Annual Report
2015

castle
ALTERNATIVE INVEST

Contents

Further information
Periodic updates of elements of this annual report and supplementary information can be retrieved from the Company's website **www.castleai.com**

Publication date
This report was released for publication on 31 March 2016.
The subsequent event note in the financial statements has been updated to 30 March 2016.
Amounts in the report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Alternative Invest AG in 2015

		December 2015	December 2014
Net asset value up 0.7 per cent	Castle Alternative Invest AG's ("Castle", "CAI" or the "Company") net asset value increased by 0.7 per cent (USD +0.13 per share) in 2015. The annualised NAV return in Dollars since inception is +6.1 per cent.	USD 19.83 per share TUSD 196,710	USD 19.70 per share TUSD 219,118
Cancellation of shares and capital reduction	The Annual General Meeting ("the AGM") of the Company, on 12 May 2015, approved a share capital reduction by way of cancellation of 1,622,151 shares. The cancellation process was completed by 6 August 2015 and the shares duly cancelled. Accordingly, the share capital of Castle has been reduced from CHF 61,891,050 to CHF 53,780,295 or 10,756,059 shares.	10,756,059 shares in issue	12,378,210 shares in issue
Share buy backs for cancellation	On 20 May 2015, the company terminated the fifth 2nd line buy back program early having announced that each shareholder would be granted, free of charge, tradable put options. As a result, 351,079 shares were tendered to the Company on 5 June 2015. On 5 June 2015, the Company announced the opening of a new, 2nd line buy back program which was approved at the 2015 AGM. On 9 June 2015, the Company started its sixth share buy back program on the second trading line. A maximum of 724,526 shares can be bought back under this program, as approved at the Company's AGM. By 30 March 2016, 645,350 shares had been purchased on this 2nd line. It is intended that a resolution be proposed to the 2016 AGM to reduce the capital of the Company by the full amount of shares acquired in the various 2nd line trading programs.		
Share price decreased by 1.2 per cent in US Dollar	The US Dollar share price decreased 1.2 per cent on the SIX-Swiss Exchange during the year. The Swiss franc price increased by 0.6 per cent from CHF 16.45 per share to CHF 16.55 per share. The discount to the NAV of the US Dollar shares widened to 18.05 per cent compared to 16.50 per cent in December 2014.	USD 16.25 per share	USD 16.45 per share

Chairman's statement

Dear Shareholders,

2015 was a challenging year for investors, with most asset classes showing mixed or negative returns. Castle Alternative Invest AG managed to make a gain in terms of the net asset value. While the share price in Swiss Francs made a small gain, in US Dollar terms, the share price was slightly down over the year. The long/short equity strategy contributed the most with a further modest contribution from relative value. CTA/macro and event driven strategies detracted.

By the end of the year, the NAV of the underlying portfolio had risen to USD 19.83 per share, an increase of 0.7 per cent for the year. This was slightly better than the average return for funds of hedge funds in 2015. Since inception, the Company's NAV has increased by 6.1 per cent per annum, exceeding both equity and bond returns over that period. The Company has now established a nineteen year track record of stable capital appreciation with low correlation to equity and bond market returns and low volatility.

On 20 May 2015, the Company terminated the fifth 2nd line buy back program early, having announced that each shareholder would be granted, free of charge, tradable put options. As a result, 351,079 shares were tendered to the Company on 5 June 2015. On 9 June 2015, the Company initiated its sixth share buy back program on the second trading line. A maximum of 724,526 shares can be bought back under this program, as approved at the Company's AGM.

The board remains convinced that a well diversified portfolio of hedge funds can deliver attractive, risk adjusted returns with only a modest degree of discount volatility. We will continue our efforts to achieve this in the coming year through 2nd line share buy backs and other mechanisms, as appropriate, subject to shareholder approval.

The Company's 2016 Annual General Meeting is scheduled to take place on 10 May 2016 in Pfäffikon, SZ, Switzerland. The board welcomes the opportunity to discuss the progress of the Company with interested shareholders.

Finally, as your chairman, I would like to thank you for your continuing support for the Company as it enters its twentieth year.

Yours sincerely,

Tim Steel
Chairman of the board of directors

Investment manager's report

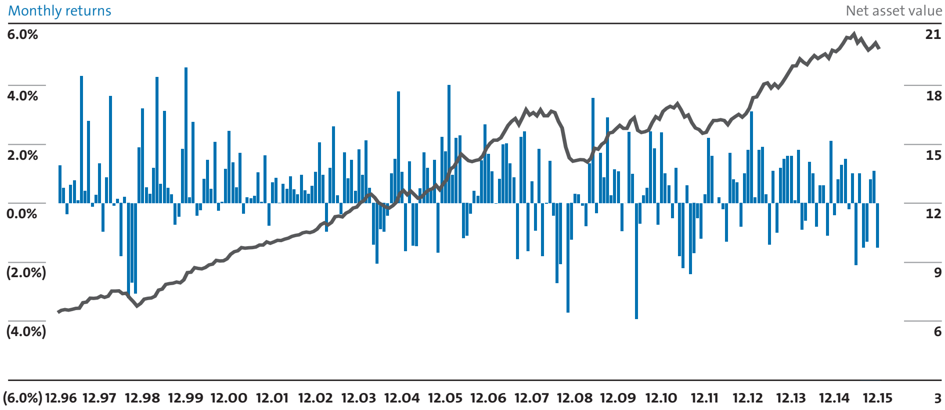
Financial markets and hedge fund strategies

Overview

2015 was a turbulent year for investors: first the Greek drama, quantitative easing (QE) from the European Central Bank (ECB), then the spike in bond yields, concerns over China and emerging markets, more but disappointing ECB stimulus and finally the US Federal Reserve raising interest rates. Global Equities had a rollercoaster ride, starting the year strongly but ending the year slightly down, only narrowly outperforming government bonds. Investors favoured growth stocks over value in a low-growth world still clouded with uncertainty.

Macro backdrop – Structural problems in the Eurozone, concerns about China following changes to the currency regime and gridlocked conflicts in the Middle East: all of these issues have swiftly faded into the background and are no longer sources of much turbulence on the financial markets. Overall, the negative impact on the market of structural factors and geopolitics seems to be limited and "under control". Against this background, the economic outlook also looks quite upbeat. The global economy, at least as far as the industrialised countries are concerned, is progressing a little more consistently, and the chances are good that its moderate growth path will continue, thanks in particular to the trend in the US and UK economies. However, the Eurozone will lag behind this pace of growth somewhat. Only in the emerging markets do prospects look disappointing.

Development NAV Castle Alternative Invest AG in USD[1]



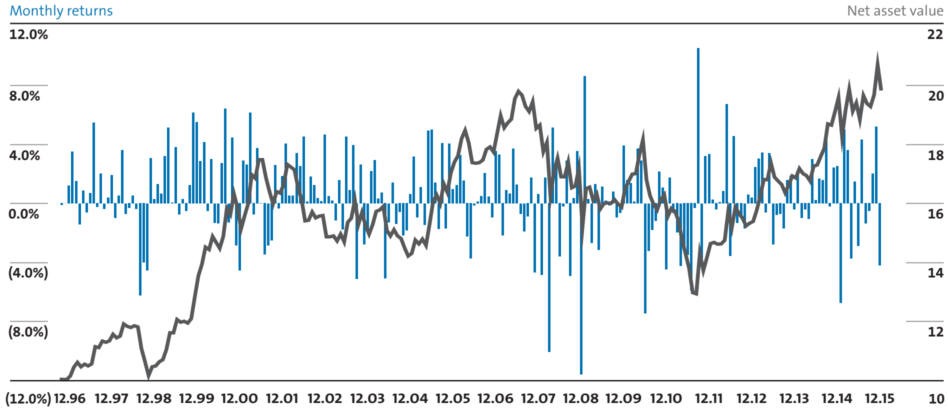
[1] Before September 1999, CAI (Overseas) Ltd. pro-forma performance numbers (real numbers adjusted for currency hedging, net of management fee and performance fee but gross of cost on CAI AG level).

Equities – Global equities markets were characterised by a strong dispersion across regions. Best returns have been achieved in Europe – albeit through a volatile path – and Japan, where easing measures by the Central Banks supported the markets. US markets – after a strong start to the year – struggled against Dollar strength and the collapse in energy sector earnings but were able to end the year slightly in positive territory (S&P 500 +1.4 per cent). Asian and Emerging Markets had a turbulent year and closed in negative territory.

Fixed income – Price developments within fixed income have been volatile throughout the year, which ended with mixed results. Government bonds closed in positive territory with best results from European peripheral countries supported by ECB QE measures. However, volatility around German government bonds was particularly high with a sharp sell-off at the end of April. High yields bonds came under pressure both in Europe and the US, where they closed the year in negative territory. Investing in global investment grade was also unprofitable for the first time after several years of positive returns.

Commodities – 2015 was a very challenging year for commodities, which experienced substantial declines across a broad spectrum: energy prices collapsed 30 to 40 per cent, metal prices fell between 10 and 30 per cent and agricultural commodities also closed in negative territory. Several factors contributed to a negative environment with growing downwards pressure: China's industrial slowdown, oversupply of oil and the departure of many financial investors from the asset class.

Development NAV Castle Alternative Invest AG in CHF



Castle Alternative Invest AG

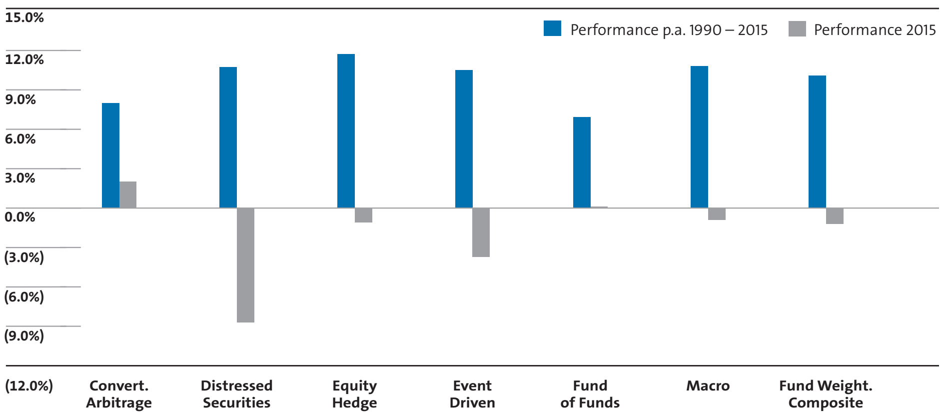
Performance

The net asset value per share of Castle Alternative Invest AG in US Dollars increased by 0.66 per cent in 2015. Converted into Swiss Francs, it gained 1.23 per cent over the same period. At the end of December 2015, Castle's shares in US Dollars were trading at a discount of 18.05 per cent to net asset value. The portfolio was invested in 36 different managers and the level of investment was 100 per cent.

Performance attribution

Event Driven deducted 0.2 per cent from Castle's returns. Managers were facing a challenging environment, in particular in the second half of the year as higher market volatility and some idiosyncratic catalysts negatively impacted performance both in Europe and in the US. Results for the year were mixed with the largest detraction from a New York based manager, who could benefit only limited protection from the short book and little diversification across credit and fixed income positions.

Long-term and current performance of HFR style indices

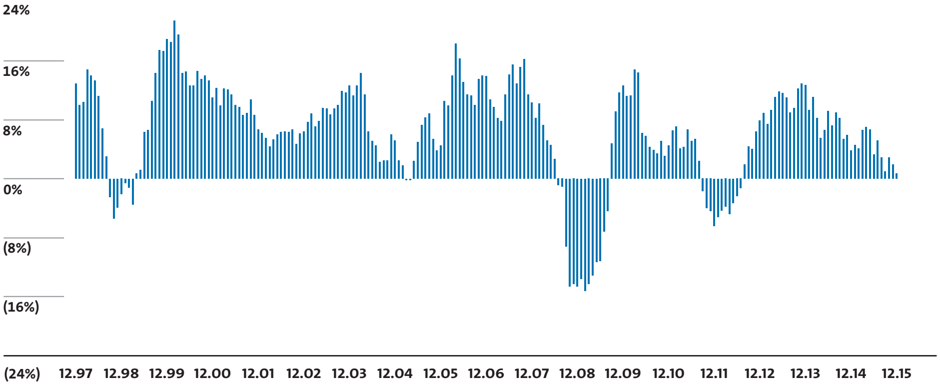


CTA/macro strategies as a group deducted almost 1 per cent from Castle's returns. CTAs had a very volatile year: after a strong start into the year, systematic strategies suffered from sharp reversals – in particular within fixed income (April), equities (August) and currencies (December). Positive performance could be generated with short energy positions. Discretionary Global Macro managers also had a challenging year and trading in commodities and fixed income in particular was unprofitable.

Long/short equity strategies had a strong year contributing 2.3 per cent to Castle's returns. The aggregate performance of the long/short equity allocation exceeds 6 per cent, outperforming global equity markets. Best results came from European and Asian managers, in particular from the ones running a low net exposure portfolio and focusing on alpha generation. Strategies focusing on the US were less successful but detracted only marginally.

The **relative value** managers contributed 0.2 per cent to the portfolio and were able to protect the portfolio downside in particular in May – June and in August.

Rolling 12 month returns (NAV) Castle Alternative Invest AG in USD



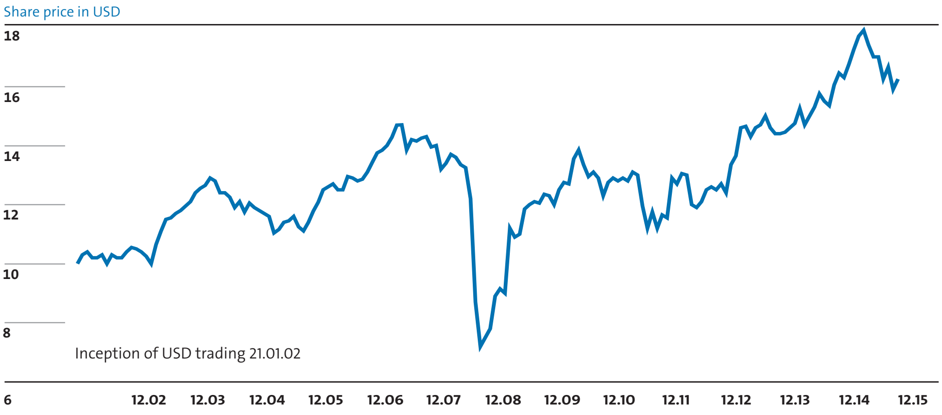
Alternative investment industry and outlook

The non-investable HFRI Fund Weighted Composite Index delivered a —1.1 per cent return in 2015. We observed some dispersion among strategies with positive returns from equity market neutral managers (+4.4 per cent) and relative value strategies (+1 per cent) while event driven and systematic strategies delivered more disappointing results (—4.8 per cent and —2.4 per cent respectively).

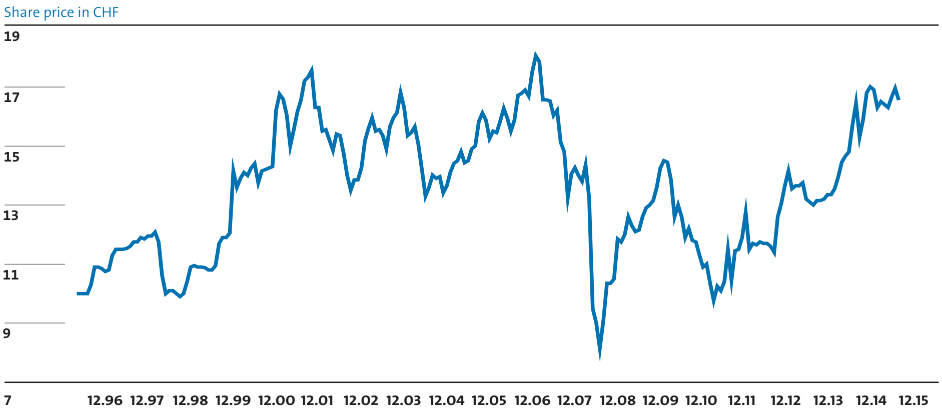
The industry continued to attract investor allocations. Net inflows amounted to USD 43.8 billion and total industry assets reached an all-time high of USD 2.97 trillion with all the main strategies receiving net inflows. The total number of hedge funds and fund of funds surpassed 10,100 – an all-time high.

LGT Capital Partners (Ireland) Limited

Share price of Castle Alternative Invest AG in USD



Share price of Castle Alternative Invest AG in CHF



Investment policy

Investment objective

The Company's investment objective is to provide Shareholders with long term capital growth through investment in a well diversified and actively managed portfolio of hedge funds, managed accounts and other investment vehicles.

Investment policy

The Company invests through the Cayman Subsidiary (which is wholly owned by the Company) into Castle Alternative Invest (International) Plc ("CAI Ireland"). Accordingly, the investment policy of the Company is consistent with CAI Ireland. Any change to the investment objective or any material change to the investment policies of CAI Ireland requires approval of its shareholders by ordinary resolution or unanimous consent. In the event that a change to the investment policy is approved by an ordinary resolution, a reasonable notification period will be given to investors in CAI Ireland to allow them to redeem their shares prior to the implementation of such a change. In the event that CAI Ireland changes its investment policy the Company will take such action to ensure that the Company is not in breach of any applicable regulation.

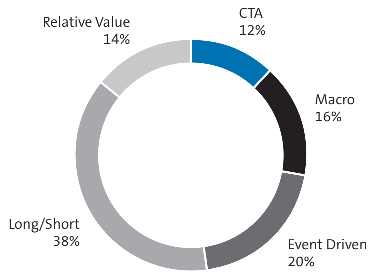
CAI Ireland invests in a diversified global portfolio of hedge funds, managed accounts and other investment vehicles that employ various non-traditional investment strategies that usually belong to the following broadly defined main strategy classes:

Long/short equity
Long/short equity strategies represent the classic hedge fund investment style, taking both long and short positions in equity securities and derivatives thereof with various levels of gross and net exposure. The strategies mainly depend on stock picking, trading skills and portfolio risk management. The strategies may rely on fundamental, macro and sector analysis along with both bottom-up and top-down research.

