# Annual Report

2021

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 4 April 2022.
The subsequent event note in the financial statements has been updated to 1 April 2022.
Amounts in the report are stated in USD thousands (TUSD) unless otherwise stated.

# Castle Alternative Invest AG (in liquidation) in 2021

| | | December 2021 | December 2020 |
|---|---|---|---|
| **Net asset remained flat over the financial year** | Castle Alternative Invest AG (in liquidation)'s ("Castle", "CAI" or the "Company") net asset value ("NAV") increased by 0 per cent in 2021. After a distribution of CHF 12.89 per share, the remaining NAV per share was USD 2.07, as of the year-end.<br><br>The annualised NAV return in Dollars since inception is +4.91 per cent. | USD 2.07 per share TUSD 10,442 (After a distribution to shareholders of TUSD 70,716) | USD 16.01 per share TUSD 80,741 |
| **Shares in issue remains unchanged** | | 5,043,659 shares in issue | 5,043,659 shares in issue |
| **Liquidation of the Company** | At the annual general meeting held on 12 May 2021, the shareholders approved the dissolution and liquidation of the Company. | | |
| **First liquidation dividend of CHF 12.89 per share as of 2 December 2021** | The Company paid the first liquidating distribution of CHF 12.89 per registered share as of 2 December 2021 with the ex-date of 30 November 2021. This represents a distribution of CHF 65 million or 88 per cent of the Fund's net asset value as of 31 October 2021. CHF 9.42 per registered share was distributed from general legal reserves from capital contributions (not subject to withholding tax) and CHF 3.47 per registered share was distributed from accumulated surplus (subject to withholding tax). | | |
| **Delisting on SIX Swiss Exchange** | The delisting of all 5,043,659 registered shares from SIX Swiss Exchange was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022. | | |

# Chairman’s statement

**Dear shareholders,**

I am pleased to report that in spite of the ongoing pandemic, global economic activity started to recover during the course of 2021, gaining momentum across regions with some regional imbalances. The recovery has been mainly supported by government-backed stimulus programs and further fueled by vaccine rollouts. Inflationary pressures have become more tangible and are gaining increasing relevance in investors’ scenarios on future economic paths.

Last year’s ordinary general meeting approved the dissolution and liquidation of the Company. Consequently, the appointed liquidators of Castle Alternative Invest (CAI) started with the process of realising its remaining assets. A vast majority of the remaining assets have been realised by the end of September 2021. This allowed the Company to start the preparation concerning an early liquidation distribution to shareholders still in 2021. Towards the end of the year, CAI announced the distribution of a substantial liquidation dividend of CHF 12.89 per share as per 2 December 2021. This represents a distribution of CHF 65 million or 88 per cent of CAI’s net asset value as of 31 October 2021.

Castle Alternative Invest AG welcomes shareholders’ participation in the 11 May 2022 annual general meeting of shareholders. Following the Federal Council’s current Ordinance on Measures to fight Covid-19, it invites all shareholders to give voting instructions to the independent proxy holder. Shareholders may also have the possibility to use electronic authorisations and instructions via https://investor.sherpany.com/start/#login. It will not possible to participate at the annual general meeting in person.

Subsequent to the year-end 2021, the process and timing of the delisting of CAI's shares from the SIX Swiss Exchange was announced on 1 March 2022. The delisting on SIX Swiss Exchange was requested and approved for 1 June 2022. The last trading day on SIX Swiss Exchange is Tuesday, 31 May 2022.

Finally, as your chairman and liquidator of CAI, I would like to thank you for your continuing support of the Company.

Yours sincerely,

**Dr Konrad Bächinger**
Chairman of the board of directors/Liquidator

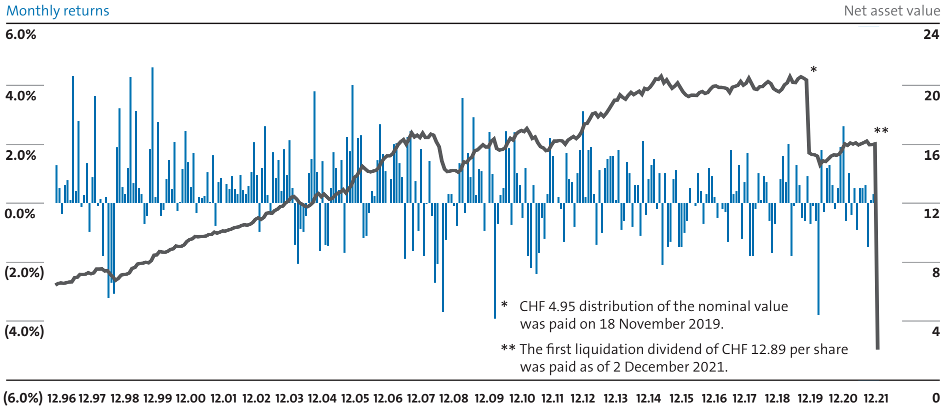
# Investment manager's report

## Financial markets and hedge fund strategies

### Macro backdrop

The year 2021 was marked by the "Great Re-opening" as social and economic life re-emerged from months of on- and off virus-related restrictions and lockdowns. The pent-up demand from unleashed consumers – many with excess savings – and the lingering of fiscal stimulus programs buoyed economic growth and financial market sentiment. Equity markets rose throughout the year and only occasionally halted on concerns of rising inflation and tapering of hitherto ultra-loose financing conditions. Against this backdrop, assets tied to secular growth (e.g. technology) and those exposed to cyclical growth (e.g. commodities) performed well, lifting equity indexes across the globe. Real assets experienced a revival based on their profile of combining growth exposure with inflation-protecting properties. Within currencies, the US Dollar portrayed strength, despite a rising twin deficit and inflation spikes in the US. The view that the Federal Reserve will have to tighten policy earlier and/or faster than other central banks may have contributed to the US Dollar's strength versus most of its trading partners. The future path of inflation and monetary policy's reaction to it will arguably be one of the most closely monitored issues in 2022.

**Development NAV Castle Alternative Invest AG (in liquidation) 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).

## Markets

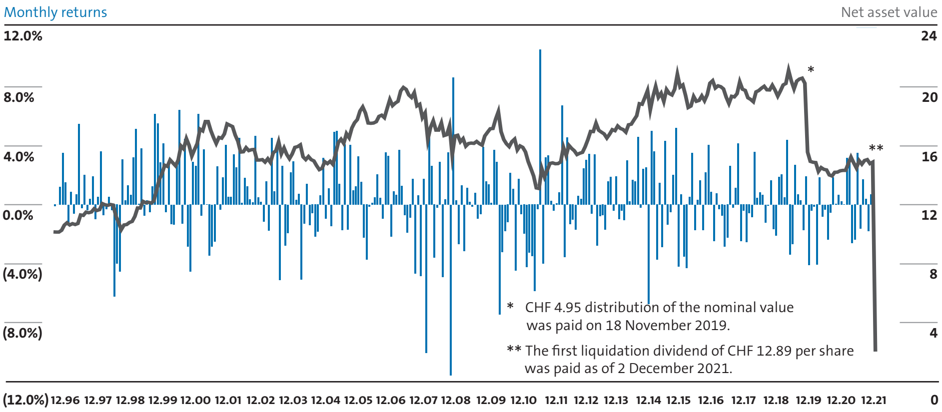
Stock markets turned in an overall solid performance in 2021, however with some strong regional differences. Strongest performance was achieved in the US, where, except for a few brief sell-offs, the S&P 500 gained 26.9 per cent for the year, while the Nasdaq Composite gained 21.4 per cent. European markets ended the year in a double-digits range as well, while Asia and Emerging Markets had a more challenging year.

Within fixed income, Treasury yields slightly rose in the reflationary environment and inflation-linked bonds outperformed nominal government bonds. Credit spreads remained tight, and both global corporate bonds and emerging market bonds provided negative returns.

