regulated market			7,146,085.69	7,114,244.00	16.50
TOTAL PORTFOLIO			41,151,400.62	41,147,454.50	95.45

The attached notes are an integral part of the annual report.

FALCON FUND SICAV

Falcon Emerging Markets High Yield Bond Fund

Structure of the portfolio as at 31 December 2016

(as a percentage of net assets)

Geographical distribution	%	Industrial sector distribution	%
Netherlands	19.18	Banks, credit institutions	23.94
Cayman Islands	9.63	Holding and finance companies	18.56
Singapore	8.42	Real estate companies	11.86
Jersey	7.64	Construction, building materials	5.55
Luxembourg	5.51	Foods, alcoholic beverages	5.49
Sri Lanka	4.85	Fuels	4.81
France	4.36	Communications	3.69
United States of America	4.00	Supranational	3.60
Brazil	3.85	Mortgage & financing institutes	3.59
British Virgin Islands	3.75	Agriculture and fisheries	3.55
Bangladesh	3.69	Tobacco and spirits	3.40
Kenya	3.60	Non-ferrous metals	3.08
Philippines	3.40	Energy and water utilities	2.21
Hong Kong	3.25	Countries, provinces and municipalities	2.12
Turkey	2.40		
Egypt	2.12		
Ireland	1.79		
Tunisia	1.73		
India	1.41		
Venezuela	0.87		
	95.45		95.45

FALCON FUND SICAV

Notes to the financial statements as at 31 December 2016

Note 1 - Structure of, and legal information about, the company

FALCON FUND SICAV (the "Company") is a public limited company (société anonyme) that is organised according to the Law of 10 August 1915 of the Grand Duchy of Luxembourg. The Company is authorised in conformity with Part I of the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment in Transferable Securities, as amended, in the form of a "Société d'Investissement à Capital Variable" (SICAV). The Company was founded for an indefinite period of time at the initiative of Falcon Private Bank Ltd., Pelikanstrasse 37, P.O. Box 1376, CH-8021 Zurich (in this sense also referred to as the "Promoter"). AIG SICAV was renamed FALCON FUND SICAV, effective 27 August 2009.

The registered office of the Company is 24, avenue Victor Hugo, L-1750 Luxembourg (since 1 January 2017: Centre Etoile, 11–13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg). The Company was founded on 30 October 2001 for an indefinite period of time and with a starting capital of EUR 36,000 in the form of 360 no-par-value shares, and commenced operation on 16 December 2002.

According to the Law of 17 December 2010, the minimum capital of the Company must correspond to EUR 1,250,000, which must be reached within a period of six months after the date of the registration of the Company as an Undertaking for Collective Investment in the Grand Duchy of Luxembourg. The capital of the Company corresponds at all times to the net asset value of all subfunds or share classes of the Company and is expressed in Euro, namely the "consolidation currency".

The Company is entered under R.C.S. Luxembourg B-84227 in the Luxembourg Trade and Company Register, where copies of the statutes are available for inspection and can be requested. The statutes of the company were last amended on 27 August 2009, and notification that the amended statutes were filed with the Luxembourg Trade and Company Register was publicised on 16 October 2009 in Mémorial C, Recueil des Sociétés et Associations ("Mémorial"), the Official Journal of the Grand Duchy of Luxembourg.

The Company has an "umbrella structure", which makes it possible to establish separate subfunds that correspond to different security portfolios ("Subfunds"). Under the supervision and the responsibility of the Board of Directors (see Section 10 "Portfolio managers and investment consultants"), the Company is empowered to appoint expert financial advisers as investment consultants. Additional legal information about the Company is documented in Section 6 ("The Company") of the prospectus.

With regard to third parties, and in the relationship between the shareholders, each subfund is treated as an independent unit. In this sense, each subfund is liable exclusively for its own liabilities, which are assigned to it in the calculation of the net asset value.

The Company is administered under the supervision of the Board of Directors and in the interests of the shareholders. The Board of Directors of the Company is listed in the prospectus under the section "Management and administration". Information about the preparation and publication of the annual and semi-annual reports of the Company is documented in Section 23 "Financial year and reporting".

Currently, the following subfunds are being offered to investors:

a) Falcon Swiss Small & Mid Cap Equity Fund

Two separate share classes are issued within the framework of this subfund: share class T and share class I. Share class T focuses primarily on private investors, whereas share class I is focused exclusively on institutional investors. Both share classes only issue accumulating shares. Furthermore, both share classes are differentiated by their fee structure.

b) Twelve-Falcon Insurance Linked Strategy Fund

Separate share classes are issued within the framework of this subfund.