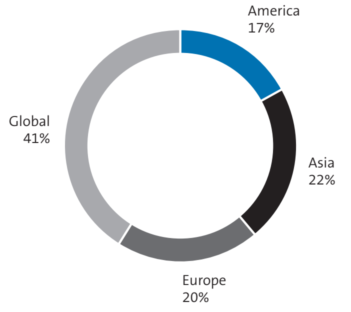
Event driven
Event driven strategies are designed to benefit from the consummation (or non-consummation) of various corporate events such as re-organisations, mergers or acquisitions, bankruptcies or various other situations. The strategies may be executed using a wide range of instruments, including common stock and debt instruments as well as various derivative instruments, with various levels of leverage.

Portfolio
Per December 2015

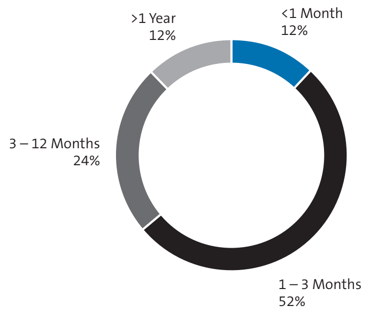
Style allocation



Geographical focus



Liquidity of investment



Top and bottom money makers 2015

Fund	Style	Date of initial investment	Performance for 2015	2015 gain/(loss) in USD million
Crown/Capeview Segregated Portfolio	L/S Equity	October 2012	20.3%	2,621
Zebedee Focus Fund Limited	L/S Equity	December 2010	8.6%	1,184
Third Point Ultra Ltd.	Event Driven	January 2011	8.1%	1,007
Crown/Koppenberg Segregated Portfolio	Macro	June 2012	(7.8%)	(465)
Crown Managed Futures Master Segregated Portfolio	CTA	June 2003	(4.5%)	(742)
Latigo Ultra Fund, Ltd.	Event Driven	August 2009	(11.5%)	(1,476)

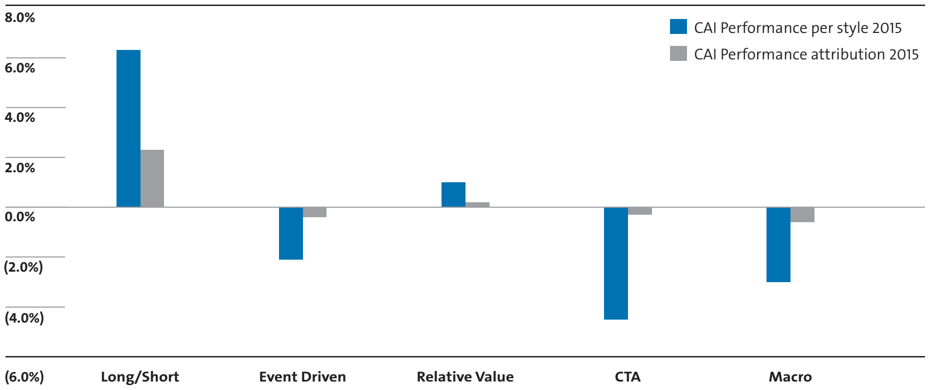
Ten largest holdings

Fund	Style	USD million 31 December 2015	% of investments
Crown Managed Futures Master Segregated Portfolio	CTA/Macro	20.9	11.8%
Crown/Capeview Segregated Portfolio	Long/Short	13.8	7.8%
Crown/Zebedee Segregated Portfolio	Long/Short	11.4	6.5%
Tyrus Capital Opportunities Fund Ltd.	Event Driven	10.9	6.1%
Discovery Global Opportunity Fund Ltd.	CTA/Macro	10.6	6.0%
Crown/Guard Segregated Portfolio	CTA/Macro	9.6	5.5%
Crown/GLG Segregated Portfolio	Event Driven	8.5	4.8%
Crown/NJ Segregated Portfolio	Long/Short	8.5	4.8%
Crown/Linden Segregated Portfolio	Relative Value	8.2	4.6%
Double Black Diamond Ltd.	Relative Value	8.0	4.5%
Subtotal of ten largest holdings		**110.4**	**62.4%**
All other investments		66.4	37.6%
Total of investments		**176.8**	**100.0%**

Style performance attribution

Per December 2015

Estimated performance of styles before cost in USD



Relative value
Relative value strategies are designed to exploit observed differentials across related market prices. Managers execute individual trades – at times through sophisticated structures – based on expectations that such differentials will probably narrow (or widen) and/or embedded options, futures etc. may be re-priced. The strategies may be applied across various instruments, including derivatives and over-the-counter instruments, with various levels of leverage.

CTA/macro
CTA/macro strategies mostly attempt to opportunistically or systematically exploit pricing trends in global markets, including interest rates, equities, currencies and commodities. The strategies rely on macro-economic assessment or systematic trading models that may apply various methodologies. The strategies are primarily executed through listed financial and commodity futures, options or swaps as well as currency instruments with various levels of leverage.

Asset allocation
Whilst the Company aims to invest into the four main strategy classes in a balanced proportion over the long term, the assets invested in any particular strategy class (determined on a look-through basis to the investment at fund level) may vary from time to time but will not in any event exceed 50 per cent of the value of its assets at the time the investment is made without prior shareholder approval.

The Company will invest and manage its assets in a way which is consistent with its objective of spreading investment risk.

The Company may invest through investment entities managed or advised by the investment manager (or any of its affiliates) to optimise its access to and/or returns from certain investment strategies as long as the investment manager (or any of its affiliates) waives, or compensates the Company for, any additional management and/or performance fees on the management of such vehicles.

The Company investments may include limited partnership interests, shares, warrants, certificates, bonds, subordinated loans and various derivative instruments.

The Company may invest unused cash in short-term (less than 12 months to maturity) and medium-term (not greater than five years to maturity) debt instruments or hold cash with reputable banks. Where it considers appropriate, the Company may enter into various derivative transactions, for example in seeking to manage its exposure to interest rate and currency fluctuations through the use of interest rate and currency hedging arrangements, or when implementing systematic or discretionary overlay strategies for the purposes of efficient portfolio management.

Borrowings
There are no borrowing limits in the Articles, but the directors have determined that borrowings shall not exceed 30 per cent of the value of the Company's assets at the time any borrowings are made. The Company will also be geared indirectly to the extent that the funds or other entities or investments in which the Company invests are themselves geared. Borrowings may be used at any time for short-term or temporary purposes, to facilitate share repurchases (where applicable) or to meet ongoing expenses. The Company may also borrow for investment purposes if doing so is deemed to be in the best interests of the Company. Such borrowings will be made on a short to medium term time horizon and the Company does not intend to leverage its investments on a longer term basis.

CAI Ireland is permitted to borrow up to 30 per cent of CAI Ireland's net asset value on a temporary basis including for settlement facilities or in order to meet temporary shortages of liquidity.

Investment restrictions
The Company may not invest more than 15 per cent of its net assets in any single manager and no more than 10 per cent of the Company's net assets in any single investment, at the time the investment is made. A single investment shall be determined on a look-through basis to the investment at fund level or as otherwise determined by the investment manager in good faith to be a single investment.

CAI Ireland shall not take or seek to take legal or management control of any underlying security in which it invests.

CAI Ireland may enter into OTC derivative transactions and other arrangements with counterparties and where assets are transferred to a counterparty the following restrictions apply:

(i) Where CAI Ireland enters into transactions with any single counterparty which may give rise to counterparty risk exposure in excess of 40 per cent of its net asset value, such transactions must be made in accordance with the conditions applicable to the appointment of prime brokers as set out in Section 2 of the draft Guidance Note/04 of the Central Bank of Ireland. The total exposure will be calculated to include outstanding indebtedness from the counterparty to CAI Ireland, any securities issued by the counterparty held by CAI Ireland, any deposits CAI Ireland has made with the counterparty, any collateral passed by CAI Ireland to the counterparty and any other form of exposure to the counterparty;

(ii) Counterparty must have a minimum credit rating of at least A2/P2 by Standard & Poor's and Moody's Investors Service or an equivalent rating from a recognised rating agency; and

(iii) The percentage limitations set forth above are measured on a running net asset value. Action will be taken as soon as reasonably practical in the event that any of the foregoing restrictions are breached, except where the breach is due to appreciation or depreciation of CAI Ireland's assets, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment in which case the position will be corrected with due regard to the best interests of its shareholders.

Report of the statutory auditor on the consolidated financial statements

to the general meeting of
Castle Alternative Invest AG, Pfäffikon

As statutory auditor, we have audited the consolidated financial statements of Castle Alternative Invest AG, which comprise the balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes (pages 16 to 59), for the year ended 31 December 2015.

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), the Article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with the Article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange as well as Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 31 March 2016

Consolidated statement of comprehensive income

For the year ended 31 December 2015 (All amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Income			
Net gain on investments designated at fair value through profit or loss	5	**3,197**	**9,126**
Income from current assets:			
Loss on foreign exchange, net		(4)	(8)
Interest income	6	3	2
Other income		5	1
Total gain/(loss) from current assets		**4**	**(5)**
Total income		**3,201**	**9,121**
Expenses			
Management and performance fees	7	(3,251)	(4,109)
Other operating expenses	8	(1,158)	(1,409)
Total operating expenses		**(4,409)**	**(5,518)**
Operating (loss)/profit		**(1,208)**	**3,603**
Finance costs	9	(35)	(35)
(Loss)/profit for the year		**(1,243)**	**3,568**
Total comprehensive (loss)/income for the year		**(1,243)**	**3,568**
(Loss)/profit attributable to:			
Shareholders		(974)	3,452
Non-controlling interest	2 (e)	(269)	116
		(1,243)	**3,568**
Total comprehensive (loss)/income attributable to:			
Shareholders		(974)	3,452
Non-controlling interest	2 (e)	(269)	116
		(1,243)	3,568
Earnings per share (in USD) attributable to equity holders	2 (n)		
Weighted average number of shares outstanding during the year		10,464,896	12,106,332
Basic (loss)/profit per share		USD (0.09)	USD 0.29
Diluted (loss)/profit per share		USD (0.09)	USD 0.29

The accompanying notes on pages 20 to 59 form an integral part of these consolidated financial statements.

Consolidated balance sheet

As of 31 December 2015 (All amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Assets			
Current assets:			
Cash and cash equivalents	11	2,874	1,743
Accrued income and other receivables	12	33,849	7,613
Total current assets		**36,723**	**9,356**
Non-current assets:			
Investments designated at fair value through profit or loss	13	176,832	220,454
Total assets		**213,555**	**229,810**
Liabilities			
Current liabilities:			
Borrowings	14	10,152	1,703
Accrued expenses and other payables	15	1,264	1,785
Total current liabilities		**11,416**	**3,488**
Equity			
Shareholders' equity:			
Share capital	16	39,882	45,897
Additional paid-in capital		59,693	59,693
Less treasury shares at cost (bought for cancellation)		(15,099)	(20,556)
Retained earnings	16	112,234	134,084
Total shareholders' equity before non-controlling interest		**196,710**	**219,118**
Non-controlling interest		5,429	7,204
Total equity		**202,139**	**226,322**
Total liabilities and equity		**213,555**	**229,810**
Net asset value per share (in USD)	2 (n)		
Number of shares issued as at the year end		10,756,059	12,378,210
Number of treasury shares (bought for cancellation) as at the year end		(838,177)	(1,253,151)
Number of shares outstanding net of treasury shares as at the year end		**9,917,882**	**11,125,059**
Net asset value per share		**19.83**	**19.70**

The accompanying notes on pages 20 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2015 (All amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Cash flows from/(used in) operating activities:			
Purchase of investments		(58,074)	(19,264)
Proceeds from sales of investments		78,720	53,684
Interest received	6	3	2
Operating expenses paid	7, 8	(5,093)	(7,485)
Net cash from operating activities		**15,556**	**26,937**
Cash flows from/(used in) financing activities:			
Finance costs	9	(34)	(35)
Proceeds from bank borrowings	14	10,152	1,703
Repayments of bank borrowings	14	(1,703)	(380)
Return of capital to non-controlling interest	16	(1,402)	(7,164)
Purchase of treasury shares (bought for cancellation)		(21,434)	(26,028)
Net cash used in financing activities		**(14,421)**	**(31,904)**
Net increase/(decrease) in cash and cash equivalents		**1,135**	**(4,967)**
Cash and cash equivalents, beginning of the year		**1,743**	**6,718**
Net increase in cash and cash equivalents		1,135	(4,967)
Net loss on foreign exchange on cash and cash equivalents		(4)	(8)
Cash and cash equivalents, end of the year		**2,874**	**1,743**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks	11	2,874	1,743
Total		**2,874**	**1,743**

The accompanying notes on pages 20 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2015 (All amounts in USD thousands unless otherwise stated)

	Note	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interest	Total equity
1 January 2014		**49,581**	**59,693**	**(9,291)**	**141,711**	**12,072**	**253,766**
Total comprehensive income for the year		—	—	—	3,452	116	3,568
Cancellation of treasury shares	16	(3,684)	—	14,763	(9,298)	—	1,781
Impact of CHF/USD historical rates on the cancellation of treasury shares		—	—	—	(1,781)	—	(1,781)
Purchase of treasury shares (bought for cancellation)		—	—	(26,028)	—	—	(26,028)
Return of capital to non-controlling interest		—	—	—	—	(4,984)	(4,984)
31 December 2014		**45,897**	**59,693**	**(20,556)**	**134,084**	**7,204**	**226,322**
1 January 2015		**45,897**	**59,693**	**(20,556)**	**134,084**	**7,204**	**226,322**
Total comprehensive loss for the year		—	—	—	(974)	(269)	(1,243)
Cancellation of treasury shares	16	(6,015)	—	26,891	(18,270)	—	2,606
Impact of CHF/USD historical rates on the cancellation of treasury shares		—	—	—	(2,606)	—	(2,606)
Purchase of treasury shares (bought for cancellation)		—	—	(21,434)	—	—	(21,434)
Return of capital to non-controlling interest		—	—	—	—	(1,506)	(1,506)
31 December 2015		**39,882**	**59,693**	**(15,099)**	**112,234**	**5,429**	**202,139**

The accompanying notes on pages 20 to 59 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2015
(All amounts in USD thousand unless otherwise stated)

1 Organisation and business activity

Castle Alternative Invest AG, Pfäffikon ("the Company"), is a joint stock corporation established for an indefinite period in the Canton of Schwyz, Switzerland, by deed dated 24 July 1996. The Company was registered in the Commercial Register of the Canton of Schwyz on 30 July 1996. The Company's business is principally conducted through two subsidiaries ("the Subsidiaries"); Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary"). Since 10 April 1997, the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange and on 21 January 2002, a listing in US Dollar on the SIX Swiss Exchange followed. As of 5 June 2009 the Company was also listed in US Dollar on the London Stock Exchange. Following an extraordinary general meeting of the Company on 31 January 2014, the London listing was cancelled on 3 March 2014.

The Castle Alternative Invest Group ("the Group") currently consists of the Company, the Cayman Subsidiary and the Ireland Subsidiary.

Castle Alternative Invest (Overseas) Ltd., Grand Cayman, was incorporated on 31 July 1996 as an exempted company under the laws of the Cayman Islands. The authorised share capital is USD 31,100, composed entirely of voting participating redeemable ordinary shares, which are held entirely by the Company. The Group consolidated the Cayman Subsidiary in compliance with IFRS 10.

Castle Alternative Invest (International) plc, Dublin, was established as an open-ended investment company with variable capital and limited liability under the laws of Ireland on 19 February 2001. At 31 December 2015, its capital amounts to TUSD 200,688 (2014: TUSD 225,757) and it is a subsidiary of the Cayman Subsidiary. The Ireland Subsidiary became active on 19 December 2001 after receiving authorisation from the Central Bank of Ireland. The share capital is divided into management shares and participating shares. The management shares are held by LGT Group Foundation, LGT Bank (Ireland) Limited and LGT Fund Managers (Ireland) Limited. With effect from 16 December 2010 the Ireland Subsidiary was restructured into an open-ended investment company with limited liquidity, variable capital and limited liability. At the same time the participating shares were split into two classes of shares; Class O and Class I. Class O is held by the Cayman Subsidiary and Class I was held by Swiss Life AG.

On 1 April 2011 Swiss Life AG partially redeemed its holding in Class I of the Ireland Subsidiary. The redemption was paid out in cash with the remaining amount being placed in a newly opened side pocket share class for illiquid assets (Class RI). At the same time a side pocket share class for the Cayman Subsidiary's portion of the illiquid assets was also created (Class RO). The side pocket share classes have paid out proceeds as their assets were realised. On 31 December 2012 Swiss Life fully redeemed its holding in the Class I shares. As per 31 December 2015 Swiss Life AG's holding in the remaining Class RI shares comprised 2.71 per cent (2014: 3.19 per cent) of the net asset value of the Ireland Subsidiary. The Cayman Subsidiary's holding in Class O and Class RO comprised 97.29 per cent of the net asset value of the Ireland Subsidiary (2014: 96.81 per cent). The Company controls the Ireland Subsidiary and consolidated it in compliance with IFRS 10. Swiss Life AG's holding in the Ireland Subsidiary is shown as a non-controlling interest in the Group's consolidated financial statements.

The Group regards shareholders' equity as the capital it manages. The Group's investment objective is to maximise the long-term returns to shareholders by investing, through its Subsidiaries or through such other subsidiaries as the Company may establish from time to time, in a diversified portfolio of non-traditional investments. Non-traditional investments mean and include investment funds and other investment structures (together the "Investment Vehicles") which aim for absolute returns and use a broad range of investment strategies including short sales and leverage. The Group offers the essential benefits of hedge fund investing in a well-diversified and actively managed global portfolio of high-quality hedge funds: absolute performance, low volatility, and low correlation to traditional assets.

The Group targets to generate absolute returns net to investors independently of major market cycles. In order to reach its investment objectives, the Group features an optimally balanced portfolio across all major hedge fund strategies: long/short, relative value, event driven and macro/CTA. The alternative investment fund manager ("AIFM") of the Group's Ireland Subsidiary provides active portfolio management, thorough due diligence and risk management. The strategy relies on the AIFM's experience and access to excellent hedge fund managers worldwide. No assurance can be given that the Group's investment objective will be achieved and investment results may vary substantially over time.

The consolidated financial statements are presented in US Dollar which is the Group's entities' functional currency and the Group's presentation currency.

As of 31 December 2015 and 2014 the Group did not employ any employees.

2 Summary of accounting policies for the consolidated financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The accompanying consolidated financial statements of the Group for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Reporting (DFR) for investment companies.