The US Dollar gained ground during 2021 across almost all major currencies, in some cases by as much as 10 per cent. One of the major drivers for this performance has been the shift away from an unprecedentedly accommodative monetary policy in the US, as inflation surged through the summer: thus forcing Powell to set the stage for potential interest rate hikes earlier than anticipated before.

Upwards pressure on commodities had been observable already during the pandemic shock in 2020 and continued during 2021, as reopening demand overwhelmed supply and drove down inventories. Base metals and energy in particular were driving the upwards trend in commodity markets, with high, double digits performance, while gold failed to shine despite favourable conditions.

**Development NAV Castle Alternative Invest AG (in liquidation) in CHF**



## Castle Alternative Invest AG (in liquidation)

### Hedge fund strategies

Performance attribution refers to the period January to September 2021 – as per Q4 2021 the portfolio was largely in cash (>95 per cent of NAV) as positions have been exited in order to provide capital back to investors.

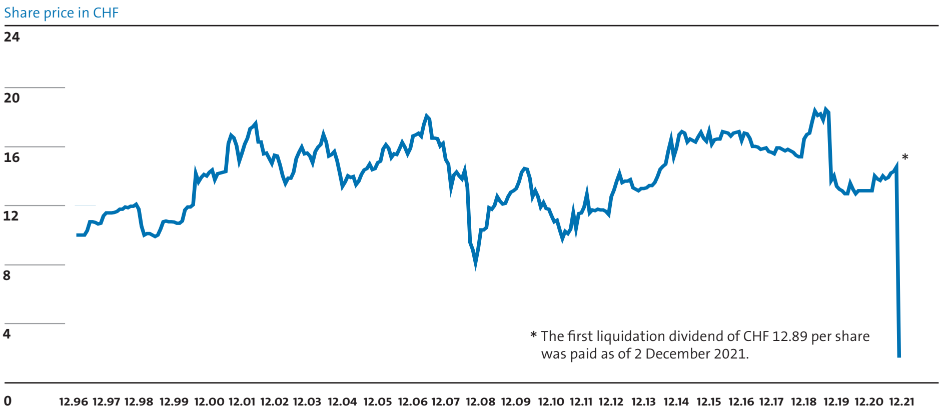
**Event Driven** deducted 0.2 per cent from Castle’s returns with mixed results across all three main geographical areas (US, Europe, Asia).

**Systematic** strategies as a group added approximately 1 per cent to Castle’s returns, with an aggregate performance just above 10 per cent. CTAs ended the year in positive territory driven by trend-following strategies, which could exploit several trends, in particular the ones arising in the commodities space. Systematic equity strategies performed well outperforming most of the discretionary approaches.

**Long/short equity** strategies contributed 0.7 per cent to Castle’s returns, with mixed results characterised by a large dispersion, which has been in excess of 30 per cent. Sub-strategies following different approaches contributed across various regions, the common denominator being a relatively moderate net exposure throughout the year.

The **relative value** allocation contributed 0.8 per cent to the portfolio as two out of three managers ended the period in positive territory in the high single digit range: an Asian based manager and a long-standing manager with a strategy focusing on convertible arbitrage.

**Share price of Castle Alternative Invest AG (in liquidation) in CHF**



## Alternative investment industry and outlook

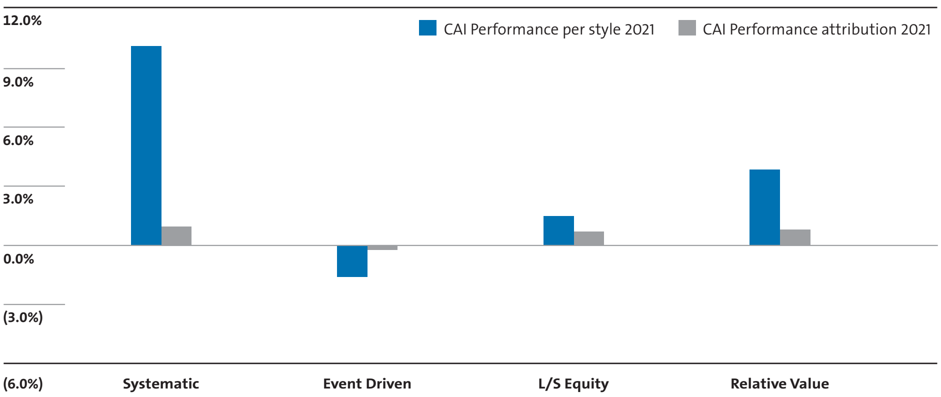
The non-investable HFRI Fund Weighted Composite Index returned a gain of +10.2 per cent in 2021.

The industry assets recorded a net inflow of USD +15.1 billion, while overall assets stand at USD 4.0 trillion. The total number of hedge funds and fund of funds as of year-end stood at 9,254, which represents a slight decrease versus the end of 2020 level.

## Style performance attribution

Per December 2021

Estimated performance of styles before cost in USD



# Report of the statutory auditor

## to the General Meeting of Castle Alternative Invest AG in Liquidation

## Pfäffikon SZ

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Castle Alternative Invest AG in Liquidation and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the year ended 31 December 2021, the consolidated balance sheet as at 31 December 2021 and the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 14 to 56) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and with Swiss law.

### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

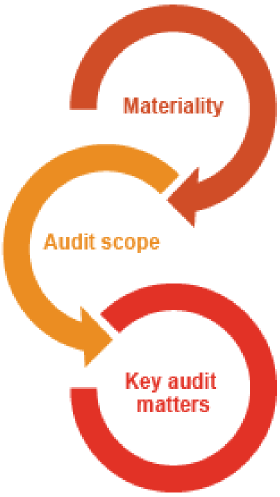
### Emphasis of matter – basis of preparation other than going concern

We draw attention to the disclosures made in notes 1 and 2 to the consolidated financial statements concerning the basis of preparation adopted. The financial statements have been prepared on a basis other than going concern due to the decision made at the annual meeting on 12 May 2021 to dissolve and liquidate the company. Our opinion is not modified in respect of this matter.

*PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland*
*Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch*

## Our audit approach

**Overview**




Overall Group materiality: USD 0.1 million

We conducted full scope audit work at all of the reporting units, which are located in Switzerland, Cayman Islands and Ireland.

Our audit scope therefore addressed 100% of the Group's assets, liabilities, equity, income and expenses and cash flows.

As key audit matters the following areas of focus have been identified:

- Valuation of hedge fund investments
- Ownership of hedge fund investments

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

| | |
|---|---|
| **Overall Group materiality** | USD 0.1 million |
| **Benchmark applied** | Total equity |
| **Rationale for the materiality benchmark applied** | We chose total equity as the benchmark because in our view it is the most relevant benchmark for investors and it is a generally accepted benchmark for investment companies. |

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

pwc

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of hedge fund investments

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| The investment portfolio comprises investments in alternative investment funds. All of the Group's investments are unquoted.<br><br>We focused on this area because the investments were the key driver of the overall operations of the Group during the period, and because determining the valuation methodology and the inputs requires estimates and judgement to be applied by the investment manager and the liquidators.<br><br>Investments at fair value through profit or loss amount to USD 0.6 million. Refer to notes 3 (Critical accounting estimates) and 21 e) (Fair value estimation) for further disclosures and note 2 h) (iii) (Summary of accounting policies) for the valuation methods applied. | We tested the design and implementation of the controls around the review and ongoing monitoring of unquoted hedge fund investments at the investment manager, to determine whether appropriate controls are in place and are operating effectively.<br><br>In addition, we reviewed the results of tests of controls performed at the Irish Subsidiary's administrator, which were made available to us in their type 2 ISAE 3402 report. This enabled us to assess the design and implementation of the controls around the valuation of unquoted hedge fund investments, and to determine whether appropriate controls were in place and operating effectively throughout the reporting period.<br><br>This included controls to ensure that the valuation and ownership of unquoted hedge fund investments are supported by appropriate information provided by administrators of the target hedge funds.<br><br>We obtained information on the latest available valuation directly from the administrators or managers of the target hedge funds and corroborated the valuations applied by the liquidators to these latest valuations.<br><br>Where an investment is valued by reference to a contractually agreed selling price, we obtained the relevant signed legal documents and corroborated the value used.<br><br>We obtained sufficient audit evidence to conclude on the inputs, estimates and methodologies used for the valuation of the unquoted hedge fund investments. |

### Ownership of hedge fund investments

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| The hedge fund investments are safeguarded by an independent custodian.<br><br>There is a risk that the Group may not have sufficient legal entitlement to the hedge fund investments.<br><br>We consider this area to be a key audit matter because the investments were the key driver of the overall operations of the Group during the period. | We confirmed investment holdings with the independent custodian.<br><br>We therefore obtained sufficient audit evidence to verify the existence and legal ownership of hedge fund investments. |

### Other information in the annual report

The liquidators are responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Castle Alternative Invest AG in Liquidation and our auditor's reports thereon.