Share classes A and I are open to all investors, who are in each instance willing to make the required minimum investment. Share class I demands a higher minimum investment and has a lower administrative fee, and typically, but not necessarily, targets institutional investors.

T share classes are reserved exclusively for investors selected by the management company in each individual case. The decision to approve these share classes is taken solely by the management company.

Revenues of all share classes (share classes A, I and T) are distributed ("distributing classes").

For share classes that are not designated in USD, which is the reference currency of the subfund, foreign currency risks are hedged (under normal market conditions) on average at least 90% against the reference currency of the share class.

c) Falcon Gold Equity UCITS Fund

Separate share classes are issued within the framework of this subfund.

Share classes A and H are open to all investors, who are in each instance willing to make the required minimum investment.

Share class I is open exclusively to institutional investors.

Share classes B, T and W are reserved exclusively for investors selected by the Management Company in each individual case. The decision to approve these share classes is taken solely by the management company.

Revenues of all share classes (share classes A, B, H, I, T and W) are distributed ("distributing classes").

For share classes that are not designated in USD, which is the reference currency of the subfund, foreign currency risks are hedged (under normal market conditions) on average at least 90% against the reference currency of the share class.

d) Twelve-Falcon Insurance Opportunities Fund

FALCON FUND SICAV

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

Note 1 - Structure of, and legal information about, the company (continued)

Separate share classes are issued within the framework of this subfund.

I share classes are open to all institutional investors and private investors through nominee banks who are in each instance willing to make the required minimum investment.

T share classes are reserved exclusively for investors selected by the management company in each individual case. The decision to approve these share classes is taken solely by the management company.

Revenues of all share classes (share classes I and T) are distributed (“distributing classes”).

For share classes that are not designated in USD, which is the reference currency of the subfund, foreign currency risks are hedged (under normal market conditions) on average at least 90% against the reference currency of the share class.

e) Tocqueville-Falcon North American Value Fund

Separate share classes are issued within the framework of this subfund.

Share class A is open to all investors who are in each instance willing to make the required minimum investment.

Share class I is open exclusively to institutional investors.

Share class T is reserved exclusively for investors selected by the Management Company in each individual case. The decision to approve this share class is taken solely by the Management Company.

Revenues of all share classes (share classes A, I and T) are reinvested (“reinvestment classes”).

f) Falcon Emerging Markets High Yield Bond Fund

Separate share classes are issued within the framework of this subfund.

Share classes A and T are open to all institutional investors and private investors through nominee banks who are in each instance willing to make the required minimum investment.

Revenues of A share classes are distributed (“distributing class”). T share classes are reinvested (“reinvestment class”).

All share classes that are not designated in USD, namely the reference currency of the subfund, may be entirely or partially hedged against this reference currency at the discretion of the investment manager.

However, no obligation for currency hedging exists.

g) Tocqueville-Falcon Global Equity Fund

The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

Separate share classes were issued within the framework of this subfund.

Share class A was open to all institutional and private investors via nominee banks that were in each instance willing to make the required minimum investment.

Share class I was open exclusively to institutional investors.

Share class T was reserved exclusively for investors selected by the Management Company in each individual case. The decision to approve this share class was taken solely by the Management Company.

Revenues of all share classes (share classes A, I and T) were distributed (“distributing classes”).

FALCON FUND SICAV

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

Note 1 - Structure of, and legal information about, the company (continued)

Pursuant to the contract for the appointment of a management company ("Management Company Services Agreement"), which became effective on 12 January 2007, Falcon Fund Management (Luxembourg) S.A. (the "Management Company"), has been appointed as Management Company for the Company. According to this contract, the Management Company assumes responsibility for investment administration, central administration and sales for the Company. The contract appointing a Management Company was concluded for an indefinite period of time, and it can be cancelled by either of the contracting parties in writing, under observation of a 3-month period of notice to the end of the month. The liability of the Company is not prejudiced by the transfer of the above-mentioned functions to the Management Company.

The Management Company is a public limited company (société anonyme), which has been organised according to the currently applicable version of the Law of 10 August 1915 and is authorised as a Management Company in accordance with Section 15 of the Law of 17 December 2010. The Management Company was founded under the laws of Luxembourg on 10 October 1988 as UBZ International Trust Management for an indefinite period and was renamed AIG International Trust Management S.A. on 26 July 1999 and Falcon Fund Management (Luxembourg) S.A. on 12 May 2009.

Note 2 - Calculation of the net asset value

The annual report was prepared according to Luxembourg regulations governing investment funds.

As defined in the appendices to the prospectus, the Board of Directors is responsible for calculating the net asset value per share of a subfund in the currency of the corresponding subfund ("reference currency") on each valuation day, with the exception of those cases where calculation may be suspended, which are documented in the section "Suspension of the calculation of the net asset value".