The consolidated financial statements of the Group have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The board considers the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2015

There are no IFRS standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Group.

b) Standards and amendments to published standards effective after 1 January 2016 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except the following set out below:

– IFRS 9, "Financial instruments", for annual periods beginning on or after 1 January 2018, retrospective application, earlier application permitted): The complete version of IFRS 9 "Financial Instruments" includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss.
  IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a "three-stage" model for impairment based on changes in credit quality since initial recognition.
  In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The Group has yet to assess the full impact of this standard and has not yet decided when to adopt it. The implementation of these amendments would not lead to any changes in the consolidation net asset value of the Group; and
– Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment Entities: Applying the Consolidation Exception", (effective for annual periods beginning on or after 1 January 2016).
  These amendments clarify the following:
  Exemption from preparing consolidated financial statements for investment entities. The amended standard basically requires an investment entity to measure its subsidiary that is also an investment entity at fair value rather than to consolidate such subsidiary. Significant judgement is required to assess whether all of the characteristics of an investment entity are met at the level of the subsidiary and hence exemption from consolidation applies. At present, the Group believes there is scope to continue to prepare consolidated financial statements.
  A subsidiary providing services that relate to the parent's investment activities. A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
  Application of the equity method by a non-investment entity investor to an investment entity investee. When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

Disclosures required. An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.
The Group is currently assessing the full impact of this standard.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Group.

c) Use of estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. See also note 2 h), (iii).

d) Basis of consolidation
The consolidated financial statements are based on the financial statements of the individual Group companies prepared using uniform accounting principles and drawn up in accordance with the regulations governing the rendering of accounts in terms of the Listing Regulations of the SIX Swiss Exchange and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The consolidated financial statements include all assets and liabilities of the Company and its direct and indirect subsidiaries:
- Castle Alternative Invest (Overseas) Ltd., Grand Cayman
- Castle Alternative Invest (International) plc, Dublin

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interests are disclosed separately in the consolidated financial statements.

Intercompany transactions, balances, unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Non-controlling interest holders
Non-controlling interest holders in the consolidated financial statements are presented as a component of equity. The profit or loss for the period and the total comprehensive income are allocated in the consolidated statement of comprehensive income to the amounts attributable to non-controlling interest holders and to the shareholders.

f) Foreign currency
The functional currency of the Group's entities is US Dollar. The US Dollar as the functional currency stems from the fact that the Group is investing in assets whose base currency is predominately in US Dollar. The Group has also used the US Dollar as its presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into US Dollar at the exchange rates prevailing at the balance sheet date. Unrealised exchange gains and losses resulting from the revaluation of investments at fair value through profit or loss and denominated in foreign currency are recognised in the consolidated statement of comprehensive income. Other exchange gains and losses are also included in the consolidated statement of comprehensive income.

g) Cash and cash equivalents
Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments with an original maturity of three months or less, net of bank overdrafts on demand. Cash and cash equivalents are recorded at nominal value.

h) Financial assets and liabilities at fair value through profit or loss
Under IAS 39, the Group has designated all its investments and securities into financial assets at fair value through profit or loss. This category was chosen as it reflects the business of an investment entity: the assets are managed and their performance evaluated on a fair value basis and management decisions are therefore reflected in the consolidated statement of comprehensive income. The Group's policy is for the AIFM and the board of directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. The category of financial assets and liabilities at fair value through profit or loss comprises:
– Financial instruments held-for-trading. These include futures, forward contracts, options and swaps.
– Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold.

Financial assets that are classified as loans and receivables include balances due from brokers and accounts receivable.

Financial liabilities that are not at fair value through profit or loss include balances due to brokers and accounts payable.

(i) Recognition and derecognition
The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

A regular way purchase of financial assets held for trading is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. A regular way purchase of financial assets designated as fair value through profit or loss is recognised using settlement date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised until the entity becomes party to the contractual provisions of the instrument. Financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards.

(ii) Measurement
Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the consolidated statement of comprehensive income. Financial assets classified as loans and receivables are carried at amortised cost, less impairment losses, if any. Transaction costs on financial assets classified as loans and receivables are capitalised at initial recognition. Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

(iii) Fair value measurement principles and estimation
Fund investments for which market quotations are not readily available are valued at their fair values as described in the process below. The fund investments are normally valued at the underlying net asset value as advised by the managers/administrators of these funds, unless the directors are aware of good reason why such a valuation would not be the most appropriate indicator of fair value. Such valuations are necessarily dependent upon the reasonableness of the valuations provided by the underlying managers/administrators of such funds and whether the valuation bases used are IFRS and fair value compliant. The responsibility for determining the fair value lies exclusively with the board of directors. The board of directors, under advice from the AIFM, may perform additional procedures on fund investments, including but not limited to underlying manager/administrator due diligence and other analytical procedures. The board of directors together with the AIFM also reviews management information provided by fund investments on a regular basis. If the directors are aware of a good reason why a particular fund valuation would not be the most appropriate indicator of fair value the directors will work with the underlying manager of that investment in an attempt to obtain more meaningful fair value information.

The board of directors, together with the AIFM, will determine, in good faith, fair value by considering all appropriate and applicable factors relevant to the valuation of fund investments including, but not limited to, the following:
– Reference to fund investment reporting information;
– Reference to appropriate investment monitoring tools used by the AIFM; and
– Reference to ongoing investment and business due diligence.

Notwithstanding the above, the variety of valuation bases that may be adopted, the quality of management information provided by fund investments and the lack of liquid markets for such fund investments means that there are inherent difficulties in determining the fair values of these investments that cannot be fully eliminated. Therefore, the amounts realised on the sale or redemption of fund investments may differ from the fair values reflected in these financial statements and the differences may be significant.

Because fund investments are typically not publicly traded, redemptions can only be made by the Subsidiaries on the redemption dates and subject to the required notice periods specified in the offering documents of each fund investment. The rights of the Subsidiaries to request redemption from fund investments may vary in frequency from monthly to annual redemptions. As a result, the carrying values of such fund investments may not be indicative of the values ultimately realised on redemption. In addition, the Subsidiaries' ability to redeem its investments may ultimately be materially affected by the actions of other investors who have also invested in these fund investments.

(iv) Realised gains
Realised gains on investments and securities are shown on a net basis in the consolidated statement of comprehensive income. Realised gains are recognised as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.

(v) Dividends
Dividends are recognised in the consolidated statement of comprehensive income within realised gains at the time upon the declaration of such dividends.

(vi) Interest income and finance costs
Interest income and finance costs as well as other income and expenses are recognised in the consolidated statement of comprehensive income on an accruals basis.

(vii) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

i) Accrued income and other receivables
Accrued income and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method. Borrowings are shown as current liabilities unless the Group has the unconditional right to defer settlement for at least 12 months after the balance sheet date. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

k) Accrued expenses and other payables
Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost.

l) Treasury shares
The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange. Treasury shares are treated as a deduction from shareholders' equity. The gains and losses on sales of treasury shares are credited or charged to the retained earnings account. Upon cancellation, resulting differences between the exchange rates from the time of purchase of the treasury shares to the historical rates are also recognised in retained earnings. The FIFO (first in/first out) method is used for derecognition. The purchase price is booked gross with transaction costs and withholding tax.

m) Share capital
The Company's share capital is divided into 10,756,059 (2014: 12,378,210) registered shares with a par value of CHF 5 per share. The shares are fully paid in. Each share entitles the holder to participate in any distribution of income and capital.

n) Net asset value per share and earnings per share
The net asset value per share is calculated by dividing the net assets included in the consolidated balance sheet (excluding non-controlling interests) by the number of participating shares outstanding less treasury shares at the year end.

Basic profit per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted profit per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive potential shares.

o) Taxes
General: Taxes are provided based on reported income. Capital taxes paid are recorded in other operating expenses.

Castle Alternative Invest AG, Pfäffikon
For Schwyz cantonal and communal tax purposes, the Company is taxed as a holding company and is as such only liable for capital taxes. All relevant income of the Company, including the dividend income and capital gains from its investments, is exempt from taxation at the cantonal and communal level.

For Swiss federal tax purposes, an income tax is levied. However, there is a participation exemption on dividend income and capital gains on qualifying participations. The result of the participation exemption relief is that dividend income and capital gains are almost fully excluded from taxation.

Castle Alternative Invest (Overseas) Ltd., Grand Cayman
The activity of the Cayman Subsidiary is not subject to any income, withholding or capital taxes in the Cayman Islands. However it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

Castle Alternative Invest (International) plc., Dublin
The activity of the Ireland Subsidiary is not subject to any income, withholding or capital taxes in Ireland. However, it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

p) Segment reporting
IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The AIFM is considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

The sole operating segment of the Group is investing in hedge funds. The AIFM works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group’s performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in hedge funds.

q) Related parties
Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

3 Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are the fair value of non-quoted investments. The fair value of financial instruments that are not traded in an active market is determined by reference to the published net asset values of such underlying funds, as adjusted where relevant by the board of directors as described in the accounting policies. In the case of such an adjustment, changes in assumptions could affect the reported fair value of these investments. The variety of valuation bases that may be adopted, the quality of management information provided by fund investments and the lack of liquid markets for such fund investments means that there are inherent difficulties in determining the fair values of these investments that cannot be fully eliminated. Therefore, the amounts realised on the sale or redemption of fund investments may differ from the fair values reflected in these financial statements and the differences may be material.

4 Foreign exchange rates

The following exchange rates have been applied to translate the foreign currencies of significance for the Group:

Foreign exchange rates		**Unit**	**2015 USD**	**2014 USD**
Swiss Francs	Year-end rates	1 CHF	0.9997	1.0061
Euro	Year-end rates	1 EUR	1.0870	1.2101
Swiss Francs	Average annual rates	1 CHF	1.0360	1.0874
Euro	Average annual rates	1 EUR	1.1116	1.3234

5 Net gain/(loss) from investments designated at fair value through profit or loss

The net gain/(loss) on investments designated at fair value through profit or loss was earned on:

	2015 TUSD	2014 TUSD
Realised gains/(losses), net on investments:		
CTA	4,652	2,451
Macro	2,552	1,570
Event Driven	7,335	6,311
Long/Short	8,999	1,905
Relative Value	4,741	2,263
Total realised gain on investments[1]	**28,279**	**14,500**
Unrealised gains/(losses), net on investments:		
CTA	(5,394)	3,202
Macro	(3,594)	(1,027)
Event Driven	(8,160)	(3,441)
Long/Short	(3,778)	(3,438)
Relative Value	(4,156)	(670)
Total unrealised loss on investments[2]	**(25,082)**	**(5,374)**
Net gain on investments designated at fair value through profit or loss	**3,197**	**9,126**

[1] In the above table the realised gains are shown as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.
[2] In the above table the unrealised gains are net of gains realised during the year, which were previously recognised as unrealised.

The net gain/(loss) on investments designated at fair value through profit or loss was geographically allocated as follows:

	2015 TUSD	2014 TUSD
Realised gains/(losses), net on investments:		
America	(455)	5,437
Asia	5,324	309
Europe	4,162	498
Global	19,248	8,256
Total realised gain on investments[1]	**28,279**	**14,500**
Unrealised gains/(losses), net on investments:		
America	(1,757)	(5,173)
Asia	(3,448)	(1,089)
Europe	(474)	(60)
Global	(19,403)	948
Total unrealised loss on investments[2]	**(25,082)**	**(5,374)**
Net gain on investments designated at fair value through profit or loss	**3,197**	**9,126**

[1] In the above table the realised gains are shown as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.
[2] In the above table the unrealised gains are net of gains realised during the year, which were previously recognised as unrealised.

6 Interest income

Interest income for the year was earned on:

Interest income	2015 TUSD	2014 TUSD
Cash and cash equivalents:		
Third party	3	2
Total	**3**	**2**

7 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2015 TUSD	2014 TUSD
Management fees – related party	3,251	3,641
Performance fees – related party	—	468
Total	**3,251**	**4,109**

8 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2015 TUSD	2014 TUSD
Related party fees:		
Credit facility standby fees	46	48
Administrative fees	22	22
Directors' fees and other expenses	226	234
Domicile fees	10	10
Third party fees:		
Administrative fees	116	129
Reporting and publications	76	112
Audit fees	119	141
Custody fees	140	137
Capital taxes (Switzerland)	14	11
Insurance	12	15
Legal fees	70	165
Broker fees and expenses	—	9
Project expenses (share buy back)	183	252
Stock exchange listing expenses	8	9
Tax advisory fees	9	10
Other expenses	107	105
Total	**1,158**	**1,409**

9 Finance costs

Interest expense for the year was paid on:

Finance cost	2015 TUSD	2014 TUSD
Due to banks – related party	35	35
Total	**35**	35

10 Income taxes

Reconciliation of income tax calculated with the applicable tax rate:

Tax expense	2015 TUSD	2014 TUSD
(Loss)/profit for the year before income tax	(1,243)	3,568
Applicable tax rate	7.8%	7.8%
Income tax	—	278
Effect from non-taxable income	—	(278)
Total	—	—

The applicable tax rate is the same as the effective tax rate. Refer to note 2 o) for more information on taxes.

11 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	2015 TUSD	2014 TUSD
Cash at banks:		
Related party	181	66
Third party	2,693	1,677
Total	**2,874**	**1,743**

The Company has no cash holdings which are not at its disposal. The carrying amounts of the cash and cash equivalents approximate fair value.

12 Accrued income and other receivables

Accrued income and other receivables	2015 TUSD	2014 TUSD
Receivable for investments sold	22,339	7,453
Subscriptions paid in advance	11,500	160
Other receivables	10	—
Total	**33,849**	**7,613**

13 Investments designated at fair value through profit or loss

The investments are allocated according to style as follows:

Investments designated at fair value through profit or loss	2015 TUSD		2014 TUSD	
CTA	20,922	12%	26,914	12%
Macro	27,201	16%	25,017	11%
Event Driven	35,812	20%	53,301	24%
Long/Short	67,412	38%	85,669	39%
Relative Value	25,485	14%	29,553	14%
Total	**176,832**	**100%**	**220,454**	**100%**

The details of the investments are shown in the investment table on pages 34 to 37.

As at the balance sheet date of 31 December 2015, the Ireland Subsidiary had not redeemed any investments.

Investments designated at fair value through profit or loss[1)]

As of 31 December 2015 (note 13) (All amounts in USD thousands unless otherwise stated)

Amounts in TUSD	Geography	Shares as at 1.1.2015	Shares as at 31.12.2015	Total net paid in as at 1.1.2015	Investments 2015	Redemptions 2015	Realised gain/(loss) 2015	Total net paid in as at 31.12.2015	Unrealised gain/(loss) accumulated 2015	Fair value as at 31.12.2015	% of investments
CTA											
Crown Managed Futures Master Segregated Portfolio	Global	8,550	6,960	14,776	—	(599)	4,652	14,177	6,745	20,922	11.8%
Total CTA				**14,776**	**—**	**(599)**	**4,652**	**14,177**	**6,745**	**20,922**	**11.8%**
Macro											
Caxton Global Investments Ltd. Class SI	Global	58,483	58,483	1,330	—	(996)	—	334	534	868	0.5%
Crown/Guard Segregated Portfolio	Asia	—	10,000	—	10,000	—		10,000	(358)	9,642	5.5%
Crown/Koppenberg Segregated Portfolio	Global	5,163	4,598	5,594	450	(946)	264	5,098	543	5,641	3.2%
Discovery Global Opportunity Fund Ltd.	Global	18,571	12,459	8,394	—	(2,720)	2,280	5,674	4,917	10,591	6.0%
The Rohatyn Group Global Opportunity Fund Ltd.	Global	1	1	398	—	—	—	398	(53)	345	0.2%
Tudor BVI Global Fund Ltd. Legacy Class	Global	161	142	152	—	(10)	7	141	(27)	115	0.1%
Total Macro				**15,867**	**10,450**	**(4,672)**	**2,552**	**21,645**	**5,556**	**27,201**	**15.4%**
Event Driven											
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Asia	7,632	7,632	872	—	—	—	872	(434)	437	0.2%
Cerberus Asia Partners L.P.	Asia	1	1	—	—	—	432	—	8	8	0.0%
Crown Distressed Credit Opportunities plc[2)]	Europe	14,581	11,016	1,270	—	(310)	461	959	1,478	2,437	1.4%
Crown/Eyck Segregated Portfolio	Europe	—	5,497	—	6,000	—	—	6,000	118	6,118	3.5%
Crown/GLG Segregated Portfolio	America	7,478	7,478	7,500	—	—	—	7,500	972	8,472	4.8%
Crown/Seven Locks Segregated Portfolio	America	—	4,473	—	4,000	—	—	4,000	6	4,006	2.3%
Highland Crusader Fund II Ltd.	America	1	1	694	—	—	—	694	2,107	2,801	1.6%
Latigo Ultra Fund Ltd.	America	9,613	—	11,870	—	(11,870)	(455)	—	—	—	0.0%
OZ Asia Overseas Fund Ltd.	Asia	1	1	729	—	(51)	—	678	(140)	538	0.3%
OZ Overseas Fund Ltd. Tranche C shares	Global	2	2	187	—	(42)	20	145	(18)	127	0.1%
Third Point Ultra Ltd.	Global	2,720	—	7,058	—	(7,058)	6,877	—	—	—	0.0%
Tyrus Capital Opportunities Fund Ltd.	Global	86,627	86,627	8,516	—	—	—	8,516	2,350	10,866	6.1%
Winston Partners PE Investment Ltd.	Global	7,615	7,615	3,662	—	—	—	3,662	(3,662)	—	0.0%
Total Event Driven				**42,356**	**10,000**	**(19,330)**	**7,335**	**33,026**	**2,786**	**35,812**	**20.3%**