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

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

### Responsibilities of the liquidators for the consolidated financial statements

The liquidators are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, Article 14 of the DFR of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the liquidators determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

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 liquidators.

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

PricewaterhouseCoopers AG

| | |
|---|---|
| Thomas Romer | Jack Armstrong |
| Audit expert<br>Auditor in charge | Audit expert |

Zürich, 4 April 2022

## Consolidated statement of comprehensive income

For the year ended 31 December 2021 (All amounts in USD thousands unless otherwise stated)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Income** | | | |
| **Net gain on investments at fair value through profit or loss** | 5 | **2,290** | **5,397** |
| **Income from current assets:** | | | |
| Gain on foreign exchange, net | | 262 | 334 |
| Interest income | 6 | — | 12 |
| Other income | | 86 | 126 |
| **Total gain from current assets** | | **348** | **472** |
| | | | |
| **Total income** | | **2,638** | **5,869** |
| | | | |
| **Expenses** | | | |
| Management and performance fees | 7 | (897) | (1,468) |
| Other operating expenses | 8 | (1,193) | (876) |
| **Total operating expenses** | | **(2,090)** | **(2,344)** |
| | | | |
| **Operating profit** | | **548** | **3,525** |
| | | | |
| Finance costs | 9 | (3) | (1) |
| | | | |
| **Profit for the year** | | **545** | **3,524** |
| | | | |
| **Total comprehensive income for the year** | | **545** | **3,524** |
| | | | |
| **Profit attributable to:** | | | |
| Shareholders | | 417 | 3,574 |
| Non-controlling interest | 2 (e) | 128 | (50) |
| | | **545** | **3,524** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Shareholders | | 417 | 3,574 |
| Non-controlling interest | 2 (e) | 128 | (50) |
| | | **545** | **3,524** |
| | | | |
| **Earnings per share (USD) attributable to equity holders** | 2 (n) | | |
| Weighted average number of shares outstanding during the year | | 5,043,659 | 5,046,422 |
| Basic and diluted profit per share | | USD 0.08 | USD 0.71 |

The accompanying notes on pages 18 to 56 form an integral part of these consolidated financial statements.

## Consolidated balance sheet

As of 31 December 2021 (All amounts in USD thousands unless otherwise stated)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | 11 | 17,182 | 11,485 |
| Accrued income and other receivables | 12 | 340 | 2,018 |
| Investments at fair value through profit or loss | 13 | 653 | — |
| **Total current assets** | | **18,175** | **13,503** |
| | | | |
| **Non-current assets:** | | | |
| Investments at fair value through profit or loss | 13 | — | 69,420 |
| **Total non-current assets** | | — | **69,420** |
| | | | |
| **Total assets** | | **18,175** | **82,923** |
| | | | |
| **Liabilities** | | | |
| **Current liabilities:** | | | |
| Accrued expenses and other payables | 15 | 7,433 | 850 |
| **Total current liabilities** | | **7,433** | **850** |
| | | | |
| **Equity** | | | |
| **Shareholders' equity:** | | | |
| Share capital | 16 | 260 | 260 |
| Additional paid-in capital | 16 | — | 23,947 |
| Retained earnings | | 10,182 | 56,534 |
| **Total shareholders' equity before non-controlling interest** | | **10,442** | **80,741** |
| | | | |
| Non-controlling interest | 16 | 300 | 1,332 |
| | | | |
| **Total equity** | | **10,742** | **82,073** |
| | | | |
| **Total liabilities and equity** | | **18,175** | **82,923** |
| | | | |
| **Net asset value per share (in USD)** | 2 (n) | | |
| Number of shares issued as at the year end | | 5,043,659 | 5,043,659 |
| **Number of shares outstanding net of treasury shares as at the year end** | | **5,043,659** | **5,043,659** |
| **Net asset value per share** | | **2.07** | **16.01** |

The accompanying notes on pages 18 to 56 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2021 (All amounts in USD thousands unless otherwise stated)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from/(used in) operating activities:** | | | |
| Purchase of investments | | (18,000) | (20,500) |
| Proceeds from sales of investments | | 90,799 | 25,393 |
| Interest received | 6 | — | 12 |
| Operating expenses paid | 7,8 | (2,170) | (3,818) |
| Operating income received | 7,8 | 25 | — |
| **Net cash from operating activities** | | **70,654** | **1,087** |
| | | | |
| **Cash flows from/(used in) financing activities:** | | | |
| Finance costs | 9 | (3) | (1) |
| Return of capital to non-controlling interest | 16 | (1,160) | (450) |
| Purchase of treasury shares (bought for cancellation) | | — | (899) |
| First liquidation distribution to the investors | 16 | (64,053) | — |
| **Net cash used in financing activities** | | **(65,216)** | **(1,350)** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **5,438** | **(263)** |
| | | | |
| **Cash and cash equivalents, beginning of the year** | | **11,485** | **11,415** |
| Net increase/(decrease) in cash and cash equivalents | | 5,438 | (263) |
| Net gain on foreign exchange on cash and cash equivalents | | 259 | 333 |
| **Cash and cash equivalents, end of the year** | | **17,182** | **11,485** |
| | | | |
| **Cash and cash equivalents consist of the following as at 31 December:** | | | |
| Cash at banks | 11 | 17,182 | 11,485 |
| **Total** | | **17,182** | **11,485** |

The accompanying notes on pages 18 to 56 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

For the year ended 31 December 2021 (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 2020** | | **323** | **27,855** | **(23,731)** | **73,467** | **1,832** | **79,746** |
| Total comprehensive income for the year | | — | — | — | 3,574 | (50) | 3,524 |
| Purchase of treasury shares (bought for cancellation) | 16 | — | — | (747) | — | — | (747) |
| Cancellation of treasury shares | 16 | (63) | (483) | 24,478 | (23,932) | — | — |
| Transfer of other legal reserves into accumulated surplus | | — | (3,425) | — | 3,425 | — | — |
| Return of capital to non-controlling interest | | — | — | — | — | (450) | (450) |
| **31 December 2020** | | **260** | **23,947** | — | **56,534** | **1,332** | **82,073** |
| | | | | | | | |
| **1 January 2021** | | **260** | **23,947** | — | **56,534** | **1,332** | **82,073** |
| Total comprehensive income for the year | | — | — | — | 417 | 128 | 545 |
| First liquidation distribution to the investors | 16 | — | (23,947) | — | (46,769) | — | (70,716) |
| Return of capital to non-controlling interest | 16 | — | — | — | — | (1,160) | (1,160) |
| **31 December 2021** | | **260** | — | — | **10,182** | **300** | **10,742** |

The accompanying notes on pages 18 to 56 form an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 31 December 2021
(All amounts in USD thousands unless otherwise stated)

## 1 Organisation and business activity

Castle Alternative Invest AG in Liquidation, 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. At the annual meeting on 12 May 2021 the board of directors proposed to the shareholders the dissolution and liquidation of the Company, which was accepted by the shareholders. Also at the annual meeting the board of directors were appointed as liquidators of the Company. The liquidators of Castle Alternative Invest AG (in liquidation) decided on 28 January 2022 to delist all 5,043,659 registered shares from SIX Swiss Exchange. The delisting on SIX was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022.