The latest net asset value of the subfund was calculated on 30 December 2016.

The Board of Directors is authorised to publish an additional net asset value per share in currencies other than the reference currency. In such a case, the last available average exchange rate on the corresponding day of valuation is used for the conversion.

The net asset value per share (also called the "share value") is calculated by dividing the entire net asset value of the subfund by the number of issued shares. The entire net asset value of the corresponding subfund in this case represents the market value of the contained asset values, after deduction of liabilities.

The assets are valued according to the principles that have been defined in the statutes, and by the valuation regulations and guidelines that may have been issued or amended by the Board of Directors from time to time.

The assets are valued according to the following rules:

- (1) Securities that are listed on an official stock market are valued at the last available share price. If a security is listed on several stock markets, then the last available share price from the stock market on which the security is mainly traded is definitive;
- (2) Securities that are not listed on an official stock market, but which are traded on another regulated market that is recognised, open for the public and that operates according to regulations ("regulated market"), are valued at the last available share price on that market;
- (3) Units in UCIs for joint investments are valued at the last available and publicised share price;
- (4) If these share prices should not be market conform, then these securities, and any other legally permissible assets, are valued at the current value, which is determined by the Company in good faith and on the basis of the probably realisable sales value;
- (5) Cash and cash equivalents are measured at their nominal value plus accrued interest. Term deposits with an initial term of more than 60 days can be valued at the corresponding yield rate, on condition that a corresponding contract, between the financial institution that safeguards the term deposits and the Company, provided that these term deposits can be called at any time, and that the realised value upon such termination conforms to the yield rate.

The Management Company is authorised to temporarily use other, adequate valuation principles for asset values and the assets of a subfund, in the event that exceptional events deem the above-mentioned criteria for valuation impossible or inappropriate.

Insurance-Linked Securities (ILS)

Various types of CAT bonds (insurance-linked securities) exist, which can differentiate from one another in a number of parameters. CAT bonds are bonds that the issuer – usually insurance companies or reinsurers – use to compensate for the financial damage that they face as a result of natural disaster. In addition to these traditional issuers, industrial companies that are particularly affected by natural disasters have previously acted as issuers of CAT bonds (railway companies in Japan, energy companies in France) in order to acquire loan capital.

The investor provides capital and, unless a predefined natural disaster occurs, receives the interest that is earned and the premium, which the issuer pays as compensation for the mitigation of risk. At the end of the term, provided that the defined natural disaster has not occurred, the capital is returned to the investor.

FALCON FUND SICAV

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

Note 2 - Calculation of the net asset value (continued)

In the event that a defined natural disaster occurs, the issuer's responsibility to pay the interest and premium and to repay the capital is either deferred or repealed. Instead, the issuer of the transaction will receive compensation for the damage caused by the natural disaster. Unlike corporate or government bonds, the payment of interest and repayment of the bond does not therefore depend on the creditworthiness of the creditor, but on the occurrence or non-occurrence of one or more defined natural disasters. For CAT bonds, as a rule, a significant recovery rate cannot always be assumed following the occurrence of an event. For investors, the advantage of CAT bonds is the relatively high interest rate, as well as the ability to spread investment risk. The advantage for the issuer is the passing on of disaster risk to the capital market, which can be more favourable under certain circumstances than the traditional hedging against such risks on insurance or reinsurance.

It is important to know whether individual or multiple risks (single-peril or multi-peril) are covered and how a damage claim is defined for the investor. The damage claim is either based on the book value principle (indemnity-based), under which an actually occurring claim settlement obligation by the insurance company is defined as the damage event for the bond owner, or a parameter-based damage index (parametric index-based), where a damage event occurs as soon as a certain physical parameter exceeds a certain limit value. In the last case, for instance, the Richter scale strength of an earthquake or the wind speed of a tornado would be decisive. In a damage event, namely when a certain predefined natural catastrophe or triggering event occurs, the investor suffers a partial or complete loss of the invested amount. Non-occurrence on the other hand would mean that the investor receives the agreed premium (plus interest at the money market rate). The size of the premium and the damage probability are defined differently, depending on the provisions of the catastrophe bond, but they usually are based on historical statistics for the frequency and severity of natural catastrophes at a specific location.

The valuation method is based on the best money rate, insofar as the difference between the money rate and the average money rate remains within a range of 2%.

The percentage difference between the best money rate and the average rate is determined as follows:

$(\text{best money rate} - \text{average money rate}) / \text{average money rate}$

The average money rate is calculated based on the prices from a reasonable number of different brokers, it being ensured that no fewer than two different brokers provide prices.

If no broker information is available for a security, a check is carried out to determine whether a price is available and otherwise, in case of a new security, the buying price or the share price of a security held during a previous valuation will be used.