Amounts in TUSD	Geography	Shares as at 1.1.2015	Shares as at 31.12.2015	Total net paid in as at 1.1.2015	Invest-ments 2015	Redemp-tions 2015	Realised gain/(loss) 2015	Total net paid in as at 31.12.2015	Unrealised gain/(loss) accumulat-ed 2015	Fair value as at 31.12.2015	% of invest-ments
Long/Short											
Crown/Capeview Segregated Portfolio	Europe	9,340	8,129	9,454	—	(1,211)	789	8,244	5,583	13,827	7.8%
Crown/Japan Opportunities Segregated Portfolio	Asia	5,120	4,100	5,219	—	(1,019)	481	4,199	2,250	6,449	3.6%
Crown/LBN Segregated Portfolio	Asia	6,500	7,077	6,500	500	—	—	7,000	(409)	6,591	3.7%
Crown/Tyrian Segregated Portfolio	Global	8,280	7,089	9,000	—	(1,271)	(21)	7,729	(789)	6,940	3.9%
Crown/NJ Segregated Portfolio	Asia	8,392	5,540	11,639	—	(3,603)	331	8,036	419	8,455	4.8%
Crown/Zebedee Segregated Portfolio	Europe	—	11,711	—	14,000	(2,289)	(39)	11,711	(289)	11,422	6.5%
Galleon Technology Offshore Ltd.	America	57	57	1,278	—	—	—	1,278	(680)	598	0.3%
Indus Pacific Opportunities Fund Ltd.	Asia	4,687	—	8,115	—	(8,115)	4,047	—	—	—	0.0%
Nevsky Fund plc	Global	5,359	5,359	7,104	—	—	—	7,104	109	7,213	4.1%
Polo Fund	America	41,403	41,403	8,117	—	—	—	8,117	(2,421)	5,696	3.2%
Raptor Private Holdings Ltd.	America	431	431	295	—	—	—	295	(74)	221	0.1%
Zebedee Focus Fund Ltd.	Europe	61,853	—	11,471	—	(11,471)	3,411	—	—	—	0.0%
Total Long/Short				**78,192**	**14,500**	**(28,978)**	**8,999**	**63,714**	**3,698**	**67,412**	**38.1%**
Relative Value											
Alphadyne Investment Strategies Fund Ltd.	Asia	—	—	—	2,724	(2,724)	42	—	—	—	0.0%
Crown/Alphadyne Segregated Portfolio	Asia	—	7,414	—	9,060	(1,608)	(8)	7,452	92	7,544	4.3%
Crown/Linden Segregated Portfolio	Global	4,687	4,687	5,480	—	—	—	5,480	2,728	8,207	4.6%
D.E. Shaw Composite International Ltd.	Global	1	1	—	—	—	—	—	154	154	0.1%
D.E. Shaw Composite International Ltd. Side Pocket Series	Global	1	1	1,172	—	(735)	—	437	1,103	1,541	0.9%
Double Black Diamond Ltd.	Global	17,984	17,984	6,284	—	—	—	6,284	1,703	7,987	4.5%
Drake Absolute Return Fund Ltd.	Global	96	43	198	—	(109)	(41)	89	(37)	52	0.0%
HBK Multi-Strategy Offshore Fund Ltd.	Global	10,926	—	6,520	—	(6,520)	4,748	—	—	—	0.0%
Total Relative Value				**19,653**	**11,784**	**(11,695)**	**4,741**	**19,742**	**5,743**	**25,485**	**14.4%**
Total				**170,844**	**46,734**	**(65,274)**	**28,279**	**152,304**	**24,528**	**176,832**	**100.0%**

[1] Numbers may not fully add up due to rounding.
[2] The Company has made the following commitment to an investment fund:
– Crown Distressed Credit Opportunities plc – USD 16.5 million of which USD 4.1 million is unfunded

Investments designated at fair value through profit or loss[1]

As of 31 December 2014 (note 13) (All amounts in USD thousands unless otherwise stated)

Amounts in TUSD	Geography	Shares as at 1.1.2014	Shares as at 31.12.2014	Total net paid in as at 1.1.2014	Invest-ments 2014	Redemp-tions 2014	Realised gain/(loss) 2014	Total net paid in as at 31.12.2014	Unrealised gain/(loss) accumulat-ed 2014	Fair value as at 31.12.2014	% of invest-ments
CTA											
Crown Managed Futures Master Segregated Portfolio	Global	10,209	8,550	16,824	—	(2,048)	2,451	14,776	12,138	26,914	12.2%
Total CTA				**16,824**	**—**	**(2,048)**	**2,451**	**14,776**	**12,138**	**26,914**	**12.2%**
Macro											
Caxton Global Investments Ltd. Class SI	Global	58,483	58,483	1,519	—	(189)	—	1,330	218	1,547	0.7%
Crown/Koppenberg Segregated Portfolio	Global	4,282	5,163	4,580	1,590	(576)	134	5,594	1,273	6,867	3.1%
Discovery Global Opportunity Fund Ltd.	Global	18,571	18,571	8,394	—	—	—	8,394	7,530	15,923	7.2%
The Rohatyn Group Global Opportunity Fund Ltd.	Global	1	1	425	—	(27)	11	398	49	447	0.2%
Tudor BVI Global Fund Ltd. Class B	Global	54	—	5,598	—	(5,598)	1,373	—	—	—	0.0%
Tudor BVI Global Fund Ltd. Legacy Class	Global	270	161	269	—	(117)	52	152	81	233	0.1%
Total Macro				**20,785**	**1,590**	**(6,508)**	**1,570**	**15,867**	**9,150**	**25,017**	**11.3%**
Event Driven											
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Asia	7,632	7,632	872	—	—	—	872	(282)	590	0.3%
Cerberus Asia Partners L.P.	Asia	1	1	—	—	—	73	—	436	436	0.2%
Crown/Capeview Recovery Segregated Portfolio	Europe	7,000	—	7,000	2,000	(9,000)	498	—	—	—	0.0%
Crown Distressed Credit Opportunities plc[2]	Global	32,096	14,581	2,795	—	(1,525)	1,629	1,270	1,777	3,047	1.4%
Crown/GLG Segregated Portfolio	Europe	7,478	7,478	7,500	—	—	—	7,500	881	8,381	3.8%
Greywolf Capital Overseas Fund	America	1	—	893	—	(893)	(737)	—	—	—	0.0%
Headstart Fund Ltd.	Asia	1	—	855	—	(855)	(617)	—	—	—	0.0%
Highland Crusader Fund II Ltd.	America	1	1	694	—	—	—	694	2,603	3,297	1.5%
Latigo Ultra Fund Ltd.	America	9,613	9,613	10,254	—	1,615	1,615	11,870	1,021	12,891	5.8%
OZ Asia Overseas Fund Ltd.	Asia	1	1	761	—	(32)	(5)	729	(175)	554	0.3%
OZ Overseas Fund Ltd. Tranche C shares	Global	2	2	412	—	(225)	(18)	187	(30)	157	0.1%
SerVertis Fund I Ltd.	America	8,211	—	714	—	(714)	3,477	—	—	—	0.0%
Third Point Ultra Ltd.	Global	7,610	2,720	7,610	—	(552)	397	7,058	5,869	12,927	5.9%
Tyrus Capital Opportunities Fund Ltd.	Global	86,627	86,627	8,516	—	—	—	8,516	2,507	11,023	5.0%
Winston Partners PE Investment Ltd.	Global	7,615	7,615	3,662	—	—	—	3,662	(3,662)	—	0.0%
Total Event Driven				**52,538**	**2,000**	**(12,182)**	**6,311**	**42,356**	**10,945**	**53,301**	**24.2%**

Amounts in TUSD	Geography	Shares as at 1.1.2014	Shares as at 31.12.2014	Total net paid in as at 1.1.2014	Invest-ments 2014	Redemp-tions 2014	Realised gain/(loss) 2014	Total net paid in as at 31.12.2014	Unrealised gain/(loss) accumulat-ed 2014	Fair value as at 31.12.2014	% of invest-ments
Long/Short											
Crown/Capeview Segregated Portfolio	Europe	9,340	9,340	9,454	—	—	—	9,454	3,751	13,206	6.0%
Crown/Japan Opportunities Segregated Portfolio	Asia	5,901	5,120	6,000	—	(781)	219	5,219	2,087	7,305	3.3%
Crown/KC Segregated Portfolio	America	—	—	—	—	—	20	—	—	—	0.0%
Crown/LBN Segregated Portfolio	Asia	—	6,500	—	6,500	—	—	6,500	(445)	6,055	2.7%
Crown/Tyrian Segregated Portfolio	Global	8,280	8,280	9,000	—	—	—	9,000	(549)	8,451	3.8%
Crown/Marshall Wace Segregated Portfolio	America	5,869	—	7,000	—	(7,000)	773	—	—	—	0.0%
Crown/NJ Segregated Portfolio	Asia	6,789	8,392	8,500	5,500	(2,361)	639	11,639	135	11,774	5.3%
Crown/Sandler Segregated Portfolio	America	3,779	—	3,749	—	(3,749)	312	—	—	—	0.0%
Galleon Technology Offshore Ltd.	America	57	57	1,278	—	—	—	1,278	(606)	672	0.3%
Indus Pacific Opportunities Fund Ltd.	Asia	4,687	4,687	8,115	—	—	—	8,115	3,119	11,234	5.1%
Nevsky Fund plc	Global	—	5,359	—	7,104	—	(36)	7,104	80	7,184	3.3%
Polo Fund	America	41,403	41,403	8,117	—	—	—	8,117	(2,240)	5,877	2.7%
Raptor Private Holdings Ltd.	America	552	431	378	—	(83)	(23)	295	(83)	213	0.1%
Zebedee Focus Fund Ltd.	Europe	61,853	61,853	11,471	—	—	—	11,471	2,227	13,698	6.2%
Total Long/Short				**73,062**	**19,104**	**(13,974)**	**1,905**	**78,192**	**7,477**	**85,669**	**38.9%**
Relative Value											
Blue Mountain Credit Alternative Fund Ltd.	Global	77,520	—	7,752	—	(7,752)	2,253	—	—	—	0.0%
Crown/Linden Segregated Portfolio	Global	4,687	4,687	5,480	—	—	—	5,480	2,564	8,043	3.6%
D.E. Shaw Composite International Ltd.	Global	1	1	—	—	—	9	—	370	370	0.2%
D.E. Shaw Composite International Ltd. Side Pocket Series	Global	1	1	1,270	—	(98)	—	1,172	681	1,853	0.8%
Double Black Diamond Ltd.	Global	17,984	17,984	6,284	—	—	—	6,284	1,604	7,887	3.6%
Drake Absolute Return Fund Ltd.	Global	96	96	198	—	—	—	198	(65)	133	0.1%
HBK Multi-Strategy Offshore Fund Ltd.[3]	Global	20,941	10,926	6,520	—	—	—	6,520	4,746	11,266	5.1%
Total Relative Value				**27,503**	—	**(7,850)**	**2,263**	**19,653**	**9,900**	**29,553**	**13.4%**
Total				**190,712**	**22,694**	**(42,562)**	**14,500**	**170,844**	**49,610**	**220,454**	**100.0%**

[1] Numbers may not fully add up due to rounding.
[2] The Company has made the following commitment to an investment fund:
– Crown Distressed Credit Opportunities plc – USD 16.5 million of which USD 4.1 million is unfunded
[3] HBK Multi-Strategy Offshore Fund Ltd. was formerly known as HBK Offshore Fund Ltd.

14 Borrowings

As of 31 December 2015, the Subsidiaries have a credit line of TUSD 15,000 (31 December 2014: TUSD 15,000). The credit line is granted by LGT Bank (Ireland) Ltd., Dublin and is secured by the participating shares of the Ireland Subsidiary as well as the voting participating redeemable ordinary shares of the Cayman Subsidiary. The pledged assets were deposited with LGT Bank Ltd., Vaduz and pledged in favour of the lender.

As of 31 December 2015, the Ireland Subsidiary had borrowed TUSD 10,152 (2014: TUSD 1,703) from LGT Bank (Ireland) Limited.

Due to banks – fixed advance	Interest rate	Maturity	Amount in TUSD
As of 31 December 2015	2.6600% (USD)	11 January 2016	10,152
Total			**10,152**

Due to banks – fixed advance	Interest rate	Maturity	Amount in TUSD
As of 31 December 2014	2.4000% (USD)	9 January 2015	1,703
Total			**1,703**

15 Accrued expenses and other payables

Accrued expenses and other payables consist of:

Accrued expenses and other payables	2015 TUSD	2014 TUSD
Accrued management fee payable – related party	254	286
Accrued performance fee payable – related party	–	468
Accrued credit facility standby fees – related party	12	11
Accrued administrative fee payable – third party	17	10
Accrued custody fee payable – third party	21	7
Accrued withholding tax treasury shares (bought for cancellation) – third party	261	356
Accrued payable to non-controlling interest holder – third party	519	415
Other accrued expenses	180	232
Total	**1,264**	**1,785**

The obligation to the non-controlling interest holder was paid out in January 2016 and January 2015.

16 Shareholders’ equity

Shareholders’ equity

As of 31 December 2015 the authorised, issued and fully paid up share capital of the Company amounts to TCHF 53,780 (TUSD 39,882) and as of 31 December 2014 to TCHF 61,891 (TUSD 45,897) consisting of 10,756,059 (2014: 12,378,210) registered shares with a par value of CHF 5. The translation into US Dollar has been done at the corresponding historical foreign exchange rate. Each share entitles the holder to participate in any distribution of income and capital. The Group regards shareholders’ equity as the capital that it manages. Shareholders’ equity, including non-controlling interests, amounts to TUSD 202,139 as of 31 December 2015 (2014: TUSD 226,322).

During the period from 21 June 2010 to 31 December 2015 the Company purchased treasury shares on its second trading line. According to the program periods the 2nd line treasury shares were cancelled in August 2011, August 2012, August 2013, August 2014 and August 2015.

On 12 September 2014, the Company announced its decision to issue put options tradable on the SIX Swiss Exchange. Every 20 put options entitled shareholders to tender one registered share at the exercise price of CHF 16.50 until 30 September 2014. The put options were traded from 17 September 2014 up to and including 30 September 2014. On 1 October 2014, the Company announced that a total of 11,580,460 put options were declared for exercise. On 18 May 2015, the Company announced its decision to issue further put options tradable on the SIX Swiss Exchange. Every 30 put options entitled shareholders to tender one registered share at the exercise price of CHF 17.80 until 4 June 2015. The put options were traded from 21 May 2015 up to and including 4 June 2015. On 5 June 2015, the Company announced that a total of 10,532,370 put options were declared for exercise.

Non-controlling interest

On 1 April 2011 Swiss Life AG partially redeemed its holding in Class I of the Ireland Subsidiary. The redemption was paid out in cash with the remaining amount being placed in a newly opened side pocket share class for illiquid assets (Class RI). At the same time a side pocket share class for the Cayman Subsidiary’s portion of the illiquid assets was also created (Class RO). The side pocket share classes have paid out proceeds as their assets were realised. On 31 December 2012 Swiss Life fully redeemed its holding in the Class I shares. As per 31 December 2015 Swiss Life AG’s holding in the remaining Class RI shares comprised 2.71 per cent (2014: 3.19 per cent) of the net asset value of the Ireland Subsidiary. The Cayman Subsidiary’s holding in Class O and Class RO comprised 97.29 per cent of the net asset value of the Ireland Subsidiary (2014: 96.81 per cent). The Company controls the Ireland Subsidiary and consolidates it in compliance with IFRS 10. Swiss Life AG’s holding in the Ireland Subsidiary is shown as a non-controlling interest in the Group’s consolidated financial statements.

Share buy back 2nd line (bought for cancellation) and share buy back via tradable put options (options) (bought for cancellation)

Since 2010, the Company has announced openings of second trading lines on a yearly basis for the Company’s shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. The Company has purchased treasury shares on its second trading line according to the following summaries. On 2 October 2014 and 9 June 2015 the Company has purchased further treasury shares via tradable put options according to the following summaries. These treasury shares are treated as a deduction from shareholders’ equity using cost values. See also note 7 of the Company financial statements.

Movement of treasury shares 2nd line (bought for cancellation) held by the Company	Number of shares	Average price USD	Total cost TUSD
Shares held as of 1 January 2014	**628,500**	**14.78**	**9,291**
Additions 2014 (until 2 May 2014)	365,000	14.99	5,472
Additions 2014 (14 April to closing on 16 September 2014)	416,128	15.43	6,423
Additions 2014 (opened 2 October 2014)	258,000	16.02	4,133
Cancellation 2014	(993,500)	14.86	(14,763)
Shares held as of 31 December 2014	**674,128**	**15.66**	**10,556**
Additions 2015 (until 8 May 2015)	369,000	17.17	6,334
Additions 2015 (11 May to closing on 20 May 2015)	31,798	18.05	574
Additions 2015 (opened 15 June 2015)	455,300	17.13	7,801
Cancellation 2015	(1,043,128)	16.19	(16,891)
Shares held as of 31 December 2015	**487,098**	**17.19**	**8,374**

Movement of treasury shares via tradable put options (bought for cancellation) held by the Company	Number of shares	Average price USD	Total cost TUSD
Shares held as of 1 January 2014	—	—	—
Additions (2 October 2014)	579,023	17.27	10,000
Shares held as of 31 December 2014	**579,023**	**17.27**	**10,000**
Additions (9 June 2015)	351,079	19.16	6,725
Cancellation 2015	(579,023)	17.27	(10,000)
Shares held as of 31 December 2015	**351,079**	**19.16**	**6,725**

Summary of treasury shares held as of 31 December 2014 and 2015	Number of shares	Average price USD	Total cost TUSD
Total of treasury shares held as of 31 December 2014			
Shares 2nd line held by the Company (bought for cancellation)	674,128	15.66	10,556
Shares via tradable put options held by the Company (bought for cancellation)	579,023	17.27	10,000
Total of treasury shares	**1,253,151**	**16.40**	**20,556**
Total of treasury shares held as of 31 December 2015			
Shares 2nd line held by the Company (bought for cancellation)	487,098	17.19	8,374
Shares via tradable put options held by the Company (bought for cancellation)	351,079	19.16	6,725
Total of treasury shares	**838,177**	**18.01**	**15,099**

17 Major shareholders

As of 31 December the following major shareholders were known by the Company:

Major shareholders	31 December 2015	31 December 2014
Between 20 and 33 1/3%	LGT Group, Liechtenstein	LGT Group, Liechtenstein
Between 10% and 20%	LGT Capital Partners, Switzerland, on behalf of pension funds	LGT Capital Partners, Switzerland, on behalf of pension funds
Between 3% and 10%	Stiftung Fürst Liechtenstein II BKS Global PCC Limited, Guernsey South Yorkshire Pensions Authority, United Kingdom	Stiftung Fürst Liechtenstein II BKS Global PCC Limited, Guernsey