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 of USD 31,870 is divided into voting non-participating redeemable ordinary shares and voting participating redeemable ordinary shares. The Group consolidates 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 2021, its capital amounts to TUSD 580 (2020: TUSD 72,262) 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 Capital Partners (Ireland) Ltd., Dublin, LGT Bank Ltd., Dublin Branch and LGT Fund Managers (Ireland) Ltd.

Swiss Life AG holds a side pocket share class for illiquid assets (Class RI) in the Ireland Subsidiary. The side pocket share classes will pay out proceeds as their assets are realised. As of 31 December 2021 Swiss Life AG's holding in the remaining Class RI shares comprised 51.66 per cent (2020: 1.84 per cent) of the net asset value of the Ireland Subsidiary.

As of 31 December 2021, the Cayman Subsidiary's holding in Class RO shares comprised 48.34 per cent of the net asset value of the Ireland Subsidiary (2020: 98.16 per cent holding in Class O shares and Class RO). The Company controls the Ireland Subsidiary and consolidates it in compliance with IFRS 10. Swiss Life AG's holding in the Ireland Subsidiary are shown as non-controlling interests in the Group's consolidated financial statements.

Prior to the decision to liquidate the Group regarded shareholders' equity as the capital it manages. Up to 12 May 2021 the Group's investment objective was 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 offered 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. After the decision to liquidate the Company objective is to keep a liquidity reserve in cash to cover remaining expenses and be able to pay out maximum liquidation proceeds.

With the decision to liquidate the company the Group aims to achieve an orderly dissolution of assets on a timely basis and at reasonable exit values and to facilitate payment of these proceeds to shareholders.

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 2021 and 31 December 2020 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**

At the annual meeting on 12 May 2021 the liquidators proposed to the shareholders the dissolution and liquidation of the Company. The delisting of the Company's shares from the SIX Swiss Exchange was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022. At some time subsequent to the delisting, the company will be liquidated. The consolidated financial statements of the Group have therefore been prepared on a basis other than going concern and in accordance with International Financial Reporting Standards (IFRS) as formulated by the International Accounting Standards Board (IASB). The following changes were applied:

– All assets are displayed under the current assets in the balance sheet; and
– The accrual of the best estimate of all future wind up costs are displayed under the accrued expenses and other payables in the balance sheet.

The liquidators consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group'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 2021**

– Amendment to IFRS 16 "Leases COVID-19-Related Rent Concessions" (effective 1 June 2020); and
– Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (effective 1 January 2021).

The implementation of these new standards did not have an impact on the consolidated financial statements of the Group and did not lead to any changes to the total shareholders' equity of the Group.

**b) Standards and amendments to published standards effective after 1 January 2022 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 2022 and have not been applied in preparing these consolidated financial statements. None of these could have a significant effect on the consolidated financial statements.

The liquidators have assessed these new standards and determined that their implementation will not have an impact on the consolidated financial statements and will not lead to any changes to the total shareholders' equity of the Group.

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

**c) Use of estimates and judgements**

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 judgements 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).

The liquidators of the Company have assessed whether it is appropriate, under IFRS 10, to consolidate the Subsidiaries. This assessment required significant judgement. IFRS 10 states that an investor controls the investee if, and only if, the investor has all of the following:

– Power over the investee;
– Exposure, or rights, to variable returns from its involvement with the investee; and
– The ability to use its power over the investee to affect the amount of the investor's returns.

Although LGT Capital Partners (Ireland) Ltd., LGT Bank Ltd. (Dublin Branch) and LGT Fund Managers (Ireland) Ltd. hold the management shares of the Ireland Subsidiary, they have never been involved in directing any relevant activities of this entity. Power over such activities, the most important of which have been summarised below, lies fully with the Company:

- The liquidators of the Company are responsible for the organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
- The liquidators of the Company are responsible for the determination of the investment policy and supervision of its implementation and for the appointment and supervision of the Company's general manager and the investment manager of the Subsidiaries;
- The investment manager of the Subsidiaries is responsible for the management of the Subsidiaries, including making investment decisions; and
- LGT Capital Partners (Ireland) Ltd., LGT Bank Ltd. (Dublin Branch) and LGT Fund Managers (Ireland) Ltd. do not have the rights to remove the board of directors of the Ireland Subsidiary and nominate new board members.

The management shares of the Ireland Subsidiary are not entitled to receive dividends and are only entitled to a repayment of par value upon redemption. The investor in the Ireland Subsidiary that has the ability to direct the activities that most significantly affect the returns of the Ireland Subsidiary is the holder of the participating shares, which is the Cayman Subsidiary and ultimately, the Company (see also note 1). However, in order to ensure a proper liquidation of the company and to carry it out correctly within the legal framework, the liquidators shall assume its task until the final liquidation. Therefore, the liquidators of the Company concluded that the Company controls the Ireland Subsidiary.

Further, IFRS 10 requires that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. The liquidators of the Company also made an assessment as to whether the Company's Subsidiaries met the definition of an investment entity. IFRS 10 provided that an investment entity should have the following typical characteristics:
- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. However, an investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity's investment activities. The Cayman Subsidiary, which holds the Ireland Subsidiary, does not have two of the above characteristics; it has just one investor and that investor is a related party. The Cayman and Ireland Subsidiaries both have investment management agreements with the AIFM and thus provide the Company with investment management services.

After reviewing the conditions and particulars described above, the liquidators concluded that the Subsidiaries do not qualify as investment entities but are effectively operating subsidiaries. They provide requisite services to the Company and incur costs in doing so, thus the Company consolidates its two Subsidiaries.

**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.

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; and
– Castle Alternative Invest (International) plc, Dublin.

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. 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. See also note 2 c) in relation to judgements taken in regards to consolidation.

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**

The Group, in accordance with IFRS 9, classifies its investments based on both the Group's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

(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 where 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 at 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.

(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 at amortised cost are measured using the effective interest rate method, less impairment losses, if any.

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. Fund investments are normally valued at the underlying net asset value as advised by the managers/administrators of these funds, unless the liquidators are aware of further information to indicate 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 liquidators. The liquidators, 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 liquidators together with the AIFM also review management information provided by fund investments on a quarterly basis. If the liquidators are aware of further information to indicate why a particular fund valuation would not be the most appropriate indicator of fair value the liquidators will work with the underlying manager of that investment in an attempt to obtain more meaningful fair value information.

The liquidators, 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.

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. In addition, the Subsidiaries' ability to redeem their 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 impairment allowances for such losses at each reporting date.

**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. 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 5,043,659 (2020: 5,043,659) registered shares with a par value of CHF 0.05 per share (2020: CHF 0.05 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 total shareholders' equity before non-controlling interest included in the consolidated balance sheet 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 shares.

**o) Interest income and expenses**
Interest income and expenses as well as other income and expenses are recognised in the statement of comprehensive income on an accruals basis based on the effective interest method.

**p) Taxes**
Taxes are provided based on reported income. Capital taxes paid are recorded in other operating expenses.

**Castle Alternative Invest AG (in liquidation), Pfäffikon**
For Swiss federal, cantonal and communal 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 non-refundable foreign withholding taxes.

**q) 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 liquidators are 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.

**r) 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 liquidators make 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 liquidators 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. As of 31 December 2021 and 31 December 2020, there were no fund investments for which the liquidators made valuation adjustments.