Revenues from CAT bonds/ILS are booked separately under "Interest received on bonds" and "Profits/losses on insurance premiums" and include the insurance premiums and the earned interest.

Conversion of foreign exchange

The market value of securities and other investments, which are listed in a different currency than the accounting currency of the subfund, is converted into the currency of the subfund on the basis of the last average exchange rate.

Realised net profit/loss from sales of securities

The profits or losses that are realised through the sale of securities are calculated on the basis of the average buying price of the sold securities.

Valuation of forward exchange transactions

Unrealised increases/decreases in the value of open forward exchange transactions are calculated on the valuation date at the forward exchange rate, and are reflected in the statement of income and expenditure and the change in net assets.

On 31 December 2016, the following exchange rates were used for the Falcon Swiss Small & Mid Cap Equity Fund subfund:

1 EUR =	1.071995	CHF
1 USD =	1.016350	CHF

On 31 December 2016, the following exchange rates were used for the Twelve-Falcon Insurance Linked Strategy Fund subfund:

1 USD =	1.341051	CAD
1 USD =	1.016350	CHF
1 USD =	7.049551	DKK
1 USD =	0.948092	EUR
1 USD =	116.634942	JPY
1 USD =	9.084632	SEK

On 31 December 2016, the following exchange rates were used for the Falcon Gold Equity UCITS Fund subfund:

1 USD =	1.381025	AUD
1 USD =	1.341051	CAD
1 USD =	0.948092	EUR
1 USD =	0.809291	GBP

FALCON FUND SICAV

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

Note 2 - Calculation of the net asset value (continued)

On 31 December 2016, the following exchange rates were used for the Twelve-Falcon Insurance Opportunities Fund subfund:

1 USD =	1.016350	CHF
1 USD =	7.049551	DKK
1 USD =	0.948092	EUR
1 USD =	0.809291	GBP

On 31 December 2016, the following exchange rates were used for the Tocqueville-Falcon North American Value Fund subfund:

1 USD =	0.948092	EUR
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On 31 December 2016, the following exchange rates were used for the Falcon Emerging Markets High Yield Bond Fund subfund:

1 USD =	0.948092	EUR
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The following exchange rates were used to calculate the consolidated figures:

1 CHF =	0.932840	EUR
1 USD =	0.948092	EUR

Note 3 - Fees and costs

The Company pays the following fees and costs from the net assets of the subfund:

3.1 Management company fees (administration fees).

The Management Company fee, which amounts to a maximum of 0.30% p.a. of the net assets of the corresponding subfund, unless otherwise agreed for specific subfunds, for the services performed by the Management Company, and on the basis of the contract appointing the Management Company.

3.2 A portfolio manager fee of maximum 2.00% p.a. of the net assets of the corresponding subfund, as indicated in the appendices to the prospectus for each subfund, for services specified in the respective portfolio manager contract.

The compensation for portfolio management amounts to

- up to 1.50% p.a. of the net assets for share class T of the subfund Falcon Swiss Small & Mid Cap Equity Fund (actual fee: 1.00%)
- up to 0.80% p.a. of the net assets for share class I of the subfund Falcon Swiss Small & Mid Cap Equity Fund (actual fee: 0.70%)
- up to 1.50% p.a. of the net assets for share classes A and (T SEK) (actual fee: 1.50%) and up to 1.00% for the other share classes I and T of the subfund Twelve-Falcon Insurance Linked Strategy Fund (actual fee: 1.00%)
- up to 1.75% p.a. of the net assets for share class A of the subfund Falcon Gold Equity UCITS Fund (actual fee: 1.75%)
- up to 1.75% p.a. of the net assets for share class H of the subfund Falcon Gold Equity UCITS Fund (actual fee: 1.75%)
- up to 1.00% p.a. of the net assets for share class B of the subfund Falcon Gold Equity UCITS Fund (actual fee: 1.00%)
- up to 1.00% p.a. of the net assets for share class I of the subfund Falcon Gold Equity UCITS Fund (actual fee: 1.00%)
- up to 1.00% p.a. of the net assets for share class T of the subfund Falcon Gold Equity UCITS Fund (actual fee: 1.00%)
- up to 1.00% p.a. of the net assets for share class W of the subfund Falcon Gold Equity UCITS Fund (actual fee: 0.33%)
- up to 1.00% p.a. of the net assets for share class I of the subfund Twelve-Falcon Insurance Opportunities Fund (actual fee: 1.00%)
- up to 1.50% p.a. for share class A of the subfund Tocqueville-Falcon North American Value Fund (actual fee: 1.50%)
- up to 0.80% p.a. for share class T of the subfund Tocqueville-Falcon North American Value Fund (actual fee: 0.80%)
- up to 1.00% p.a. of the net assets for share class A of the subfund Falcon Emerging Markets High Yield Bond Fund (actual fee: 1.00%)
- up to 1.00% p.a. of the net assets for share class T of the subfund Falcon Emerging Markets High Yield Bond Fund (actual fee: 1.00%)
- up to 1.20% p.a. of the net assets for share class A of the subfund Tocqueville-Falcon Global Equity Fund (actual fee: 1.00%)