18 Significant fee agreements

In relation to its investment and administration activity the Company and/or its Subsidiaries entered into the following agreements:

a) LGT Capital Partners (Ireland) Limited, Dublin, acts as the AIFM (formerly the investment manager until 17 July 2014) for the Ireland Subsidiary. The AIFM receives a fee of total 1.5 per cent (before deduction of the performance fee) per annum of the total net asset value of the Ireland Subsidiary in US Dollar as at the close of business on the final business day of each calendar month. The fee is due monthly in arrears, calculated as 0.125 per cent after the net asset value calculation. The AIFM also receives a performance fee of 10 per cent of the net new trading gains of the Subsidiaries since the previous payment of such performance fee. This performance fee will be paid annually and any previous losses shall be recouped before payment of such performance fee ("high water mark"). Performance fees are payable in arrears. Performance fees of shares redeemed during a performance period shall be paid out within 30 days after the date of redemption. The calculated net asset value is net of all accrued fees. The AIFM will also be reimbursed for all reasonable out-of-pocket expenses, incurred for the benefit of the Ireland Subsidiary. These arrangements are for an initial fixed term ending 17 July 2019 and can be terminated thereafter by either party with 90 days' prior written notice. LGT Capital Partners Limited, Pfäffikon, continues to provide investment advice based on an investment advisory agreement with the AIFM. The investment advisor is remunerated by the AIFM with no extra cost to the Ireland Subsidiary.

b) LGT Capital Partners (Ireland) Limited, Dublin, acts as the investment manager for the Cayman Subsidiary. The investment manager receives a management fee of total 1.5 per cent (before deduction of the performance fee) per annum of the total net asset value of the Cayman Subsidiary in US Dollar as at the close of business on the final business day of each calendar month. The management fee is due monthly in arrears of 0.125 per cent after the net asset value calculation. The investment manager also receives a performance fee of 10 per cent of the net new trading gains of the Subsidiaries since the previous payment of such performance fee. This performance fee will be paid annually and any previous losses shall be recouped before payment of such performance fee ("high water mark"). Performance fees are payable in arrears. Performance fees of shares redeemed during a performance period shall be paid out within 30 days after the date of redemption. The calculated net asset value is net of all accrued fees. The investment manager will also be reimbursed for all reasonable out-of-pocket expenses, incurred for the benefit of the Cayman Subsidiary. These arrangements are for an initial fixed term ending 17 July 2019 and can be terminated thereafter by either party with 90 days' prior written notice. LGT Capital Partners Limited, Pfäffikon, provides investment advice based on an investment advisory agreement with the investment manager. The investment advisor is remunerated by the investment manager with no extra cost to the Cayman Subsidiary. There is no double charging of either management or performance fees across the Subsidiaries.

c) LGT Fund Managers (Ireland) Limited is appointed as manager of the Ireland Subsidiary and therefore entitled to TEUR 5 for company secretarial services and to TEUR 1.5 for the preparation of the financial statements.

d) BNP Paribas Fund Administration Services (Ireland) (formerly Credit Suisse Administration Services (Ireland) until 30 May 2015)) acts as the administrator of the Ireland Subsidiary and receives an annual fee equal 0.06 per cent of the net asset value of the Ireland Subsidiary, payable monthly in arrears. Any disbursement incurred will be charged separately.

e) LGT Bank Ltd., Vaduz, provides administrative services for the Company and receives a flat fee of TUSD 20, payable quarterly in arrears. Any disbursements incurred will be charged separately. LGT Bank Ltd., Vaduz, also provides administrative services for the Cayman Subsidiary. The total administrative fees for the Group are limited to 0.06 per cent of the net asset value of the Irish and the Cayman subsidiaries.

f) LGT Capital Partners Limited, Pfäffikon, provides domicile services for the Company and receives a flat fee of TCHF 9 per annum.

g) BNP Paribas Securities Services, Dublin Branch (formerly Credit Suisse International, Dublin Branch until 30 May 2015) acts as custodian of the Ireland Subsidiary and receives a custody fee (until 17 July 2014 named as trustee fee) equal to a maximum of 0.02 per cent per annum of the net asset value of the Ireland Subsidiary, subject to a maximum annual fee of TUSD 70. BNP Paribas Securities Services, Dublin Branch (formerly Credit Suisse International, Dublin Branch, from 18 July 2014 to 30 May 2015) receives in addition a depositary fee of 0.03 per cent per annum of the net asset value of the Ireland Subsidiary. The depositary is also entitled to an annual fee of TUSD 7.5 for cash flow monitoring services in addition to custody and depositary fees.

h) Citco Bank Nederland N.V., Amsterdam, and Citco Global Custody N.V., Malta (formerly Citco Global Custody N.V., Amsterdam until 31 July 2015), provide custodial services to the Cayman Subsidiary and receive a fee equivalent to 0.035 per cent annually of the average holdings over the preceding three months, plus actual sub-custodian charges (if applicable) and out-of-pocket expenses. Citco Bank will charge a transaction fee of 0.25 per cent, with a minimum of USD 100 and a maximum of USD 800 for each transaction.

19 Significant transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. In the opinion of the board of directors, the parties referred to in the schedule accompanying this note are related parties under IAS 24 "Related Party Disclosures". All related party transactions have been carried out within the normal course of business.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2015 TUSD	2014 TUSD
Castle Alternative Invest AG	LGT Bank Ltd./ Administrative Services Agreement/direct	Note 8	Administration fee	22	22
		Note 11	Cash at banks	141	51
	LGT Capital Partners Ltd./ Domicile Agreement/direct	Note 8	Domicile fee	10	10
	Directors/direct	Note 8/19	Directors' fee	216	223
Castle Alternative Invest (Overseas) Limited	LGT Capital Partners (Ireland) Ltd./ Investment Management Agreement/ direct	Note 7	Investment management fee	4	5
		Note 15	Investment management fee payable	1	2
	LGT Bank Ltd./ Administrative Services Agreement and Loan Agreement/direct	Note 11	Cash at banks	40	15
	Directors/indirect	Note 8/19	Directors' fee	10	10
Castle Alternative Invest (International) plc	LGT Bank (Ireland) Ltd./ Loan Agreement/direct	Note 14	Due to banks: loan	10,152	1,703
		Note 9	Interest expense	35	35
		Note 8	Credit facility standby fee	46	48
		Note 15	Credit facility standby fees payable	12	11
	LGT Capital Partners (Ireland) Ltd./ Alternative Investment Fund Management Agreement/direct	Note 7	Investment management fee	3,247	3,636
		Note 15	Investment management fee payable	253	284
		Note 7	Performance fee	—	468
		Note 15	Performance fee payable	—	468
	Directors/indirect	Note 8/19	Directors' fee	—	1
	LGT Capital Partners Ltd./ Advisory Agreement/indirect	No direct fees	Advisory fee (no direct fees)	—	—
	LGT Fund Managers (Ireland) Ltd./ Management Agreement/indirect	No direct fees	Secretarial services (no direct fees)	—	—

LGT Group Foundation, Vaduz, is the controlling shareholder of the AIFM, LGT Capital Partners (Ireland) Limited, Dublin. The AIFM is entitled to a fee from the Subsidiaries (1.5 per cent of net assets in USD before deduction of the accrual of the performance fee) and a performance fee.

LGT Bank Ltd., Vaduz acts as custodian for the Company. Cash was deposited with LGT Bank Ltd., Vaduz at market conditions. In 2015 and 2014 no time deposit was held.

In 2015 and/or 2014 the Ireland Subsidiary was invested in the below mentioned Segregated Portfolios, which are all advised by LGT Capital Partners Ltd., an affiliate of Castle's AIFM.

– Crown Managed Futures Master Segregated Portfolio
– Crown Distressed Credit Opportunities plc
– Crown/Alphadyne Segregated Portfolio
– Crown/Capeview Segregated Portfolio
– Crown/Eyck Segregated Portfolio
– Crown/GLG Segregated Portfolio
– Crown/Guard Segregated Portfolio
– Crown/Japan Opportunities Segregated Portfolio
– Crown/Koppenberg Segregated Portfolio
– Crown/LBN Segregated Portfolio
– Crown/Linden Segregated Portfolio
– Crown/NJ Segregated Portfolio
– Crown/Seven Locks Segregated Portfolio
– Crown/Tyrian Segregated Portfolio
– Crown/Zebedee Segregated Portfolio

The table below shows the remuneration for the members of the board of directors in 2015 and 2014. In addition, the Company paid a directors and officers liability insurance fee of TUSD 12 (2014: TUSD 15). Travel expenses amounted to TUSD 25 (2014: TUSD 23).

Compensation and expenses	**2015 TUSD**	**2014 TUSD**
Chairman	62	65
Deputy chairman	48	52
Committee chairman	46	48
Members	35	46
Total	**191**	**211**

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager. The management of the Company is compensated only by affiliates of LGT Group Foundation. LGT Group Foundation is the co-owner of LGT Capital Partners (Ireland) Limited which acts as AIFM/investment manager to the Group and receives a management fee for these services.

20 Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of hedge funds investments with a view to achieving significant value growth and to help shareholders maximise long-term returns. The following results correspond to the sole operating segment of investing in hedge funds.

The assets are geographically allocated as follows:

	2015 TUSD	in %	2014 TUSD	in %
Assets				
America	36,237	17%	22,949	10%
Asia	47,825	22%	37,948	17%
Europe	42,714	20%	44,480	19%
Global	86,779	41%	124,433	54%
Total assets	**213,555**	**100%**	**229,810**	**100%**

The Group has a diversified shareholder population. For more information on the largest shareholders see note 17.

21 Financial risk management

The Group is exposed to a variety of financial risks including: market risk, credit risk and liquidity risk. The AIFM attributes great importance to professional risk management, beginning with careful diversifications, the sourcing of access to premier hedge fund investment opportunities, proper understanding and negotiation of appropriate terms and conditions, and active monitoring including ongoing interviews with managers, thorough analysis of reports and financial statements and performance reviews. The Group has investment guidelines that set out its overall business strategies, its investment policy, general investment and risk guidelines, and has established processes for the monitoring of these guidelines. The Group's AIFM provides the Group with investment opportunities that are consistent with the Group's objectives.

a) Market risks

(i) Price risk – The investments held in the portfolio may be realised only after several years and their fair values may change significantly. The AIFM provides the Group with investment opportunities that are consistent with the Group's objectives. The investment portfolio is regularly reviewed by the board of directors.

The rights of the Group to request redemption from fund investments may vary in frequency from monthly to annual redemptions. The nature of the Group's fund investments, all being unquoted, means the Group relies on underlying administrator estimates and final net asset values, underlying manager estimates and audited final net asset values at year-ends for determining the fair value of fund investments, adjusted where relevant by the board of directors as described in the accounting policies.

The board of directors reviews and agrees policies with the AIFM for managing its risk exposure. The AIFM provides the Group with investment recommendations that are consistent with the Group's objectives.

The AIFM makes its recommendations, including manager selections, based on a thorough understanding of the risk and performance characteristics of fund investments gained through detailed investigation and critical analysis. The AIFM selects underlying managers which it considers have robust risk controls and mechanisms. The monitoring of such fund investments is a continuous process. The investment portfolio is regularly reviewed by the board of directors.

While the Group holds a diversified portfolio of underlying fund investments, there are certain general market conditions under which any investment strategy is unlikely to be profitable. Neither the underlying managers of the fund investments nor the AIFM have any ability to control or predict such market conditions. Although, with respect to market risk, the Group's investment approach is designed to achieve broad diversification on a global basis, from time to time, multiple market events could move together against the Group's underlying investments and the Group could suffer losses.

Underlying managers of fund investments may transfer a portion of the Group's investment in that fund into share classes where liquidity terms are directed by the underlying manager in accordance with the respective fund investment's offering memorandum, commonly referred to as side pocket share classes. These side pocket share classes may have restricted liquidity and prohibit the Group from fully liquidating its investments without delay. The Group's AIFM attempts to determine the fund investment's strategy on side pockets prior to making an allocation to such investment through its due diligence process. However, no assurance can be given on whether or not the fund investments will implement side pockets during the investment period. Fund investments may also, at their discretion, suspend redemptions or implement other restrictions on liquidity which could impact the Group. As at 31 December 2015, TUSD 7,805 or 3.9 per cent of net assets were considered illiquid by the Group due to restrictions implemented by certain fund investments (2014: TUSD 10,502 or 4.6 per cent).

The investment remit is to have an optimally allocated portfolio over (i) the various investment styles (e.g. CTA/macro, event driven, long/short equity, relative value, etc.) and (ii) geographical regions (e.g. Asia, Emerging Markets, Europe, USA etc.). The investment vehicles and their respective fund managers are selected on quantitative and qualitative research criteria including (i) risk return prospects of different non-traditional investment strategies, (ii) business structure and team organisation of the fund manager, (iii) risk management procedure and liquidity aspects of the investment vehicles, (iv) amount under management and commitment of the principals of the fund manager, (v) cost structure, (vi) correlation to other fund managers and the entire portfolio and (vii) historical performance in relation to investment style, expected returns, benchmarks and degree of risk. The Group allocates the majority of its assets at cost to funds with a proven performance record of several years. The objective is to invest into top quality fund managers across the respective investment sectors. A minority part of the assets are invested with new and emerging fund managers. The Group does not allocate more than 15 per cent of the net asset value at cost to one single fund manager or 10 per cent to any one investment vehicle. Under normal circumstances, no allocation to a fund manager will be made prior to a visit by the AIFM to the fund manager's business location. It includes a proper evaluation concerning the fund manager's business structure, its key employees, its track record, its relation with third parties and other relevant aspects. The AIFM carries out a monitoring procedure in order to implement the following risk control parameters: (i) changes in a fund manager's structure and organisation, (ii) major deviations from historical returns, (iii) changes in the correlation of the portfolio, (iv) changes in investment styles, and (v) comparisons of fund manager's performance versus that of their underlying investments.

As of 31 December 2015 and 2014, the Group's market risk was affected mainly by changes in actual market prices.

Value at Risk
The Group applies value at risk methodology (VaR) to its portfolio as well as to the individual investments in order to estimate the risk of positions held at certain times. The risk analysis refers to a specified time horizon and to a given level of confidence and in this respect derives the potential losses that could occur on these positions as a result of market movements affecting the exposures held by hedge funds and based upon a number of assumptions for hedge fund behaviour and market behaviour. VaR is a statistically based estimate of the potential loss on the program (referring to portfolio composition at a particular point of time) from adverse market movements. It expresses the maximum amount the program might lose, but only to a certain level of confidence (99 per cent). There is therefore a specified statistical probability (1 per cent) that actual losses could be greater than the VaR estimate.

Methods and Assumptions
The risk analysis shows risk with respect to actual year-end allocations in the portfolio. For this analysis the VaR is calculated by deriving the 99th worst percentile of constructed weekly portfolio returns using the last 170 weeks and based on "treated" historical series of hedge funds. The "treatment" is applied because of the different and possible irregular frequencies. The time series is interpolated to produce weekly returns across the portfolio.

Actual outcomes are monitored regularly to test the validity of this VaR calculation. The employment of different methodologies, also with greater forward looking characteristics, generates information about the robustness of the risk figures.

Limitations to this Value at Risk Model
The weaknesses of this approach are reliance on historical observations and the different data availability across funds. Most of the funds provide weekly returns but the data frequencies can differ considerably between styles. Nevertheless, the figures presented should provide an adequate view of histories and reflect turbulent times well.

The methodology employed for this risk illustration is only one type of risk information considered and the complexity of risks analysis for fund of fund portfolios requires the use of various different methodologies.

Value at Risk summary

Value at Risk summary	**2015**	**2014**
As of 31 December	1.35%	1.12%

The performance of the investments and the compilation of the investment portfolio held by the Group is monitored by the AIFM on a monthly basis and reviewed regularly by the board of directors.

(ii) Currency risk – The majority of the Group's assets are denominated in the US Dollar, the functional currency. As a result, the Group is not exposed to a significant amount of currency risk. The Group's policy is not to enter into any currency hedging transactions. The schedule below summarises the Group exposure to currency risks.

In accordance with the Group's policy, the AIFM monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

Currency risk

As of 31 December 2015	USD TUSD	CHF TUSD	Total TUSD
Assets			
Cash and cash equivalents	2,586	288	2,874
Accrued income and other receivables[1]	33,849	—	33,849
Investments designated at fair value through profit or loss	176,832	—	176,832
Total assets	**213,267**	**288**	**213,555**
Liabilities			
Borrowings	10,152	—	10,152
Accrued expenses and other payables[1]	904	360	1,264
Total liabilities	**11,056**	**360**	**11,416**

As of 31 December 2014	USD TUSD	CHF TUSD	Total TUSD
Assets			
Cash and cash equivalents	1,386	357	1,743
Accrued income and other receivables[1]	7,613	—	7,613
Investments designated at fair value through profit or loss	220,454	—	220,454
Total assets	**229,453**	**357**	**229,810**
Liabilities			
Borrowings	1,703	—	1,703
Accrued expenses and other payables[1]	1,325	460	1,785
Total liabilities	**3,028**	**460**	**3,488**

[1] Provided for reconciliation purposes only.

(iii) Interest rate risk – The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The schedule below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

In accordance with the Group's policy, the AIFM monitors the Group's overall interest sensitivity on a monthly basis, and the board of directors reviews it on a regular basis.

Interest rate risk

As of 31 December 2015	Less than 1 month TUSD	Non-interest bearing TUSD	Total TUSD
Assets			
Cash and cash equivalents	2,874	–	2,874
Accrued income and other receivables[1]	–	33,849	33,849
Investments designated at fair value through profit or loss	–	176,832	176,832
Total assets	**2,874**	**210,681**	**213,555**
Liabilities			
Borrowings	10,152	–	10,152
Accrued expenses and other payables[1]	–	1,264	1,264
Total current liabilities	**10,152**	**1,264**	**11,416**

As of 31 December 2014	Less than 1 month TUSD	Non-interest bearing TUSD	Total TUSD
Assets			
Cash and cash equivalents	1,743	–	1,743
Accrued income and other receivables[1]	–	7,613	7,613
Investments designated at fair value through profit or loss	–	220,454	220,454
Total assets	**1,743**	**228,067**	**229,810**
Liabilities			
Accrued expenses and other payables[1]	–	1,785	1,785
Total current liabilities	**1,703**	**1,785**	**3,488**

[1] Provided for reconciliation purposes only.

b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The Group's main credit risk concentration is from redemptions to be received from the hedge funds investments in which the Group is invested. The Group seeks to mitigate its exposure to credit risk by conducting its contractual transactions and placing its short-term funds only with institutions which are reputable and well established.