## 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 | 2021 USD | 2020 USD |
|---|---|---|---|---|
| Swiss Francs | Year-end rates | 1 CHF | 1.0972 | 1.1297 |
| Euro | Year-end rates | 1 EUR | 1.1372 | 1.2234 |
| | | | | |
| Swiss Francs | Average annual rates | 1 CHF | 1.0924 | 1.0696 |
| Euro | Average annual rates | 1 EUR | 1.1801 | 1.1475 |

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

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

| | 2021 TUSD | 2020 TUSD |
|---|---|---|
| **Realised gains/(losses), net on investments:** | | |
| Alternative Risk Premia | 241 | (28) |
| CTA | 1,025 | (36) |
| Macro | (238) | — |
| Event Driven | 1,473 | 190 |
| Long/Short | 7,198 | 1,635 |
| Relative Value | 4,303 | 1,895 |
| **Total realised gain on investments[1)]** | **14,002** | **3,656** |
| | | |
| **Unrealised gains/(losses), net on investments:** | | |
| Alternative Risk Premia | 18 | (6) |
| CTA | (374) | (172) |
| Macro | 167 | 3 |
| Event Driven | (1,371) | 215 |
| Long/Short | (6,306) | 1,401 |
| Relative Value | (3,846) | 300 |
| **Total unrealised (loss)/gain on investments[2)]** | **(11,712)** | **1,741** |
| | | |
| **Net gain on investments at fair value through profit or loss** | **2,290** | **5,397** |

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 at fair value through profit or loss was geographically allocated as follows:

| | 2021 TUSD | 2020 TUSD |
|---|---|---|
| **Realised gains/(losses), net on investments:** | | |
| America | 2,051 | 474 |
| Asia | 1,756 | 295 |
| Europe | 4,332 | 699 |
| Global | 5,863 | 2,188 |
| **Total realised gain on investments[1]** | **14,002** | **3,656** |
| | | |
| **Unrealised gains/(losses), net on investments:** | | |
| America | (1,156) | (949) |
| Asia | (1,415) | 1,263 |
| Europe | (4,277) | 870 |
| Global | (4,864) | 557 |
| **Total unrealised (loss)/gain on investments[2]** | **(11,712)** | **1,741** |
| | | |
| **Net gain on investments at fair value through profit or loss** | **2,290** | **5,397** |

[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** | 2021 TUSD | 2020 TUSD |
|---|---|---|
| Cash and cash equivalents: | | |
| Related party | — | 1 |
| Third party | — | 11 |
| **Total** | **—** | **12** |

## 7 Management and performance fees

Management and performance fees are composed as follows:

| **Management and performance fees** | 2021 TUSD | 2020 TUSD |
|---|---|---|
| Management fees – related party | 818 | 1,028 |
| Performance fees – related party | 79 | 440 |
| **Total** | **897** | **1,468** |

## 8 Other operating expenses

Other operating expenses are composed as follows:

| Other operating expenses | 2021 TUSD | 2020 TUSD |
|---|---|---|
| **Related party fees:** | | |
| Credit facility standby fees | 34 | 46 |
| Administrative fees | 53 | 53 |
| Directors' fees and expenses | 148 | 203 |
| General manager's expenses | 84 | 77 |
| Domicile fees | 11 | 10 |
| | | |
| **Third party fees:** | | |
| Administrative fees | 27 | 32 |
| Reporting and publications | 10 | 30 |
| Audit fees | 89 | 130 |
| Custody fees | 41 | 49 |
| Capital taxes (Switzerland) | 6 | 1 |
| Insurance | 35 | 11 |
| Legal fees | 26 | 31 |
| Project expenses (share buyback) | — | 16 |
| Stock exchange listing expenses | 7 | 7 |
| Tax advisory fees | 35 | 82 |
| Other expenses | 140 | 98 |
| Winding up cost | 447 | — |
| **Total** | **1,193** | **876** |

## 9 Finance costs

Interest expense for the year was paid on:

| Finance cost | 2021 TUSD | 2020 TUSD |
|---|---|---|
| Due to banks – related party | 3 | 1 |
| Due to banks – third party | — | — |
| **Total** | **3** | **1** |

## 10 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

| **Tax expense** | **2021 TUSD** | **2020 TUSD** |
|---|---|---|
| Profit for the year before income tax | 545 | 3,524 |
| Applicable tax rate | 7.8% | 7.8% |
| Income tax | 43 | 275 |
| Effect from non-taxable income | (43) | (275) |
| **Total** | — | — |

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

## 11 Cash and cash equivalents

Cash and cash equivalents consist of:

| **Cash and cash equivalents** | **2021 TUSD** | **2020 TUSD** |
|---|---|---|
| **Cash at banks:** | | |
| Related party | 505 | 347 |
| Third party | 16,677 | 11,138 |
| **Total** | **17,182** | **11,485** |

The Group 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 are composed of:

| Accrued income and other receivables | 2021 TUSD | 2020 TUSD |
|---|---|---|
| Receivable for investments sold | 261 | 2,000 |
| Other receivables | 79 | 18 |
| **Total** | **340** | **2,018** |

## 13 Investments at fair value through profit or loss

The investments are allocated according to style as follows:

| Investments at fair value through profit or loss | 2021 TUSD | in % | 2020 TUSD | in % |
|---|---|---|---|---|
| Alternative Risk Premia | — | 0% | 2,125 | 3% |
| CTA | — | 0% | 6,796 | 10% |
| Macro | 3 | 0% | 78 | 0% |
| Event Driven | 649 | 100% | 9,847 | 14% |
| Long/Short | 1 | 0% | 33,898 | 49% |
| Relative Value | — | 0% | 16,676 | 24% |
| **Total** | **653** | **100%** | **69,420** | **100%** |

The details of the investments are shown in the following investment table.

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

As of 31 December 2021 (All amounts in USD thousands unless otherwise stated)

| | Geography | Shares as at 1.1.2021 | Shares as at 31.12.2021 | Total net paid in as at 1.1.2021 | Investments 2021 | Redemptions 2021 | Realised gain/(loss) 2021 | Total net paid in as at 31.12.2021 | Unrealised gain/(loss) accumulated 2021 | Fair value as at 31.12.2021 | % of investments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CTA** | | | | | | | | | | | |
| Crown A Generix plc – LGT Crown Diversified Trend Sub Fund | Global | 1,432 | — | 1,422 | — | (1,422) | 343 | — | — | — | 0.0% |
| Crown A Generix plc – LGT Crown Systematic Trading Sub Fund | Global | 4,865 | — | 5,000 | — | (5,000) | 682 | — | — | — | 0.0% |
| **Total CTA** | | | | **6,422** | — | **(6,422)** | **1,025** | — | — | — | **0.0%** |
| **Alternative Risk Premia** | | | | | | | | | | | |
| CC&L Q Global Equity Market Neutral Fund Ltd. | Global | 2,143 | — | 2,143 | — | (2,143) | 241 | — | — | — | 0.0% |
| **Total Alternative Risk Premia** | | | | **2,143** | — | **(2,143)** | **241** | — | — | — | **0.0%** |
| **Marco** | | | | | | | | | | | |
| The Rohatyn Group Global Opportunity Fund Ltd. | Global | 1 | 1 | 272 | — | (241) | (238) | 31 | (28) | 3 | 0.5% |
| **Total Macro** | | | | **272** | — | **(241)** | **(238)** | **31** | **(28)** | **3** | **0.5%** |
| **Event Driven** | | | | | | | | | | | |
| Bennelong Asia Pacific Multi Strategy Equity Fund Ltd. | Asia | 4,632 | — | 529 | — | (529) | (520) | — | — | — | 0.0% |
| Crown Distressed Credit Opportunities plc | Global | 1,732 | — | 151 | — | (151) | 211 | — | — | — | 0.0% |
| Crown/GLG Segregated Portfolio | Europe | 145 | 145 | 186 | — | — | — | 186 | (45) | 141 | 21.6% |
| Crown/Oceanwood Segregated Portfolio | Europe | 659 | 659 | 670 | — | — | — | 670 | (492) | 178 | 27.3% |
| Crown/PW Segregated Portfolio | America | 4,235 | — | 4,214 | — | (4,214) | 1,284 | — | — | — | 0.0% |
| Highland Crusader Fund II Ltd. | America | 1 | 1 | — | — | — | 686 | — | 330 | 330 | 50.5% |
| L&R Asia Credit Alpha Fund SP | Asia | 2,500 | — | 2,500 | 4,500 | (7,000) | 244 | — | — | — | 0.0% |
| OZ Asia Overseas Fund Ltd. | Asia | 1 | — | 395 | — | (395) | (395) | — | — | — | 0.0% |
| OZ Overseas Fund Ltd. Tranche C shares | Global | 2 | — | 37 | — | (37) | (37) | — | — | — | 0.0% |
| **Total Event Driven** | | | | **8,682** | **4,500** | **(12,326)** | **1,473** | **856** | **(207)** | **649** | **99.4%** |