If a portfolio manager receives an additional annual operating or administration fee (which may not amount to more than 1.00% of the net assets of the corresponding subfund) and/or a "performance fee", then the amount and calculation method is documented in the appendices to the prospectus for the corresponding subfund.

FALCON FUND SICAV

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

Note 3 - Fees and costs (continued)

3.3 The compensation to the custodian bank, central administrative agent and registration and transfer agency (the "service charges") amount collectively to an average of 0.3% p.a. of the net assets of the respective subfund. These service charges may be higher or lower than the amount indicated above based on the net assets of the subfund. These fees are payable monthly and do not include any transaction fees or the fees of sub-custodians or similar service providers. Any cash expenses incurred (including but not limited to the costs of electronic data transfer and postage), which are not included in these fees, will be repaid to the custodian bank, central administration and registration and transfer agency from the net fund assets.

3.4 Fees for services specified in the registry and transfer contract, as well as any other contracts for sales and sales support, which are payable monthly at the end of each month.

3.5 As of the day on which a subfund was issued, the foundation costs are written off against the net assets of the corresponding subfund over a period of not more than five years.

3.6 If the Board of Directors decides to liquidate a subfund, then the shareholders in the subfund have the right to request the redemption of their shares up to the date of liquidation. The liquidation costs are reflected in the net asset value per share.

3.7 Other expenses

All costs incurring in the course of the Company's activities are paid from the assets of the subfund.

Note 4 - Taxation

Dividends and/or accrued interest, which are received by the Company or on its capital investments, may be subject to non-recoverable withholding tax in the country of origin.

Potential investors and shareholders should ask their advisers about the legally prevailing consequences of purchasing, holding, exchanging, transferring and selling securities, including tax consequences and possible limitations on the export of foreign currencies.

The following summary is based on legal regulations, which are currently in effect or applicable in the Grand Duchy of Luxembourg and, which may be amended in the future.

Taxation of the Company

The Company pays annual tax of 0.05% on the net assets registered at the end of each quarter for each individual subfund ("Taxe d'abonnement"), which must be transferred on a quarterly basis. However, that part of the assets that are invested in another Luxembourg investment fund is excluded from this tax. To the extent that subscription by institutional investors in a subfund or a share class is subject to restrictions, the net assets of this subfund or the corresponding share class are taxed at a reduced "Taxe d'abonnement" rate of 0.01% per year. No stamp tax or other tax is levied in Luxembourg for the issue of securities, with the exception of a one-off tax, which must be paid by the Company on foundation and amounts to EUR 1,250. No taxes are payable in Luxembourg for realised or unrealised increases in the assets of the Company.

Taxation of shareholders

With effect from 1 January 2015, the agreement between EU Member States regarding the automatic exchange of information between national tax authorities, that all interest payments should be taxed according to the regulations of the country of residence, was implemented by the Grand Duchy of Luxembourg within the framework of Directive 2003/48/EC.

As such, the previous regime adopted by the Luxembourg government as an interim solution – withholding tax (35% of the interest payment) instead of the exchange of information – ceased to apply.

Since 1 January 2015, information on the amounts of interest paid by Luxembourg banks directly to individuals who are resident in another Member State of the European Union has been automatically forwarded to the Luxembourg tax authority. The Luxembourg tax authority then informs the tax authority of the country in which the beneficiary resides. The first exchange of information took place in 2016 in relation to interest payments during the 2015 tax year.

Consequently, the system of non-recoverable withholding tax of 35% on interest payments was abolished on 1 January 2015.

FALCON FUND SICAV

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

Note 4 - Taxation (continued)

Investors who are not resident in the Grand Duchy of Luxembourg or who do not maintain a permanent establishment there, do not need to pay income tax, inheritance tax or wealth tax on their shares or income from units in the Grand Duchy of Luxembourg. The relevant national tax regulations are applicable for such investors.

Since 1 January 2006, with reference to the Luxembourg Law implementing the Directive on the therein specified interest income, natural persons who reside in the Grand Duchy of Luxembourg and who are not a tax resident of another state have had to pay compensatory withholding tax of 10%. This withholding tax may under certain conditions also affect the interest income of an investment fund. Wealth tax was abolished in the Grand Duchy of Luxembourg at the same time. It is recommended that unitholders inform themselves and seek advice regarding the laws and regulations that apply to the purchase, possession and redemption of units.