The schedule below summarises the Group's exposure to credit risks.

In accordance with the Group's policy, the AIFM monitors the Group's credit position on a monthly basis and the board of directors reviews it on a regular basis.

Credit risk

As of 31 December 2015	Fully performing TUSD	Total TUSD	S&P Rating
Assets			
Cash at LGT Bank Ltd., Vaduz	181	181	A+
Cash at BNP Paribas Securities Services, Dublin Branch[1]	1,632	1,632	n/a
Cash at Citco Fund Services (Europe) B.V., Amsterdam	100	100	n/a
Cash at Zuercher Kantonalbank, Zurich	961	961	AAA
Accrued income and other receivables	33,849	33,849	n/a
Total exposure to credit risk	**36,723**	**36,723**	

As of 31 December 2014	Fully performing TUSD	Total TUSD	S&P Rating
Assets			
Cash at LGT Bank Ltd., Vaduz	66	66	A+
Cash at Credit Suisse (International) Dublin Branch	1,202	1,202	A
Cash at Citco Fund Services (Europe) B.V., Amsterdam	61	61	n/a
Cash at Zuercher Kantonalbank, Zurich	414	414	AAA
Accrued income and other receivables	7,613	7,613	n/a
Total exposure to credit risk	**9,356**	**9,356**	

1) Formerly Credit Suisse until 30 May 2015.

c) Liquidity risk

The schedule below analyses the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the schedule are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The AIFM carries out a detailed liquidity plan in which all subscriptions and redemptions in the underlying hedge fund investments are taken into account. The goal is to keep a liquidity reserve in cash and cash equivalents to take advantage of investment opportunities which may arise and to cover any future fee payments.

As mentioned in note 14 the Subsidiaries have a credit line of total TUSD 15,000 (2014: TUSD 15,000) granted by LGT Bank (Ireland) Limited, Dublin, which may be used for bridge financing purposes and helps to mitigate liquidity risk.

Liquidity risk

As of 31 December 2015	Less than 1 month TUSD	1 – 3 months TUSD	No stated maturity TUSD	Total TUSD
Liabilities				
Borrowings	10,152	—	—	10,152
Accrued expenses and other payables	320	944	—	1,264
Total current liabilities	**10,472**	**944**	—	**11,416**
Total outstanding commitment amount	**4,100**	—	—	**4,100**

As of 31 December 2014	Less than 1 month TUSD	1 – 3 months TUSD	No stated maturity TUSD	Total TUSD
Liabilities				
Borrowings	1,703	—	—	1,703
Accrued expenses and other payables	832	953	—	1,785
Total current liabilities	**2,535**	**953**	—	**3,488**
Total outstanding commitment amount	**4,100**	—	—	**4,100**

Most of the investments which the Group makes are also subject to specific restrictions on transferability and disposal. Consequently, risks exist that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Group's consolidated balance sheet. To help mitigate this risk the Group seeks to invest in investments with redemption periods of no longer than three months. The table below analyses the redemption periods for the investments.

Liquidity risk – redemption periods

As of 31 December 2015	Less than 1 month TUSD	1 – 3 months TUSD	3 – 6 months TUSD	More than 6 months TUSD	Undetermined TUSD	Total TUSD
Redemptions periods	20,922	91,931	43,146	13,028	7,805	176,832
Total	**20,922**	**91,931**	**43,146**	**13,028**	**7,805**	**176,832**

As of 31 December 2014	Less than 1 month TUSD	1 – 3 months TUSD	3 – 6 months TUSD	More than 6 months TUSD	Undetermined TUSD	Total TUSD
Redemptions periods	26,914	133,399	30,669	18,970	10,502	220,454
Total	**26,914**	**133,399**	**30,669**	**18,970**	**10,502**	**220,454**

The following investments are not readily realisable due to the terms of the individual investments, various events and/or the illiquid nature of the underlying assets

Liquidity risk – evented funds

As of 31 December 2015		Fair value TUSD
Fund investment	**Event**	
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Side pocket	437
Caxton Global Investments Ltd. Class SI	Side pocket	868
Cerberus Asia Partners L.P.	Side pocket	8
D.E. Shaw Composite International Ltd. (side pocket series)	Side pocket	1,695
Drake Absolute Return Fund Ltd.	Liquidation	52
Galleon Technology Offshore Ltd.	Liquidation	598
Highland Crusader Fund II Ltd.	Liquidation	2,801
OZ Asia Overseas Fund Ltd.	Side pocket	538
OZ Overseas Fund Ltd. Tranche C shares	Side pocket	127
Raptor Private Holdings Ltd.	Liquidation	221
The Rohatyn Group Global Opportunity Fund Ltd.	Side pocket	345
Tudor BVI Global Fund Ltd. (legacy class)	Side pocket	115
Total		**7,805**

As of 31 December 2014		Fair value TUSD
Fund investment	**Event**	
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Side pocket	590
Caxton Global Investments Ltd. Class SI	Side pocket	1,547
Cerberus Asia Partners L.P.	Side pocket	436
D.E. Shaw Composite International Ltd. (side pocket series)	Side pocket	2,223
Drake Absolute Return Fund Ltd.	Liquidation	133
Galleon Technology Offshore Ltd.	Liquidation	672
Highland Crusader Fund II Ltd.	Liquidation	3,297
OZ Asia Overseas Fund Ltd.	Side pocket	554
OZ Overseas Fund Ltd. Tranche C shares	Side pocket	157
Raptor Private Holdings Ltd.	Liquidation	213
The Rohatyn Group Global Opportunity Fund Ltd.	Side pocket	447
Tudor BVI Global Fund Ltd. (legacy class)	Side pocket	233
Total		**10,502**

As discussed in note 1 side pocket share classes were created for illiquid assets. In addition to the evented funds, the following investments are considered illiquid due to their nature or, as set out in their issuing documents, exhibit longer notice periods and will therefore take longer to redeem. Crown Distressed Credit Opportunities plc expired on 1 July 2013 with up to three one-year extensions and has a fair value of TUSD 2,437 (2014: TUSD 3,047).

In accordance with the Group's policy, the AIFM monitors the Group's liquidity position on a monthly basis and the board of directors reviews it on a regular basis.

d) Capital risk management

Discount control

The directors recognise the importance to shareholders of the Company's share price performance in the secondary market. Accordingly, the directors may take steps from time to time with a view to seeking to limit the prevailing discount to net asset value at which the shares trade. In particular, the directors may authorise repurchases of shares for cancellation and the utilisation of the Company's powers to buy back shares to be held in treasury for resale from time to time.

(i) Repurchase of shares for cancellation – The directors may implement share repurchases for cancellation of up to 10 per cent of the Company's issued share capital. The directors currently anticipate that any such repurchases will be made at a price of up to 95 per cent of the prevailing net asset value per share, although the repurchase price will remain subject to ongoing review by the directors in the light of future share trading conditions and the pertinent regulations of the SIX Swiss Exchange and the Swiss Takeover Board. The Company will arrange to repurchase shares for cancellation in accordance with Swiss regulations. It is currently anticipated that the Company would use one of the following methods to repurchase the shares: a fixed-price repurchase offer, the issuance of put options or the establishment on the SIX Swiss Exchange of a 2nd line of trading to repurchase the shares at market price. The actual method used by the Company to repurchase shares for cancellation will depend on the market and regulatory situation at the time of implementation, full details of which would be provided to shareholders when seeking approval for the share repurchase.

(ii) Repurchase of shares to be held in treasury – The directors may consider repurchasing shares in the market for treasury if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the shares. Pursuant to the Swiss Code of Obligations, the Company is not required to obtain a general authority from shareholders to effect the repurchase of shares to be held in treasury. Any purchase of shares by the Company for treasury will only be made through the market at prices (after allowing for costs) below the prevailing net asset value per share and will otherwise be in accordance with the regulations in force at the time and with guidelines established from time to time by the board. Swiss law limits the right of a company to purchase and hold its own shares.

e) Fair value estimation

Fund investments for which market quotations are not readily available are valued at their fair values as described below. Fund investments are normally valued at their net asset value as advised by the underlying managers/administrators of such funds. Such valuations are necessarily dependent upon the reasonableness of the valuations provided by the underlying managers/administrators of such funds and whether the valuation bases used are IFRS and fair value compliant. The responsibility for determining the fair value lies exclusively with the board of directors. The board of directors under advice from the AIFM may perform additional procedures on fund investments, including but not limited to underlying manager/administrator due diligence and other analytical procedures. If the directors are aware of a good reason why a particular fund valuation would not be the most appropriate indicator of fair value the directors will work with the underlying manager of that investment in an attempt to obtain more meaningful fair value information. See note 2 h) (iii) for further valuation information.

IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2015 and 2014.

As of 31 December 2015	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets designated at fair value through profit or loss:				
Investments	–	166,590	10,242	176,832
Total	–	**166,590**	**10,242**	**176,832**

As of 31 December 2014	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets designated at fair value through profit or loss:				
Investments	–	206,906	13,548	220,454
Total	–	**206,906**	**13,548**	**220,454**

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not hold level 1 investments as at 31 December 2015 and 2014.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations, or alternative pricing sources such as the binding and executable underlying net asset values provided by the managers/administrators of these instruments, supported by observable inputs are classified within level 2. These include listed equities, over-the-counter derivatives and fund investments for which market quotations are not readily available. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. For more information on the valuation of these investments see note 2 h) (iii).

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include hedge fund investments that, due to various events and/or the illiquid nature of the underlying assets, are not readily realisable. See also note 21 c) liquidity risk. There were no transfers in 2014 and 2015.

If the value of the level 3 investments (based on year end values) had increased or decreased by 5 per cent with all other variables held constant, the impact on the consolidated statement of comprehensive income and consolidated balance sheet would have been TUSD 512 (2014: TUSD 677). For further sensitivity analysis on the investments please refer to note 21 a) (i).

The following table shows the allocation of the level 3 investments according to geography, in percentage of the total fair value of these investments.

Diversification by geography	**2015 % of financial assets at fair value through profit or loss**	**2014 % of financial assets at fair value through profit or loss**
America	36%	31%
Asia	5%	7%
Global	59%	62%
Total	**100%**	**100%**

As at 31 December 2015, the Group had an investment in Highland Crusader Fund II Limited ("Highland") for which the valuation is complex as the fund holds a large number of illiquid investments. The Group redeemed its entire position as of 30 June 2008, however, due to the illiquidity of the portfolio and increasing redemption requests, the investment manager of Highland decided to suspend redemption payments. After further losses, the investment manager proposed that the fund be wound up in its entirety making the value of all outstanding balances including prior redemption requests dependent on the realised value of assets as the fund is liquidated. Investors accepted this distribution scheme in the summer of 2011 and the investment was therefore classified as a level 3 investment in the 2011 annual report. Since the acceptance of the distribution plan, up to 31 December 2015, the Group had received redemption proceeds amounting to TUSD 10,281.

In the case of D.E. Shaw Composite International Ltd. and Caxton Global Investments Ltd., redemptions from these funds during 2011 resulted in a proportion of the redemption proceeds being distributed in the form of side pockets which are illiquid. These side pocket positions were classified as level 3 in the annual report of 2011.

The Group's investments in Crown Distressed Credit Opportunities plc was reclassified from level 2 to level 3 in the 2011 annual report due to the fact that its liquidity terms imply that it can only be liquidated over a prolonged timeframe due to its private equity like nature. This investment was made at a time when all the assets of the Group belonged to the closed ended listed Company and thus such liquidity terms were deemed compatible with the Group's liquidity requirements.

The following table presents a reconciliation disclosing the changes during the year for financial assets and liabilities classified as being level 3.

As of 31 December 2015	**Investments designated at fair value through profit or loss TUSD**
Assets	
At 1 January	13,548
Total loss	(184)
Sales	(3,122)
Transfers in/out	—
At 31 December	**10,242**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**880**

As of 31 December 2014	**Investments designated at fair value through profit or loss TUSD**
Assets	
At 1 January	21,528
Total gain	631
Sales	(8,611)
Transfers in/out	—
At 31 December	**13,548**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**1,729**

The table below analyses within the fair value hierarchy the financial assets and liabilities (by class) not measured at fair value, but for which fair values are disclosed at 31 December 2015 and 31 December 2014.

As of 31 December 2015	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Cash and cash equivalents	2,874	—	—	2,874
Accrued income and other receivables	—	33,849	—	33,849
Total	**2,874**	**33,849**	—	**36,723**
Liabilities				
Borrowings	—	10,152	—	10,152
Accrued expenses and other payables	—	1,264	—	1,264
Total	—	**11,416**	—	**11,416**

As of 31 December 2014	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Cash and cash equivalents	1,743	—	—	1,743
Accrued income and other receivables	—	7,613	—	7,613
Total	**1,743**	**7,613**	—	**9,356**
Liabilities				
Borrowings	—	1,703	—	1,703
Accrued expenses and other payables	—	1,785	—	1,785
Total	—	**3,488**	—	**3,488**

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. Cash and cash equivalents are recorded at nominal value. Accrued income and other receivables are recognised initially at fair value and subsequently measured at amortised cost. Amounts due to banks are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost.

22 Commitments, contingencies and other off-balance-sheet transactions

The Group has made the following commitments to investment funds as of 31 December:

As of 31 December 2015	Commitment in TUSD	Open commitment amount in TUSD
Cerberus Asia Partners L.P.	5,000	—
Crown Distressed Credit Opportunities plc	16,500	4,100
Total	**21,500**	**4,100**

As of 31 December 2014	Commitment in TUSD	Open commitment amount in TUSD
Cerberus Asia Partners L.P.	5,000	—
Crown Distressed Credit Opportunities plc	16,500	4,100
Total	**21,500**	**4,100**

The nature of these commitments is that they can be called at the respective investment managers' discretion. The management confirms that there are no other commitments, contingencies or other transactions that could have a material effect upon the financial situation of the Group as of 31 December 2015.

23 Subsequent events

The consolidated financial statements are authorised for issue on 31 March 2016 by the board of directors. The annual general meeting called for 10 May 2016 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2015 Castle Alternative Invest AG purchased 190,050 treasury shares on its second trading line to the amount of TUSD 3,168. As at 30 March 2016 the Company held in total 1,028,227 treasury shares on its second trading line.

Since the balance sheet date of 31 December 2015, there have been no material events that could impair the integrity of the information presented in the financial statements.

Report of the statutory auditor on the company financial statements

to the general meeting of
Castle Alternative Invest AG, Pfäffikon

As statutory auditor, we have audited the financial statements of Castle Alternative Invest AG, which comprise the balance sheet, statement of income and notes (pages 62 to 69) for the year ended 31 December 2015.

Board of directors' responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 31 March 2016

Balance sheet

As of 31 December 2015 (All amounts in CHF thousands unless otherwise stated)

	Note	2015	2014
Assets			
Current assets:			
Cash and cash equivalents		1,103	462
Total current assets		**1,103**	**462**
Non-current assets:			
Participations	3	196,028	200,915
Total non-current assets		**196,028**	**200,915**
Total assets		**197,131**	**201,377**
Liabilities			
Current liabilities:			
Other payables		268	364
Accrued expenses		92	94
Deferred translation gain		—	561
Total current liabilities		**360**	**1,019**
Equity			
Shareholders' equity:	7		
Share capital		53,780	61,891
Legal reserves			
Reserves from capital contributions		62,344	62,344
Other legal reserves		31,907	31,907
Accumulated surplus brought forward		63,092	63,556
Treasury shares at cost (bought for cancellation)		(14,352)	(19,340)
Total shareholders' equity		**196,771**	**200,358**
Total liabilities and equity		**197,131**	**201,377**

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2015 (All amounts in CHF thousands unless otherwise stated)

	Note	2015	2014
Income			
Value adjustments on participations	2b)	(4,325)	—
Dividends from participations		22,105	24,645
Loss on foreign exchange, net		(304)	—
Other income		1	1
Total income		**17,477**	**24,646**
Expenses			
Administrative expenses		(516)	(670)
Financial expenses		(172)	(224)
Total expenses		**(688)**	**(894)**
Profit before taxes		**16,789**	**23,752**
Taxes	5	(13)	(12)
Profit for the year		**16,776**	**23,740**
Accumulated surplus			
Accumulated surplus brought forward		63,556	48,273
Profit for the year		16,776	23,740
Cancellation of treasury shares		(17,240)	(8,457)
Accumulated surplus brought forward		**63,092**	**63,556**
Proposal of the board of directors for appropriation of accumulated surplus			
To be carried forward		63,092	63,556
Total		**63,092**	**63,556**

Notes to the company financial statements

For the year ended 31 December 2015
(All amounts in Swiss Francs thousands unless otherwise stated)

1 Organisation and business activity

Castle Alternative Invest AG, Pfäffikon ("the Company") was incorporated on 30 July 1996 as a joint stock corporation under Swiss laws. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon.

Since 10 April 1997, the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange and on 21 January 2002, a listing in US Dollar on the SIX Swiss Exchange followed. As of 5 June 2009 the Company was also listed in US Dollar on the London Stock Exchange. Following an extraordinary general meeting of the Company on 31 January 2014, the London listing was cancelled on 3 March 2014.

The main activity of the Company is investing in a diversified portfolio of non-traditional investments, through its two Subsidiaries, Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary").

Castle Alternative Invest Group ("the Group") currently consists of the Company, the Cayman Subsidiary and the Ireland Subsidiary.

As of 31 December 2015 and 2014 the Company did not employ any employees.

2 Accounting principles

These Company financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO).

a) Participations
The participation in the Cayman Subsidiary is stated at acquisition cost or at the lower net realisable value. As of 31 December 2015 the participations were revalued into Swiss Francs using the net asset value of the Cayman Subsidiary at 31 December 2015 in US Dollar, converted into Swiss Francs using the year-end rate.

b) Accounting and reporting currency
The books of the Company are kept in US Dollar (functional currency). The board of directors resolved that the Company's financial statements shall be presented in Swiss Francs, in line with the provisions of the CO. In 2015 the Company discontinued to value its participation at the historic exchange rate and applies the modified current/non-current method as follows:

- Assets and liabilities by applying the year-end exchange rate;
- the shareholders' equity at the historical exchange rate; and
- Income and expenses at the average exchange rate for the year.