| | Geography | Shares as at 1.1.2021 | Shares as at 31.12.2021 | Total net paid in as at 1.1.2021 | Invest-ments 2021 | Redemp-tions 2021 | Realised gain/(loss) 2021 | Total net paid in as at 31.12.2021 | Unrealised gain/(loss) accumulat-ed 2021 | Fair value as at 31.12.2021 | % of invest-ments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Long/Short** | | | | | | | | | | | |
| Aventail Energy Offshore Fund Ltd. | America | 3,500 | — | 3,500 | 2,500 | (6,000) | 373 | — | — | — | 0.0% |
| Crown/Capeview Segregated Portfolio | Europe | 2,222 | — | 2,553 | — | (2,553) | 2,209 | — | — | — | 0.0% |
| Crown/Greenvale Segregated Portfolio | Global | 5,260 | — | 5,198 | — | (5,198) | 1,355 | — | — | — | 0.0% |
| Crown/Kuvari Focus Segregated Portfolio | Europe | — | — | — | 3,000 | (3,000) | 75 | — | — | — | 0.0% |
| Crown/Lomas Segregated Portfolio | America | 1,400 | — | 1,516 | — | (1,516) | (85) | — | — | — | 0.0% |
| Crown/Optimas Segregated Portfolio | Asia | 4,516 | — | 4,528 | — | (4,528) | 739 | — | — | — | 0.0% |
| Crown/Seligman Segregated Portfolio | Global | 2,309 | — | 2,449 | 1,000 | (3,449) | 962 | — | — | — | 0.0% |
| Crown/Zebedee Segregated Portfolio | Europe | 4,268 | — | 4,599 | — | (4,599) | 2,048 | — | — | — | 0.0% |
| Galleon Technology Offshore Ltd. | America | 57 | 57 | 1,278 | — | — | — | 1,278 | (1,277) | 1 | 0.2% |
| Raptor Private Holdings Ltd. | America | 365 | — | 250 | — | (250) | (207) | — | — | — | 0.0% |
| Sylebra Capital Parc Offshore Fund | Global | 3,000 | — | 3,000 | 7,000 | (10,000) | (271) | — | — | — | 0.0% |
| **Total Long/Short** | | | | **28,871** | **13,500** | **(41,093)** | **7,198** | **1,278** | **(1,277)** | **1** | **0.2%** |
| | | | | | | | | | | | |
| **Relative Value** | | | | | | | | | | | |
| Crown/Astignes Segregated Portfolio | Asia | 4,100 | — | 4,393 | — | (4,393) | 638 | — | — | — | 0.0% |
| Crown/Linden Segregated Portfolio | Global | 1,858 | — | 3,785 | — | (3,785) | 2,367 | — | — | — | 0.0% |
| D.E. Shaw Composite International Ltd. | Global | 1 | — | — | — | — | — | — | — | — | 0.0% |
| D.E. Shaw Composite International Ltd. Side Pocket Series | Global | 1 | — | — | — | — | 248 | — | — | — | 0.0% |
| The Segantii Asia Pacific Equity Multi Strategy Fund | Asia | 10,106 | — | 4,654 | — | (4,654) | 1,050 | — | — | — | 0.0% |
| **Total Relative Value** | | | | **12,832** | — | **(12,832)** | **4,303** | — | — | — | **0.0%** |
| **Total** | | | | **59,222** | **18,000** | **(75,057)** | **14,002** | **2,165** | **(1,512)** | **653** | **100.0%** |

[1] Numbers may not fully add up due to rounding.

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

As of 31 December 2020 (All amounts in USD thousands unless otherwise stated)

| | Geography | Shares as at 1.1.2020 | Shares as at 31.12.2020 | Total net paid in as at 1.1.2020 | Investments 2020 | Redemptions 2020 | Realised gain/(loss) 2020 | Total net paid in as at 31.12.2020 | Unrealised gain/(loss) accumulated 2020 | Fair value as at 31.12.2020 | % of investments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CTA** | | | | | | | | | | | |
| Crown A Generix plc – LGT Crown Diversified Trend Sub Fund | Global | 1,432 | 1,432 | 1,422 | — | — | — | 1,422 | 200 | 1,622 | 2.3% |
| Crown A Generix plc – LGT Crown Systematic Trading Sub Fund | Global | — | 4,865 | — | 5,000 | — | — | 5,000 | 174 | 5,174 | 7.5% |
| Crown Managed Futures Master Segregated Portfolio | Global | 1,851 | — | 5,132 | — | (5,132) | (36) | — | — | — | 0.0% |
| **Total CTA** | | | | **6,554** | **5,000** | **(5,132)** | **(36)** | **6,422** | **374** | **6,796** | **9.8%** |
| **Alternative Risk Premia** | | | | | | | | | | | |
| CC&L Q Global Equity Market Neutral Fund Ltd. | Global | 2,971 | 2,143 | 2,971 | — | (828) | (28) | 2,143 | (18) | 2,125 | 3.1% |
| **Total Alternative Risk Premia** | | | | **2,971** | **—** | **(828)** | **(28)** | **2,143** | **(18)** | **2,125** | **3.1%** |
| **Marco** | | | | | | | | | | | |
| The Rohatyn Group Global Opportunity Fund Ltd. | Global | 1 | 1 | 272 | — | — | — | 272 | (194) | 78 | 0.1% |
| **Total Macro** | | | | **272** | — | — | — | **272** | **(194)** | **78** | **0.1%** |
| **Event Driven** | | | | | | | | | | | |
| Bennelong Asia Pacific Multi Strategy Equity Fund Ltd. | Asia | 4,632 | 4,632 | 529 | — | — | — | 529 | (429) | 100 | 0.1% |
| Crown Distressed Credit Opportunities plc[2)] | Global | 2,731 | 1,732 | 238 | — | (87) | 94 | 151 | 258 | 409 | 0.6% |
| Crown/GLG Segregated Portfolio | Europe | 145 | 145 | 186 | — | — | — | 186 | (5) | 181 | 0.3% |
| Crown/Oceanwood Segregated Portfolio | Europe | 3,620 | 659 | 3,661 | — | (2,991) | (265) | 670 | 45 | 715 | 1.0% |
| Crown/PW Segregated Portfolio | America | 5,490 | 4,235 | 5,469 | — | (1,255) | 245 | 4,214 | 1,216 | 5,430 | 7.8% |
| Highland Crusader Fund II Ltd. | America | 1 | 1 | — | — | — | 148 | — | 444 | 444 | 0.6% |
| L&R Asia Credit Alpha Fund SP | Asia | — | 2,500 | — | 2,500 | — | — | 2,500 | 68 | 2,568 | 3.7% |
| OZ Asia Overseas Fund Ltd. | Asia | 1 | 1 | 442 | — | (47) | — | 395 | (395) | — | 0.0% |
| OZ Overseas Fund Ltd. Tranche C shares | Global | 2 | 2 | 79 | — | (42) | (32) | 37 | (37) | — | 0.0% |
| **Total Event Driven** | | | | **10,604** | **2,500** | **(4,422)** | **190** | **8,682** | **1,165** | **9,847** | **14.2%** |