Note 5 – Admissibility of rebates and portfolio maintenance commissions

Portfolio maintenance commissions are paid out of the administration commission to distributors and sales partners. Out of the administration commission, rebates are paid to institutional investors that hold the securities for third parties.

Note 6 - Forward exchange transactions

The following forward exchange transactions were held as at 31 December 2016:

Twelve-Falcon Insurance Linked Strategy Fund

Purchases		Sales		Due date	Unrealised profit/(loss)	Currency
CHF	54,089,000.00	USD	52,952,895.62	29/03/2017	567,196.28	USD
EUR	197,369,000.00	USD	207,634,359.06	29/03/2017	1,520,728.14	USD
SEK	3,012,000.00	USD	328,530.45	29/03/2017	4,762.41	USD
USD	289,826.43	SEK	2,640,000.00	29/03/2017	(2,290.72)	USD
USD	22,034,856.60	EUR	20,970,000.00	13/04/2017	(203,467.17)	USD
USD	806,224.33	JPY	94,400,000.00	13/04/2017	(7,438.30)	USD
					1,879,490.64	USD

Falcon Gold Equity UCITS Fund

Purchases		Sales		Due date	Unrealised profit	Currency
EUR	494,000.00	USD	519,693.43	29/03/2017	3,806.27	USD
					3,806.27	USD

Twelve-Falcon Insurance Opportunities Fund

Purchases		Sales		Due date	Unrealised profit/(loss)	Currency
CHF	15,776,000.00	USD	15,444,635.35	29/03/2017	165,432.68	USD
EUR	62,591,000.00	USD	65,846,420.50	29/03/2017	482,263.66	USD
USD	1,061,287.80	EUR	1,010,000.00	13/04/2017	(9,799.80)	USD
					637,896.54	USD

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

Note 6 - Forward exchange transactions (continued)

Information given in accordance with the “Guidelines on ETFs and other UCITS issues” by the European Securities and Markets Authority (ESMA “Guidelines”)

No techniques for efficient portfolio management were used during the financial year. Only forward exchange contracts with the intention to hedge against currency risks were concluded. The underlying exposure achieved through derivatives in accordance with point 40 a) of the “Guidelines” for the subfunds on the reporting date based on a consideration of the nominal value was CHF 0.00 and USD 0.00.

The company invested in derivatives with the following counterparties during the reporting period: Falcon Private Bank, Zurich, Hauck & Aufhäuser Investment Gesellschaft S.A.

No securities that were offset against the company’s counterparty risk were accepted.

Note 7 – Distribution

Subfund	Share class	Ex date	Payment date	Currency	Distribution per share
Falcon Emerging Markets High Yield Bond Fund	A	22/01/2016	29/01/2016	USD	20.00
Falcon Emerging Markets High Yield Bond Fund	A	24/06/2016	01/07/2016	USD	18.00

Note 8 – Transaction costs

The company incurred transaction costs (brokerage fees) in connection with the purchase or sale of transferable securities, money market instruments, derivatives and other permissible assets. The transaction costs for the financial year ending on 31 December 2016 totalled:

Falcon Swiss Small & Mid Cap Equity Fund	CHF 73,719.97
Twelve-Falcon Insurance Linked Strategy Fund	USD 58,239.71
Falcon Gold Equity UCITS Fund	USD 429,790.81
Twelve-Falcon Insurance Opportunities Fund	USD 36,882.42
Tocqueville-Falcon North American Value Fund	USD 58,572.20
Falcon Emerging Markets High Yield Bond Fund	USD 5,603.65
Tocqueville-Falcon Global Equity Fund*	- USD

* The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

The transaction costs, which are reported in “Statement of operations and changes in net assets” under the heading “Bank charges” and are linked to the brokerage fees incurred in connection with transactions with derivative instruments, are therefore not included in the above figures.

Note 9 – Risk management procedures

The Management Company uses a risk management procedure for the company in accordance with the Law of 17 December 2010 and other applicable regulations, in particular CSSF Circular 11/512. This risk management procedure provides for the measurement and control of the overall risk of all funds using the commitment approach.

The Management Company appointed Hauck & Aufhäuser Investment Gesellschaft S.A. to calculate the key figures used in the risk assessment process from 1 January 2017. Until 31 December 2016, these figures were calculated by RBC Investor Services Bank S.A.

FALCON FUND SICAV

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

Note 10 – Events during the reporting period

Twelve-Falcon Insurance Linked Strategy Fund:

As a consequence of a double posting of a foreign exchange transaction on 29 January 2016, there was a miscalculation of the net asset value in the Twelve-Falcon Insurance Linked Strategy Fund subfund.