In accordance with local practice, net translation losses are charged to the statement of income, whereas net translation gains are deferred (unless such translation gains are a recovery of translation losses previously charged to the statement of income). The deferred translation gains of CHF 0.6 million reported on the 2014 balance sheet of the Company were also dissolved and posted to valuation adjustments on subsidiaries. The valuation adjustments on participations comprises the following:

- Currency revaluation loss (net of dissolution of deferred translation gain) CHF 50.7 Mio.
- Revaluation of participation to reflect net equity of the Cayman Subsidiary CHF 46.4 Mio.

3 Participations

The Company's only direct investment is 100 per cent of the voting participating redeemable ordinary shares of the Cayman Subsidiary. The Company holds 3,862,360 voting participating redeemable ordinary shares at CHF 0.01 each. The Cayman Subsidiary is invested in the Ireland Subsidiary, an open ended investment company with variable capital under the laws of Ireland.

On 1 April 2011 Swiss Life AG partially redeemed its holding in Class I of the Ireland Subsidiary. The redemption was paid out in cash with the remaining amount being placed in a newly opened side pocket share class for illiquid assets (Class RI). At the same time a side pocket share class for the Cayman Subsidiary's portion of the illiquid assets was also created (Class RO). The side pocket share classes have paid out proceeds as their assets were realised. On 31 December 2012 Swiss Life fully redeemed its holding in the Class I shares. As per 31 December 2015 Swiss Life AG's holding in the remaining Class RI shares comprised 2.71 per cent (2014: 3.19 per cent) of the net asset value of the Ireland Subsidiary. The Cayman Subsidiary's holding in Class O and Class RO comprised 97.29 per cent of the net asset value of the Ireland Subsidiary (2014: 96.81 per cent). The Company controls the Ireland Subsidiary and consolidated it in compliance with IFRS 10. Swiss Life AG's holding in the Ireland Subsidiary is shown as a non-controlling interest in the Group's consolidated financial statements.

Where a dividend distribution has been approved by a subsidiary, the participation income from the subsidiary is recognised based on an economic standpoint, i.e. at the same time as the corresponding liability is recorded in the subsidiary.

Nominal share capital Issued and fully paid	**Cayman Subsidiary TCHF**	**Total book value of participations TCHF**
31 December 2014	39	200,915
31 December 2015	**39**	**196,028**

4 Foreign exchange rates

The following exchange rates have been applied to translate the foreign currency of significance for the Company:

Foreign exchange rates		**Unit**	**2015 CHF**	**2014 CHF**
US Dollar	Year-end rates	1 USD	1.0003	0.9939
US Dollar	Average annual rates	1 USD	0.9653	0.9196

5 Taxes

The Company is taxed as a holding company and is as such liable for cantonal/communal capital taxes (reduced rates) and Swiss federal income taxes. The actual tax expenses cover all taxes through 31 December 2015.

6 Pledged assets

As of 31 December 2015, the Subsidiaries have a credit line of TUSD 15,000 (31 December 2014: TUSD 15,000). The credit line is granted by LGT Bank (Ireland) Limited, Dublin and is secured by the participating shares of the Ireland Subsidiary as well as the voting participating redeemable ordinary shares of the Cayman Subsidiary, which are directly held by the Company. The pledged assets are deposited with LGT Bank Limited, Vaduz and pledged in favour of the lender. As of 31 December 2015, the Ireland Subsidiary had borrowed TUSD 10,152 (2014: TUSD 1,703) from LGT Bank (Ireland) Limited.

7 Shareholders' equity

Shareholders' equity

The share capital of the Company amounts as of 31 December 2015 to TCHF 53,780 (TUSD 39,882) and as of 31 December 2014 to TCHF 61,891 (TUSD 45,897) consisting of 10,756,059 (2014: 12,378,310) issued and fully paid registered shares with a par value of CHF 5. The reduction is due to the cancellation of 2nd line treasury shares which took place in August 2015. For more information see the paragraph "Share buy back 2nd line" below. Each share entitles the holder to participate in any distribution of income and capital.

Share buy back 2nd line (bought for cancellation)

Since 2010, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. The Company has purchased treasury shares on its second trading lines according to the following summaries. These treasury shares are treated as a deduction from shareholders' equity using cost values. On 5 June 2015, the Company announced that the board of directors decided to launch a new share buyback program for reduction of the share capital through a 2nd line trading line on SIX Swiss Exchange. It started on 9 June 2015 and a maximum of 724,526 registered shares will be purchased.

Share buy back via tradable put options (bought for cancellation)

On 12 September 2014, the Company announced its decision to issue put options tradable on the SIX Swiss Exchange. Every 20 put options entitled shareholders to tender one registered share at the exercise price of CHF 16.50 until 30 September 2014. The put options were traded from 17 September 2014

Treasury shares

Buy back programs	From	To	Cancelled	Number of shares	Cost TUSD	Cost TCHF
Program initiated on 28 June 2012, announced on 15 May 2012						
Additions 2012	28.06.2012	31.12.2012	23.08.2013	923,500	11,532	10,872
Additions 2013	01.01.2013	02.05.2013	23.08.2013	611,356	8,431	7,834
Additions 2013	21.05.2013	05.06.2013	12.08.2014	82,500	1,219	1,167
Total				**1,617,356**	**21,182**	**19,873**
Program initiated on 6 June 2013, announced on 14 May 2013						
Additions 2013	06.06.2013	31.12.2013	12.08.2014	546,000	8,072	7,391
Additions 2014	01.01.2014	01.05.2014	12.08.2014	365,000	5,472	4,867
Additions 2014	02.05.2014	16.09.2014	06.08.2015	416,128	6,423	5,797
Total				**1,327,128**	**19,967**	**18,055**
Program initiated on 2 October 2014, announced on 13 May 2014						
Additions 2014	02.10.2014	31.12.2014	06.08.2015	258,000	4,133	3,976
Additions 2015	01.01.2015	08.05.2015	06.08.2015	369,000	6,335	6,011
Additions 2015	11.05.2015	20.05.2015	—	31,798	574	531
Total				**658,798**	**11,042**	**10,518**
Program initiated on 9 June 2015, announced on 5 June 2015						
Additions 2015	09.06.2015	31.12.2015	—	455,300	7,801	7,563
Total on 31 December 2015				**455,300**	**7,801**	**7,563**

Movement of treasury shares 2nd line and tradable put options (bought for cancellation)	Number of shares	Cost TUSD	Cost TCHF
Shares held as of 1 January 2014	**628,500**	**9,291**	**8,558**
Additions 2014 via 2nd line	1,039,128	16,028	14,642
Additions 2014 via tradable put options	579,023	10,000	9,565
Cancellation on 12 August 2014	(993,500)	(14,763)	(13,425)
Shares held as of 31 December 2014	**1,253,151**	**20,556**	**19,340**
Additions 2015 via 2nd line	856,098	14,710	14,105
Additions 2015 via tradable put options	351,079	6,725	6,258
Cancellation on 6 August 2015	(1,622,151)	(26,891)	(25,351)
Shares held as of 31 December 2015	**838,177**	**15,100**	**14,352**

up to and including 30 September 2014. On 1 October 2014, the Company announced that a total of 11,580,460 put options were declared for exercise. On 18 May 2015, the Company announced its decision to issue further put options tradable on the SIX Swiss Exchange. Every 30 put options entitled shareholders to tender one registered share at the exercise price of CHF 17.80 until 4 June 2015. The put options were traded from 21 May 2015 up to and including 4 June 2015. On 5 June 2015, the Company announced that a total of 10,532,370 put options were declared for exercise. These treasury shares are treated as a deduction from shareholders' equity using cost values.

Legal reserves

Under Swiss tax law effective 1 January 2011, repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. In order to establish the amount of capital contribution reserves that the Company may be able to repay to shareholders without being subject to the withholding tax deduction that applies to dividends paid out of retained earnings, the board of directors received shareholder approval at the 2011 annual general meeting for the allocation of the legal reserves, effective 1 January 2011. The legal reserves to the amount of TCHF 100,435 were divided into legal reserves from capital contributions of TCHF 68,528 and other legal reserves of TCHF 31,907 on 1 January 2011. The amount the Company allocated to the legal reserves from capital contributions deviates slightly from the standard practice of the Swiss tax authorities in that the Company has not deducted the share capital increase expenses.

Shareholders' equity

In 2015 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Legal reserves		Accumulated surplus	Treasury shares 2nd line at cost (bought for cancellation)	Total
		Reserves from capital contributions	Other legal reserve			
31 December 2014	**61,891**	**62,344**	**31,907**	**63,556**	**(19,340)**	**200,358**
Cancellation of treasury shares	(8,111)	—	—	(17,240)	25,351	—
Purchase of treasury shares (bought for cancellation)	—	—	—	—	(20,363)	(20,363)
Profit for the year	—	—	—	16,776	—	16,776
31 December 2015	**53,780**	**62,344**	**31,907**	**63,092**	**(14,352)**	**196,771**

8 Major shareholders

As at 31 December the following major shareholders were known by the Company:

Major shareholders	31 December 2015	31 December 2014
Between 20% and 33 1/3%	LGT Group, Liechtenstein	LGT Group, Liechtenstein
Between 10% and 20%	LGT Capital Partners, Switzerland, on behalf of pension funds	LGT Capital Partners, Switzerland, on behalf of pension funds
Between 3% and 10%	Stiftung Fürst Liechtenstein II BKS Global PCC Limited, Guernsey South Yorkshire Pensions Authority, United Kingdom	Stiftung Fürst Liechtenstein II BKS Global PCC Limited, Guernsey

9 Compensation and share ownership

The annual remuneration and expense allowances paid to the members of the board of directors as well as the premium paid for the officers liability insurance are detailed within the remuneration report on pages 73 and 74 of this report.

No further compensation by the Company or its subsidiaries for their activities has been due, nor did directors receive shares, options or loans.

Share ownership	2015	2014
Castle Alternative Invest AG		
Members of the board of directors		
Reto Koller	8,000	8,000
Dr André Lagger	4,755	4,755
General manager		
Mark White (resigned on 12 May 2015)	–	10,000
Total	**12,755**	**22,755**
LGT Capital Partners (Ireland) Ltd.		
Members of the board of directors		
Dr Hans Markvoort	2,250[1)]	2,250[1)]
Dr Roberto Paganoni	4,000	4,000
Total	**6,250**	**6,250**

[1)] Held by relatives.

10 Auditors

PricewaterhouseCoopers Ltd., Zürich, are the auditors of the Company. They accepted the mandate in 2001. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit fees charges by PricewaterhouseCoopers for the audit 2015 of the Company to TCHF 61 (2014: TCHF 59).

11 Subsequent events

The Company's financial statements are authorised for issue on 31 March 2016 by the board of directors. The annual general meeting called for 10 May 2016 will vote on the final acceptance of the Company's financial statements.

Since the balance sheet date of 31 December 2015 Castle Alternative Invest AG purchased 190,050 treasury shares on its second trading line to the amount of TUSD 3,168. As at 30 March 2016 the Company held in total 1,028,227 treasury shares on its second trading line.

Since the balance sheet date of 31 December 2015, there have been no material events that could impair the integrity of the information presented in the financial statements.

Report of the statutory auditor on the remuneration report

to the general meeting of
Castle Alternative Invest AG, Pfäffikon

Report of the statutory auditor on the remuneration report

We have audited the remuneration report dated 31 March 2016 of Castle Alternative Invest AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the paragraph “Remuneration for financial years 2014 and 2015” to paragraph “Compensation, loans and credits to related parties” on pages 74 and 75 of the remuneration report.

Board of directors’ responsibility
The board of directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion
In our opinion, the remuneration report of Castle Alternative Invest AG for the year ended 31 December 2015 complies with Swiss law and articles 14 – 16 of the Ordinance.

PricewaterhouseCoopers Ltd.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 31 March 2016

Remuneration report

The remuneration report contains information about the principles of remuneration, procedures for determining remuneration and components of remuneration for the board of directors and management of Castle Alternative Invest AG. It also details the remuneration awarded in 2014 and 2015 as well as the planned components of remuneration in 2016. It is based on the provisions of the Articles of Incorporation, the transparency requirements set out in Articles 13–16 of the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV) and Article 663b^{bis} of the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

Principles of Remuneration

- Transparency (simplicity, clarity)
- Adherence to market rates of executive pay
  (benchmarking of similar companies, qualifications and experience)

Governance

At its meeting on 12 May 2015 the board of directors proposed to set up a remuneration committee comprising of Andre Lagger (chairman) and Konrad Bächinger. The members of the remuneration committee were individually elected at the 2015 shareholders' general meeting. The remuneration committee draws up proposed remuneration guidelines for the board of directors. The members of the board of directors are entitled to reimbursement of their expenses incurred in the interest of the Company as well as to compensation corresponding to their activities, as determined by the board of directors.

The remuneration committee meets as often as required, but at least once a year.

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager, in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company. This work for the Company takes up approximately 20 per cent of his whole working time. For 2015, the management of the Company is compensated only by affiliates of LGT Group Foundation. LGT Group Foundation is the owner of the investment manager to the Company which receives a management fee for these services.

Procedures for determining remuneration

The level of remuneration awarded to the board of directors is based on sector and market comparisons. The remuneration committee also consults comparative figures and surveys of listed companies operating in the same sector.

Structure of remuneration

The board of directors is compensated in cash for all of its duties, including expenses for ordinary and extraordinary meetings, committee activities and other extraordinary activities. Neither shares nor options were allocated in the reporting year.

Remuneration policy

Remuneration of the board of directors of Castle Alternative Invest AG shall be effected in accordance with the provisions of the Articles, notably article 17. The board of directors determined that its members be remunerated annually as follows (pro-rata when a mandate is not executed for a full year):

Remuneration	2015 CHF	2014 CHF
Chairman	55,000	55,000
Deputy chairman	44,000	44,000
Committee chairman	44,000	44,000
Member	33,000	33,000

The remuneration shall be payable by the end of each quarter.

Travel and other expenses related to attendance at board meetings shall be covered by an expense allowance for each meeting in Switzerland, physically attended, as follows:

Travel and other expenses	2015 CHF	2014 CHF
Switzerland based	250	100
Europe based	1,500	1,000
Overseas based	7,000	5,000

Expense accounts in excess of CHF 5,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). Accounts below such may be signed off by the general manager.

Directors may furthermore be paid all other expenses properly incurred by them in connection with the business of the Company. The board may, in addition, grant special remuneration to any director who performs special or extra services to or at the request of the Company.

Remuneration for financial year 2015 (Article 14 VegüV)

The table below shows the remuneration for the members of the board of directors in the year 2015 and 2014. The total remuneration of the Company does not include the employers contributions to social security of TCHF 6 (31 December 2014: TCHF 6). In addition, the Company paid in 2015 a Directors and Officers liability insurance premium of TCHF 11 (31 December 2014: TCHF 14). Travel expenses amounted to TCHF 25 (31 December 2014: TCHF 20).

The board of directors remuneration is defined and paid out in CHF.

	Cash compensation CHF	Social security payments CHF	Travel and other expenses CHF	Total remuneration CHF
As of 31 December 2015				
Tim Steel, chairman	51,562	3,438	3,500	58,500
Dr Konrad Bächinger, deputy chairman	41,925	2,075	450	44,450
Reto Koller, committee chairman – audit committee	44,000	—	17,000	61,000
Dr André Lagger, committee chairman – remuneration committee	—	—	—	—
Kevin Mathews, member	33,000	—	3,500	36,500
Total	**170,487**	**5,513**	**24,450**	**200,450**

	Cash compensation CHF	Social security payments CHF	Travel and other expenses CHF	Total remuneration CHF
As of 31 December 2014				
Tim Steel, chairman	51,562	3,438	3,000	58,000
Dr Konrad Bächinger, deputy chairman	41,250	2,750	400	44,400
Reto Koller, committee chairman – audit committee	44,000	—	15,000	59,000
Dr André Lagger, committee chairman – remuneration committee	—	—	—	—
Kevin Mathews, member	33,000	—	2,000	35,000
Total	**169,812**	**6,188**	**20,400**	**196,400**

Loans and credits to board members and the management (Article 15 VegüV)
No further loans or credits by the Company or its subsidiaries for their activities have been granted to members of the board of directors in the financial year 2015.

Compensation, loans and credits to related parties (Article 16 VegüV)
No further compensation, loans or credits by the Company or its subsidiaries for their activities have been granted to any related party in the financial year 2015.

Dr André Lagger Benedikt Meyer

31 March 2016

Corporate governance

1. Group structure and shareholders

Castle Alternative Invest ("the Group") consists of Castle Alternative Invest AG ("the Company") and two fully consolidated subsidiaries as shown below and as listed in note 1 to the consolidated financial statements. The Company's registered office is Schützenstrasse 6, 8808 Pfäffikon, Switzerland. Within the Group, only CAI is a listed company.

1.1 Significant shareholders

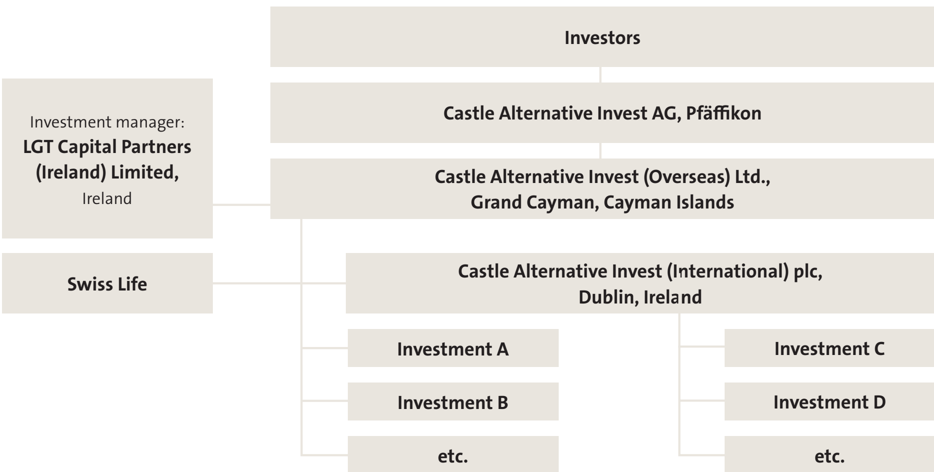
The shareholding structure of the Company as of 31 December 2015 is shown in the table below:

- On 12.02.2015, the pension funds of LGT Group reported a holding of 1,706,550 shares.
- On 05.03.2015, the reporting group represented by LGT Capital Invest (SC2) Limited, Cayman Islands, reported a holding of 3,099,397 shares.
- On 14.05.2015, the reporting group represented by LGT Capital Invest (SC2) Limited, Cayman Islands, reported a holding of 3,094,506 shares.
- On 22.05.2015, the reporting group represented by LGT Capital Invest (SC2) Limited, Cayman Islands, reported a holding of 3,089,755 shares.
- On 30.05.2015, the reporting group represented by LGT Capital Invest (SC2) Limited, Cayman Islands, reported a holding of 3,101,226 shares and 3,008,006 put options.
- On 09.06.2015, the Company reported a holding of 2,005,028 shares.
- On 07.08.2015, the foundation of the prince of Liechtenstein reported a holding of 590,000 shares.
- On 07.08.2015, the Company reported a holding of 515,177 shares.
- On 07.08.2015, the pension funds of LGT Group reported a holding of 1,706,550 shares.
- On 08.08.2015, the South Yorkshire Pensions Authority reported a holding of 350,000 shares.
- On 18.08.2015, the Company reported a holding of 540,377 shares.