| | Geography | Shares as at 1.1.2020 | Shares as at 31.12.2020 | Total net paid in as at 1.1.2020 | Invest-ments 2020 | Redemp-tions 2020 | Realised gain/(loss) 2020 | Total net paid in as at 31.12.2020 | Unrealised gain/(loss) accumulat-ed 2020 | Fair value as at 31.12.2020 | % of invest-ments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Long/Short** | | | | | | | | | | | |
| Aventail Energy Offshore Fund Ltd. | America | — | 3,500 | — | 3,500 | — | — | 3,500 | 91 | 3,591 | 5.2% |
| Crown/Capeview Segregated Portfolio | Europe | 2,712 | 2,222 | 2,827 | 500 | (774) | 726 | 2,553 | 1,970 | 4,523 | 6.5% |
| Crown/Greenvale Segregated Portfolio | Global | 4,771 | 5,260 | 4,698 | 500 | — | — | 5,198 | 1,340 | 6,538 | 9.4% |
| Crown/Lomas Segregated Portfolio | America | 4,155 | 1,400 | 4,235 | — | (2,719) | 81 | 1,516 | (85) | 1,431 | 2.1% |
| Crown/Optimas Segregated Portfolio | Asia | 4,026 | 4,516 | 4,000 | 1,000 | (472) | 28 | 4,528 | 557 | 5,085 | 7.3% |
| Crown/Seligman Segregated Portfolio | Global | 4,858 | 2,309 | 4,886 | 1,000 | (3,437) | 562 | 2,449 | 337 | 2,786 | 4.0% |
| Crown/Zebedee Segregated Portfolio | Europe | 4,230 | 4,268 | 4,361 | 1,000 | (762) | 238 | 4,599 | 1,729 | 6,328 | 9.1% |
| Galleon Technology Offshore Ltd. | America | 57 | 57 | 1,278 | — | — | — | 1,278 | (1,251) | 27 | 0.0% |
| Raptor Private Holdings Ltd. | America | 365 | 365 | 250 | — | — | — | 250 | (205) | 45 | 0.1% |
| Sylebra Capital Parc Offshore Fund | Global | — | 3,000 | — | 3,000 | — | — | 3,000 | 544 | 3,544 | 5.1% |
| **Total Long/Short** | | | | **26,535** | **10,500** | **(8,164)** | **1,635** | **28,871** | **5,027** | **33,898** | **48.8%** |
| | | | | | | | | | | | |
| **Relative Value** | | | | | | | | | | | |
| Crown/Astignes Segregated Portfolio | Asia | 4,583 | 4,100 | 4,626 | 1,500 | (1,733) | 267 | 4,393 | 1,075 | 5,468 | 7.9% |
| Crown/Linden Segregated Portfolio | Global | 2,625 | 1,858 | 4,243 | 1,000 | (1,458) | 1,542 | 3,785 | 1,980 | 5,765 | 8.3% |
| D.E. Shaw Composite International Ltd. | Global | 1 | 1 | — | — | — | — | — | 42 | 42 | 0.1% |
| D.E. Shaw Composite International Ltd. Side Pocket Series | Global | 1 | 1 | — | — | — | 86 | — | 208 | 208 | 0.3% |
| The Segantii Asia Pacific Equity Multi Strategy Fund | Asia | 10,106 | 10,106 | 4,654 | — | — | — | 4,654 | 539 | 5,193 | 7.5% |
| **Total Relative Value** | | | | **13,523** | **2,500** | **(3,191)** | **1,895** | **12,832** | **3,844** | **16,676** | **24.0%** |
| **Total** | | | | **60,459** | **20,500** | **(21,737)** | **3,656** | **59,222** | **10,198** | **69,420** | **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.

## 14 Borrowings

The credit line with LGT Bank Ltd., Dublin Branch was closed on 30 September 2021 (31 December 2020: TUSD 15,000).

## 15 Accrued expenses and other payables

Accrued expenses and other payables consist of:

| **Accrued expenses and other payables** | **2021 TUSD** | **2020 TUSD** |
|---|---|---|
| Accrued management fee payable – related party | 1 | 91 |
| Accrued performance fee payable – related party | 79 | 440 |
| Accrued credit facility standby fees payable – related party | 4 | 11 |
| Accrued administrative fee payable – third party | 2 | 6 |
| Accrued custody fee payable – third party | 2 | 8 |
| Accrued withholding tax for dividend payment – third party | 6,663 | — |
| Other accrued expenses for the liquidation – third party | 398 | — |
| Other accrued expenses – third party | 284 | 294 |
| **Total** | **7,433** | **850** |

## 16 Shareholders’ equity

**Shareholders’ equity**

The share capital of the Group at 31 December 2021 amounts to TUSD 260 (31 December 2020: TUSD 260) consisting of 5,043,659 (2020: 5,043,659) issued and fully paid registered shares with a par value of CHF 0.05 (31 December 2020: CHF 0.05).

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 interest holders, amounts to TUSD 10,742 as of 31 December 2021 (2020: TUSD 82,073).

During the period from 21 June 2010 to 6 February 2020 the Company purchased treasury shares on its first and second trading line. According to the program periods the treasury shares were cancelled in subsequent yearly tranches.

The Company’s share buyback program is further detailed in note 7 in the statutory report.

On 2 December 2021 the Company distributed a liquidation dividend of CHF 12.89 per share resulting in a total of TUSD 70,716, as shown in the consolidated statement of changes in equity. The withholding taxes from this liquidation dividend (35 per cent) of TUSD 6,663 (TCHF 6,126) were paid to the tax authorities on 3 January 2022.

As a result of the redemption of class RI shares, the non-controlling interest received TUSD 1,160 return of capital, which is shown in the consolidated statement of changes in equity. It is intended that the remaining portion of the non-controlling interest of TUSD 300 will be orderly paid out to the investor with the final redemption of his shares in the fourth quarter 2022.

## Treasury shares

| Buyback programs | From | To | Cancelled | Number of shares | Average price USD | Cost TUSD |
|---|---|---|---|---|---|---|
| Program initiated on 19 July 2018, announced on 17 July 2018 | | | | | | |
| Additions 2018 | 19.07.2018 | 31.12.2018 | 02.09.2019 | 454,865 | 15.93 | 7,248 |
| Additions 2018 via tradable put options[1] | 15.11.2018 | 29.11.2018 | 02.09.2019 | 348,109 | 18.07 | 6,289 |
| Additions 2019 | 01.01.2019 | 10.05.2019 | 02.09.2019 | 324,939 | 16.92 | 5,498 |
| Additions 2019 | 10.05.2019 | 04.06.2019 | 12.08.2020 | 58,416 | 18.23 | 1,065 |
| Additions 2019 via tradable put options[1] | 05.06.2019 | 28.06.2019 | 12.08.2020 | 308,544 | 24.57 | 7,581 |
| **Total** | | | | **1,494,873** | **18.52** | **27,681** |
| Program initiated on 1 July 2019, announced on 27 June 2019 | | | | | | |
| Additions 2019 | 01.07.2019 | 31.12.2019 | 12.08.2020 | 268,755 | 17.81 | 4,787 |
| Additions 2019 via tradable put options[1] | 22.11.2019 | 04.12.2019 | 12.08.2020 | 565,315 | 18.22 | 10,298 |
| Additions 2020 | 01.01.2020 | 30.06.2020 | 12.08.2020 | 52,410 | 14.25 | 747 |
| **Total** | | | | **886,480** | **17.86** | **15,832** |

| Movement of treasury shares 2nd line and tradable put options (bought for cancellation) | Number of shares | | Cost TUSD |
|---|---|---|---|
| **Shares held as of 1 January 2020** | **1,201,030** | | **23,731** |
| Additions 2020 via ordinary and 2nd line | 52,410 | | 747 |
| Cancellation on 12 August 2020 | (1,253,440) | | (24,478) |
| **Shares held as of 31 December 2020** | — | | — |
| **Shares held as of 31 December 2021** | — | | — |

[1] Cost includes the transaction expenses of Zuercher Kantonalbank, Zurich, for the tradeable put option which causes a dilution of the average price.