The initially published fund prices and the corrected fund prices are below:

ISIN	Net asset value per share as at 29/01/2016	Currency	Corrected net asset value per share as at 29/01/2016	Currency
LU0524669891	119.63	USD	119.11	USD
LU0524669974	118.02	EUR	117.51	EUR
LU0524669974	127.70	USD	127.15	USD
LU0524670048	111.71	CHF	111.23	CHF
LU0524670048	109.02	USD	108.55	USD
LU0524670121	122.77	USD	122.24	USD
LU0524670394	126.02	EUR	125.47	EUR
LU0524670394	136.36	USD	135.77	USD
LU0524670477	114.80	CHF	114.30	CHF
LU0524670477	112.04	USD	111.55	USD
LU0961411229	108.10	USD	107.63	USD
LU0961411492	107.45	EUR	106.98	EUR
LU0961411492	116.27	USD	115.77	USD
LU0961411575	104.33	CHF	103.88	CHF
LU0961411575	101.82	USD	101.38	USD

Tocqueville-Falcon Global Equity Fund:

According to a circular resolution by the Board of Directors on 11 March 2016, a provision of EUR 30,000 was booked in the Tocqueville-Falcon Global Equity Fund subfund for the resolution to liquidate the subfund.

Note 11 – Events after the end of the reporting period

As of 1 January 2017, the functions of central administration, registration office and transfer agency are transferred to Hauck & Aufhäuser Investment Gesellschaft S.A., 1c, rue Gabriel Lippmann, L-5365 Munsbach. The new Custodian is Hauck & Aufhäuser Privatbankiers KGaA, Luxembourg branch, 1c, rue Gabriel Lippmann, L-5365 Munsbach.

Note 12 – Information on the remuneration policy

Since 18 March 2016, European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities, which applies to the Fund, has been in force. It was transposed into national law by the Luxembourg Law of 10 May 2016 implementing Directive 2014/91/EU. Based on these new legal regulations, the Fund is required to publish information regarding the remuneration of identified employees, as defined by the Law, in the annual report. The Management Company's remuneration policy is available online at <https://www.falconpb.com>.

The pro rata fixed remuneration paid to identified employees, measured by fund assets under management, was EUR 156,339. In addition, pro rata variable remuneration, measured by fund assets under management, was paid to identified employees in the amount of EUR 13,185.

Note 13 – Securities financing transactions

On 12 January 2016, Regulation (EU) 2015/2365 on the reporting and transparency of securities financing transactions ("SFTR Regulation") entered into force and introduced, inter alia, new reporting requirements affecting the Fund's annual and semi-annual reports, which will be published after 13 January 2017. No securities financing transactions were carried out during the reporting period.

FALCON FUND SICAV

Information for investors in Switzerland

Total Expense Ratio ("TER")

The TERs were calculated in accordance with the “Guidelines on the calculation and disclosure of total expense ratios” of the Swiss Funds and Asset Management Association (SFAMA) in the version dated 20 April 2015.

The commissions and costs incurred in the management of the Company must be disclosed in the form of a key indicator that is internationally known as the "Total Expense Ratio" (TER). This key ratio expresses retroactively the total sum of those commissions and costs which are continuously charged to net assets (operating expenses) and is presented as a percentage of net assets and must always be calculated according to the following formula:

$$\text{TER}\% = \frac{\text{Total operating expenses in AC}^*}{\text{Average net assets in AC}^*} \times 100$$

* AC = units in the accounting currency

	Falcon Swiss Small & Mid Cap Equity Fund	Twelve Falcon Insurance Linked Strategy Fund	Falcon Gold Equity UCITS Fund	Twelve Falcon Insurance Opportunities Fund	Tocqueville-Falcon North American Value Fund	Falcon Emerging Markets High Yield Bond Fund
As at 31 December 2016						
A-CHF share class	-	1.81%	-	-	-	-
A-EUR share class	-	1.82%	-	-	-	-
A-USD share class	-	1.81%	2.01%	-	1.84%	1.36%
B-EUR share class	-	-	1.19%*	-	-	-
I-CHF share class	1.43%	1.31%	-	1.33%	-	-
I-EUR share class	-	1.31%	-	1.34%	-	-
I-USD share class	-	1.30%	1.22%	1.33%	-	-
T-CHF share class	1.87%	1.31%	-	-	-	-
T-EUR share class	-	1.31%	-	-	-	-
T-USD share class	-	1.31%	1.26%	-	1.10%	1.38%
H-EUR share class	-	-	2.02%	-	-	-
T-SEK share class	-	1.75%*	-	-	-	-
W-USD share class	-	-	0.58%	-	-	-