An update on shareholdings can be obtained from the SIX website at
http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html#

As at 31 December 2015, the Group no longer held any treasury shares. The Group has not entered into any cross-shareholdings that exceed 5 per cent of the capital shareholding as voting rights on either side.

1.2 Group structure



2. Capital structure

2.1 Capital

The Company's share capital consists of 10,756,059 registered shares with a par value of CHF 5 each. The shares are listed in US Dollar and Swiss Franc at the SIX Swiss Exchange in Zurich with ISIN CH0005092751 and valor number 509275.

Since 2010, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. These shares are treated as a deduction from shareholders' equity using cost values. See also note 6 of the Company financial statements.

On 5 June 2015, the Company announced the opening of a new, 2nd line buy back program which was approved at the 2015 AGM. On 20 May 2015, the company terminated the fifth 2nd line buy back program early having announced that each shareholder would be granted, free of charge, tradable put options. As a result, 351,079 shares were tendered to the Company on 5 June 2015. On 9 June 2015, the Company started its sixth share buy back program on the second trading line. A maximum of 724,526 shares can be bought back under this program, as approved at the Company's AGM.

The Company does not have conditional and authorised share capital. The Company has not issued any participation certificates (Partizipationsscheine), preference shares (Vorzugsaktien) or profit sharing certificates (Genussscheine). Shares of the subsidiaries are not listed.

A detailed overview of the capital structure is shown in notes 1 and 16 to the consolidated financial statements. Changes in capital within the last two financial years can be seen from the consolidated statements of changes in shareholders' equity on page 19 of the 2015 annual report.

The market capitalisation of the Company (ISIN: CH0005092751/Valor: 509275) per year end 2015 amounted to approx. TUSD 161,166. There are no outstanding convertible bonds or options issued by the Company or any of its subsidiaries on the Company's securities.

2.2 Voting rights, share registration

Each share confers the right to one vote. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares in their own name and for their own account and comply with the disclosure requirements of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act).

Entry of registered shares with voting rights may be refused in the following situations:
Persons not expressly declaring themselves to be holding shares for their own account (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 1.5 per cent of the outstanding share capital available at the time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3 per cent or more of the outstanding share capital at the time and provided that the disclosure requirements stipulated by the Stock Exchange Act are complied with. The board of directors has the right to enter into agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restrictions are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above regulations. After due consultation with the person concerned, the Company is further authorised to remove the shareholder from the share register as a shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information required.

No agreements with nominees were entered into, nor were exceptions to the above regulations granted in 2015.

3. Board of directors

As of 31 December 2015, all members of the board of directors are non-executive. None of the members have been members of management of the Company or one of its subsidiaries over the last three years. Dr Andre Lager is affiliated to LGT Group Foundation, which owns the investment manager that manages the Group's investments.

No other member of the board of directors has any significant business connections with any members of the Group.

The board is composed of the following members:

Board of directors

The board considers that it is well represented with the balance and blend of skills, experience and expertise of its directors.

Tim Steel, chairman

Tim Steel (British Citizen, 1952) was educated at Eton (Oppidan Scholar) and Trinity College, Cambridge (Philosophy and Law). He joined Robert Fleming as an analyst and was then a pension fund manager from 1974 to 1979. He joined Cazenove & Co in 1980 as an equity salesman and became Partner in 1982. Tim Steel ran the New York office from 1983 before returning to London in 1989 when he was made Head of UK Sales. He was appointed as managing director of Cazenove Capital Management Limited in 2000 and retired as vice chairman at the end of 2009. Since 2011 he has been a non-executive director of ProPhotonix, since 2013 chairman of Committed Capital and since 2014 a non-executive director of WH Ireland Limited. Tim Steel was elected at the general meeting held on 29 October 2008 and was reelected at the general meeting held in May 2015 for a term ending at the 2016 annual shareholder meeting.

Dr Konrad Bächinger, deputy chairman and remuneration committee member

Dr Konrad Bächinger (Swiss citizen, 1950) received a Ph.D. in law from the University of Zurich. He was admitted to the bar in 1977. He acted subsequently as legal counsel for the St. Gallische Creditanstalt and as head of legal department of Adolph Saurer AG. In 1984, he joined LGT Bank in Liechtenstein as general counsel. In 1989 he was appointed managing director and head of legal matters and project department. In 1990 he became member of the executive board of the bank, heading commercial banking and legal matters. In 1998 he became chief executive officer of LGT Capital Management. In April, 2001 Dr Bächinger was appointed to the Group executive committee of Liechtenstein Global Trust, now known as LGT Group Foundation. In 2006, he became a senior advisor of LGT Group Foundation and in 2010 he retired from LGT.

Dr Bächinger is also deputy chairman of the board of directors of Castle Private Equity AG and chairman and board member of several investment companies managed or owned by affiliates of LGT Group Foundation. Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held on May 2015 for a term ending at the 2016 annual shareholder meeting.

Dr André Lagger, director and remuneration committee chairman

Dr André Lagger (Swiss citizen, 1962) received a Ph.D. in business administration from the University of Berne and completed studies at the Swiss Banking School. He began his career at Union Bank of Switzerland in Zurich, moving to UBS London in 1994 as head of corporate development of UBS London. In 1997, he joined LGT Services in Zurich as head of corporate controlling. Subsequently, he became, in 1998, member of the executive board and chief financial officer of LGT Capital Management in Vaduz and, in 2001, chief executive officer of LGT Financial Services. Since October 2006, he is CEO of the business unit operations & technology of LGT Group Foundation.

André Lagger was elected at the general meeting held in May 2015 for a term ending at the 2016 annual shareholder meeting.

Reto Koller, director and audit committee chairman

Reto Koller (Swiss and US citizen, 1955) received M.Sc. degrees in business administration, finance and accounting from the University of St. Gallen in 1980 and the London School of Economics in 1981. He moved to Winterthur Reinsurance Corp. in New York in 1984, where he was vice president – fixed income investments and operations manager until 1989. In 1990, he took over as president and chief investment officer, North America for Winterthur Investment Management Corp. in New York. He resigned from Winterthur North America in 2007.

Reto Koller was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2015 for a term ending at the 2016 annual shareholder meeting.

Kevin Mathews, director and audit committee member

Kevin Mathews (Irish citizen, 1960) received a Joint Financial Services Diploma from the Institute of Bankers at University College Dublin in 1995 and is a Qualified Financial Adviser (QFA). He joined the Irish Department of Labour in Dublin prior to working in key account management for Svenska Handelsbanken in Luxemburg between 1986 and 1995. He was managing director of LGT Bank (Ireland) between 1995 and 2006, during which time he also acted as director of a number of fund-of-hedge funds and private equity funds. He is currently providing consultancy and advisory services to banking, investment funds, local government and charitable organisations.

During 2014, he was appointed as a non-executive director of LGT Bank (Ireland) Ltd.

Kevin Mathews was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2015 for a term ending at the 2016 annual shareholder meeting.

3.1 Responsibilities
The principal responsibilities of the board of directors as defined in the Swiss Code of Obligations and the Company's articles of association and organisational regulations are:
(i) organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
(ii) determination of the investment policy and supervision of its implementation; and
(iii) appointment and supervision of the Company's general manager and the investment manager.

Board members share these responsibilities jointly. No specific tasks have been allocated to individual members of the board.

An audit committee has been set up, consisting of two board members: Reto Koller (chairman) and Kevin Mathews.

The audit committee's duties include:
(i) selecting the auditor (for approval at the shareholders' meeting), as well as determining and supervising the terms of their engagement;
(ii) monitoring the integrity of the financial statements; and
(iii) reviewing the internal control systems in place in the Company.

A remuneration committee has been elected by the shareholders' general meeting, consisting of Andre Lagger (chairman) and Konrad Bächinger. The remuneration committee draws up proposed remuneration guidelines for the board of directors. Please refer to the remuneration report on page 72 for further details regarding the duties of the remuneration committee.

3.2 Organisation
The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager (see next page), in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company.

The board has delegated the management of the Company's assets in accordance with the investment policy and guidelines to LGT Capital Partners (Ireland) Limited, the investment manager (see next pages).

The board resolves by majority vote with the presence of a majority of members. Decisions can be taken by phone conference or circular resolution unless a board member requests otherwise. The board of directors meets as often as business matters require, as a rule three times a year.

The board considers agenda items laid out in the notice and agenda which are formally circulated to the board in advance of any meeting as part of the board papers. The members of the board may request any agenda items to be added that they consider appropriate for board discussion. In addition each director is required to inform the board of any potential or actual conflict of interest prior to board discussion. In 2015, three board meetings, one remuneration committee meeting and four audit committee meetings were held, with an average duration of between two and four hours. Board meetings are attended by representatives of the investment manager and the general manager. In addition to the physical meetings, various ad hoc meetings and phone conference calls were held throughout the year to deal with matters substantially of an administrative nature and these were attended by the directors available at the time.

In addition to board meetings, individual members of the boards of the Company and of the investment manager and the general manager interact frequently.

3.3 Information and control
In addition to information received in board meetings, the directors receive monthly reports on the course of business, including the status of the portfolio. Directors may request additional information or details through the general manager.

4. Management

4.1 General manager
The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager.

Benedikt Meyer
Mr Meyer (Swiss citizen, born 1983) is an executive director at LGT Capital Partners Ltd. Prior to joining LGT Capital Partners in 2010, Mr Meyer worked in product management and investor relations for Partners Group AG in Zug and London. In 2002, Mr Meyer completed an extensive three year training program as an accountant. Mr Meyer holds a Diploma of Higher School of Business Studies HF (BSc in Economics). He is fluent in English and German, and conversant in French.

4.2 Investment management
LGT Capital Partners (Ireland) Limited, Dublin, has been appointed investment manager of the Cayman Subsidiary and AIFM of the Group's Ireland Subsidiary. The investment manager is responsible for the management of the Company's assets in accordance with the investment policy and guidelines. The investment manager does not have any duties or responsibilities in relation to the operational management of the Company.

The main responsibilities of the investment manager are:

(i) implementation of the investment policy, including identifying, purchasing and selling investments;
(ii) monitoring of investments; and
(iii) analysis and forecast of cash flows.

The role of the investment manager is governed through investment management agreements with the Company subsidiaries. These agreements are for an initial period expiring on 17 July 2019. However, these agreements shall remain in force and effect thereafter unless and until terminated by one of the parties giving not less than 90 calendar days' notice in writing to the other party. The compensation of the investment manager is shown in note 7 and 18 of the consolidated financial statements.

The board of the investment manager is affiliated with LGT Group.

The fees paid to the investment manager include payment for the services of Benedikt Meyer as general manager. Other significant fee arrangements for the management of the Company's assets are listed in note 18 of the consolidated financial statements.

5. Compensation, shareholdings and loans

The policy regarding the remuneration of the board of directors is detailed within the remuneration report, on page 73 of this report.

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as detailed within the remuneration report, on page 73 of this report.

No further compensation, fees, shares, options or loans have been made by the Company or its subsidiaries in respect of the activities of directors during the course of the year under review.

6. Voting and representation restrictions

6.1 Voting restrictions
The articles of association do not contain any statutory voting rights restrictions other than those disclosed in section 2 above. No exceptions were granted in the year under review.

The convocation of the general meeting of shareholders and the addition of items to its agenda are to conform with the regulations of the Swiss code of obligations.

6.2 General meeting of shareholders
The next shareholders' meeting is scheduled for 10 May 2016 and shall be convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting.

Shareholders registered with voting rights in the shareholders' register until and including 2 May 2016 shall receive, with their invitation to the Annual General Meeting, a registration card to apply for an admission card and voting documentation. No new share registrations with voting rights shall be made in the shareholders' register between 2 May 2016 and the end of the general meeting.

Shareholders representing at least 10 per cent of the share capital may request that an extraordinary shareholders' meeting be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 1 million may request that an item be included in the agenda of the shareholders' meeting. Such requests must be made in writing at least 35 days before the date of the meeting, specify the item to be included in the agenda and contain the proposal on which the shareholder requests a vote.

6.3 Statutory quorums

The articles of association contain the following voting quora that extend beyond the thresholds of simple and qualified majority prescribed in the Swiss Code of Obligations:

– the easement or abolition of the restriction of the transferability of the registered shares;
– the conversion of registered shares into bearer shares and bearer shares into registered shares; and
– the abolition of restrictions in the articles of association concerning the passing of a resolution by the shareholders' meeting.

The dissolution of the Company with a liquidation requires a resolution of the shareholders' meeting passed by at least 80 per cent of all share votes.

7. Change of control

The Company has stated in article 6 of its articles of association that a party acquiring shares above the legal threshold potentially triggering a public offer in the Company is not obliged to make a public offer to acquire all shares of the Company pursuant to articles 32 and 52 of the Stock Exchange Act (opting-out clause).

The members of the board of directors, the general manager and the investment manager do not benefit from contractual clauses on change-of-control situations.

8. Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit fees charged by PricewaterhouseCoopers for the 2015 audit amounted to TUSD 119 (2014: TUSD 141).

Supervision of the audit takes place in various meetings and discussions between the auditors and board members throughout the year as well as through the internal audit department of LGT Group.

Principal means of information between the external auditor and the board of directors (in particular through the audit committee) is the annual audit report submitted by the auditor to the directors. The report is generally discussed with representatives of the auditor at the spring board meeting that also resolves on approval of the annual report. Prior to discussion of the auditors' report, audit committee meetings – typically in the form of conference calls – take place to discuss progress of the audit and any specific matters noted. Preparation of the audit (which includes an update on changes in accounting and reporting standards and audit requirements by the auditor) usually take place in autumn, either in the form of the auditor's presence at an audit committee meeting or by means of a phone discussion.

9. Information policy

The Company publishes an annual report per 31 December and a semi-annual report per 30 June. Furthermore, the Company publishes monthly portfolio updates.

The Company publishes these and other documents on the Company's website www.castleai.com. Subscribers listed on the Company's distribution schedule generally receive these documents (or references to their website location) upon publication by e-mail. Ad-hoc messages and announcements (e.g. regarding general meetings) are also distributed by e-mail. Several documents are available in print form. Please contact representatives of the Company through the website or by letter or phone to be added to the mailing list.

The financial calendar can be downloaded from the Company's website www.castleai.com.

9.1 Non-applicability/negative disclosure

It is expressly noted that any information not contained or mentioned herein is non-applicable or its omission is to be construed as a negative declaration (as provided in the Corporate Governance Directive and the commentary thereto).

Share information

Exchange rate CHF/USD: 0.9997

	2007	2008	2009	2010	2011	2012	2013	2014	2015	Since inception
Share information										
Number of bearer shares at year-end	38,501,000	38,501,000	38,501,000	19,707,060	17,481,596	16,352,817	13,371,710	12,378,210	10,756,059	
CAI Net asset value (USD)	16.60	14.17	15.95	16.66	15.60	16.83	18.97	19.70	19.83	
CAI Net asset value (CHF)	18.65	15.19	16.50	15.56	14.64	15.39	16.86	19.58	19.82	
CAI Closing price (USD)	14.30[3]	7.50[3]	12.35[3]	12.30[3]	11.65[3]	12.70[3]	14.40[3]	16.45[3]	16.25[3]	
CAI Closing price (CHF)	16.20	8.15	12.60	11.90	11.50	11.60	13.00	16.45	16.55	
Share performance										
CAI Net asset value (USD)	10.3%	(14.6%)	12.6%	4.5%	(6.4%)	7.9%	12.7%	3.8%	0.7%	205.8%[1]
CAI Net asset value (CHF)	1.6%	(18.6%)	8.6%	(5.7%)	(5.9%)	5.1%	9.6%	16.1%	1.2%	95.8%[2]
CAI Closing price (USD)	9.2%[3]	(47.6%)[3]	64.7%[3]	(0.4%)[3]	(5.3%)[3]	9.0%[3]	13.4%[3]	14.2%[3]	(1.2%)[3]	64.5%[3]
CAI Closing price (CHF)	2.1%	(49.7%)	54.6%	(5.6%)	(3.4%)	0.9%	12.1%	26.5%	0.6%	64.5%

1) Before September 1999, CAI (Overseas) Ltd. pro-forma performance numbers (real numbers adjusted for currency hedging, net of management fee and performance fee but gross of cost on CAI AG level).
2) CHF 2.61 write-off of incorporation costs due to accounting principle changes (IAS).
3) Inception of US Dollar trading 21 January 2002.

Price information
Reuters RIC: CHF "CASNn.S", USD "CASNnu.S"
Reuters Contributors Page: LGTY
Bloomberg: CHF "CASN SW <Equity>", USD "CASND SW <Equity>"
Investdata: CHF "509275,4", USD "509275,349"

Listing
SIX Swiss Exchange: 509.275 (Swiss security number)

Market maker
LGT Bank (Schweiz) AG, Lange Gasse 15, 4002 Basel, Switzerland, Telephone +41 61 277 5600

Publication of net asset value
www.castleai.com

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Board of directors
Tim Steel (chairman)
Dr Konrad Bächinger (deputy chairman)
Dr André Lagger (remuneration committee chairman)
Reto Koller (audit committee chairman)
Kevin Mathews

Investment manager
LGT Capital Partners (Ireland) Limited, Third Floor, 30 Herbert Street, Dublin 2, Ireland
Telephone +353 1 433 7420, Telefax +353 1 433 7425, E-mail lgt.nta@lgt.com

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