* Relaunch during the year

FALCON FUND SICAV

Information for investors in Switzerland (continued)

Publication of fund performance for investors in Switzerland

	01/01/14 - 31/12/14	01/01/15 - 31/12/15	01/01/16 - 31/12/16
Falcon Swiss Small & Mid Cap Equity Fund			
T-CHF share class	6.65%	6.77%	17.08%
I-CHF share class	7.01%	7.13%	17.49%
Benchmark:			
Swiss SPI Extra (Tot Return Ind)	11.37%	11.01%	8.50%
Twelve-Falcon Insurance Linked Strategy Fund			
A-CHF share class	2.78%	0.37%	2.75%
A-EUR share class	3.21%	2.81%	3.09%
A-USD share class	3.41%	2.97%	4.47%
I-CHF share class	3.52%	0.81%	3.21%
I-EUR share class	3.65%	3.36%	3.57%
I-USD share class	3.92%	3.48%	4.99%
T-CHF share class	-	1.03%	3.24%
T-EUR share class	3.55%	3.21%	3.60%
T-SEK share class	-	-	217.96%*
T-USD share class	3.94%	3.48%	4.99%
Benchmark:			
CGBI WMMI SW FR 3 Euro Dep. (L) TR, Benchmark in CHF:	(0.12%)	(0.90%)	(0.91%)
CGBI WMMI Euro 3 Mth Euro Dep. (L) TR, Benchmark in EUR:	0.16%	(0.05%)	0.51%
CGBI WMMI US \$ 3 Mth Euro Dep. (L) TR, Benchmark in SEK:	-	-	5.16%
CGBI WMMI US \$ 3 Mth Euro Dep. (L) TR, Benchmark in USD:	0.22%	0.37%	(2.41%)
Falcon Gold Equity UCITS Fund			
A-USD share class	(6.67%)	(26.28%)	42.74%
B-EUR share class	-	-	***
I-USD share class	(5.92%)	(25.70%)	43.86%
T-USD share class	(5.94%)	(25.72%)	43.79%
H-EUR share class	(8.29%)	(28.34%)	37.26%
W-USD share class	-	(25.24%)	44.79%
Benchmark:			
Philadelphia Stock Exch Gold / Silver, Benchmark in EUR	-	-	79.30%
Philadelphia Stock Exch Gold / Silver, Benchmark in USD	(17.29%)	(33.42%)	74.10%
Twelve-Falcon Insurance Opportunities Fund			
I-CHF share class	8.52%	4.08%	6.86%
I-EUR share class	8.94%	6.47%	7.16%
I-USD share class	9.10%	6.72%	8.69%
Benchmark:			
CGBI WMMI SW FR 3 Euro Dep. (L) TR, Benchmark in CHF:	(0.12%)	(0.90%)	(0.91%)
CGBI WMMI Euro 3 Mth Euro Dep. (L) TR, Benchmark in EUR:	0.16%	(0.05%)	0.51%
CGBI WMMI US \$ 3 Mth Euro Dep. (L) TR, Benchmark in USD:	0.22%	0.37%	(2.41%)

* On 29 December 2016, a profit of approx. USD 90,000 was recorded in share class T (SEK). This profit resulted from a deviation from optimal currency hedging on 23 December 2016. The profit remains in share class T (SEK). Unit certificate redemptions caused an outflow of approx. 99.6% from share class T (SEK) on the closing date, 23 December 2016. This left only a very small net asset value of approx. USD 41,000 in share class T (SEK), allowing the approx. USD 90,000 profit on 29 December 2016 to generate a remarkably positive performance.

** Due to its relaunch during 2016, the performance for this share class was not calculated.

FALCON FUND SICAV

Information for investors in Switzerland (continued)

	01/01/14 - 31/12/14	01/01/15 - 31/12/15	01/01/16 - 31/12/16
Tocqueville-Falcon North American Value Fund			
A-USD share class	-*	(3.94%)	6.06%
T-USD share class	11.26%	(3.24%)	6.85%
Benchmark:			
Russel 1000 TR USD	13.24%	0.91%	12.05%
Falcon Emerging Markets High Yield Bond Fund			
A-USD share class	(0.15%)	3.23%	6.92%
T-USD share class	(0.15%)	3.22%	6.92%
Tocqueville-Falcon Global Equity Fund**			
A-USD share class	-	(0.39%)	-

* Due to its relaunch during 2014, the performance for this share class was not calculated.

** The subfund Tocqueville-Falcon Global Equity Fund was liquidated on 17 May 2016.

Historical performance is no indication of current or future performance. Performance data do not reflect the commissions and costs which are charged for the issue and redemption of shares.