## 17 Major shareholders

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

| Major shareholders | 2021 | 2020 |
|---|---|---|
| Above 33 1/3% | Alpine Select AG, Zug, Switzerland | – |
| Between 20% and 33 1/3% | LGT Capital Partners (FL) AG, Vaduz, Liechtenstein<br>LGT Capital Partners, Switzerland, on behalf of pension funds | LGT Capital Partners (FL) AG, Vaduz, Liechtenstein<br>LGT Capital Partners, Switzerland, on behalf of pension funds<br>Alpine Select AG, Zug, Switzerland |
| Between 10% and 20% | – | – |
| Between 3% and 10% | – | – |

## 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) Ltd., Dublin ("LGT CPI"), acts as the AIFM for the Ireland Subsidiary and as the investment manager for the Cayman Subsidiary (together the "Subsidiaries"). In its respective roles for the two Subsidiaries, LGT CPI receives a fee of 1.5 per cent (before deduction of the performance fee) per annum of the total US Dollar net asset value of the respective subsidiary 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. LGT CPI 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 is payable annually and any previous losses must be recouped before such a performance fee becomes payable ("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. LGT CPI will also be reimbursed for all reasonable out-of-pocket expenses, incurred for the benefit of the Subsidiaries. Both of these arrangements can be terminated by either party with 90 days' prior written notice.

   The investment management and performance fees of the Cayman Subsidiary are calculated excluding the investment that the Cayman Subsidiary has in the Ireland Subsidiary, for which the fees have already been charged at the level of the Ireland Subsidiary. This ensures that there is no double charging of fees for the same assets at the level of both Subsidiaries.

   LGT Capital Partners Ltd., Pfäffikon, provides investment advice based on an investment advisory agreement with LGT CPI. The investment advisor is remunerated by the LGT CPI with no extra cost to the Subsidiaries.

b) LGT Fund Managers (Ireland) Ltd. 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.

c) BNP Paribas Fund Administration Services (Ireland) acts as the administrator of the Ireland Subsidiary and receives an annual fee equal to 0.05 per cent of the net asset value of the Ireland Subsidiary, payable monthly in arrears. The administrator is also entitled to an annual fee of TEUR 4 for each additional share class. Any disbursement incurred will be charged separately.

d) LGT Fund Managers (FL) AG (2020: LGT Group Holding Ltd., Vaduz) acts as the administrator for the Company and charges an annual flat fee of TUSD 40 payable quarterly in arrears. Any disbursements incurred will be charged separately. LGT Fund Managers (FL) AG, also provides administrative services for the Cayman Subsidiary and charges an annual flat fee of TUSD 10.

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

f) BNP Paribas Securities Services, Dublin Branch acts as custodian of the Ireland Subsidiary and receives a custody 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 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.

## 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 liquidators, the parties referred to in the schedule accompanying this note are related parties as defined by IAS 24 "Related Party Disclosures". All related party transactions have been carried out within the normal course of business and are disclosed in the table below.

LGT Group Foundation, Vaduz, is the controlling shareholder of LGT Capital Partners (Ireland) Ltd., Dublin, which is entitled to a management fee from the Subsidiaries (1.5 per cent of net assets in US Dollar before deduction of the accrual of the performance fee) and a performance fee.

### Related party transactions

| Entity | Related party Relationship/Agreement(s) Direct/indirect | Terms and conditions | Transaction type | 2021 TUSD | 2020 TUSD |
|---|---|---|---|---|---|
| Castle Alternative Invest AG | LGT Bank Ltd./LGT Group/indirect | Note 11 | Cash at banks | 429 | 252 |
| | LGT Fund Managers (FL) AG/ Administrative Services Agreement/direct[1] | Note 8 | Administration fee | 43 | 43 |
| | LGT Capital Partners Ltd./ Domicile Agreement/direct | Note 8 | Domicile fee | 11 | 10 |
| | LGT Capital Partners Ltd./ Management Expenses Agreement/direct | Note 8 | General manager's expenses | 84 | 77 |
| | Directors/direct | Note 8 | Directors' fee | 140 | 195 |
| Castle Alternative Invest (Overseas) Ltd. | LGT Capital Partners (Ireland) Ltd./ Investment Management Agreement/direct | Note 7 | Investment management fee | 3 | 4 |
| | | Note 15 | Investment management fee payable | 1 | — |
| | LGT Fund Managers (FL) AG/ Administrative Services Agreement/direct[1] | Note 8 | Administration fee | 10 | 10 |
| | LGT Bank Ltd./ Loan Agreement/direct | Note 11 | Cash at banks | 76 | 95 |
| | | Note 6 | Interest income | — | 1 |
| | Directors/indirect | Note 8 | Directors' fee | 5 | 5 |
| Castle Alternative Invest (International) plc | LGT Bank Ltd., Dublin Branch/ Loan Agreement/direct | Note 9 | Interest expense | 3 | 1 |
| | | Note 8 | Credit facility standby fee | 34 | 46 |
| | | Note 15 | Credit facility standby fees payable | 4 | 11 |
| | LGT Capital Partners (Ireland) Ltd./ Alternative Investment Fund Management Agreement/direct | Note 7 | Investment management fee | 815 | 1,024 |
| | | Note 15 | Investment management fee payable | — | 91 |
| | | Note 7 | Performance fee | 79 | 440 |
| | | Note 15 | Performance fee payable | 79 | 440 |
| | Directors/indirect | Note 8 | Directors' fee | 3 | 3 |

[1] In 2020 Administrative Services Agreement with LGT Group Holding Ltd.

LGT Bank Ltd., Vaduz, acts as custodian for the Company. Cash was deposited with LGT Bank Ltd., Vaduz, at market conditions.

The Ireland Subsidiary is invested in the Segregated Portfolios below, which are all advised by LGT Capital Partners Ltd., Pfäffikon, an affiliate of the Ireland Subsidiary's AIFM.

– Crown/GLG Segregated Portfolio
– Crown/Oceanwood Segregated Portfolio

The table below shows the remuneration for the members of the liquidators and member of management in the year 2021 and 2020. In addition, the Company paid a directors' and officers' liability insurance fee of TUSD 11 (2020: TUSD 11). No travel expenses were paid in 2021 and 2020.

Board and management remuneration is defined and paid out in CHF. See also the remuneration report.

| **Remuneration and expenses** | **2021 TUSD** | **2020 TUSD** |
|---|---|---|
| Chairman | 26 | 62 |
| Deputy chairman (since 12.5.2021 Liquidator) | 50 | 50 |
| Committee chairman | 20 | 48 |
| Members (since 12.5.2021 Liquidator) | 42 | 36 |
| General manager | 84 | 77 |
| **Total** | **222** | **273** |

The liquidators have delegated the operational management of the Company to Benedikt Meyer as general manager. His remuneration is further detailed in the remuneration report on pages 72 to 75 of this report.

LGT Group Foundation is the ultimate owner of LGT Capital Partners (Ireland) Ltd. 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. The following results correspond to the sole operating segment of investing in hedge funds.

The investments under current assets are geographically allocated as follows:

| | 2021 TUSD | in % | 2020 TUSD | in % |
|---|---|---|---|---|
| **Investment assets** | | | | |
| America | 331 | 51% | 10,968 | 16% |
| Asia | — | 0% | 18,414 | 27% |
| Europe | 319 | 49% | 11,747 | 17% |
| Global | 3 | 0% | 28,291 | 40% |
| **Total investment assets** | **653** | **100%** | **69,420** | **100%** |

For the geographic allocation of the net gain/(loss) on investments at fair value through profit or loss see note 5.

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 Ireland Subsidiary's AIFM provides the Irish Subsidiary with investment opportunities that are consistent with the Group's objectives.

The Company has prepared its accounting on a basis other than going concern, as disclosed in note 2, thus the risk notes below are to be read in the context of their applicability for the prior year and throughout 2021 until termination.

**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 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 liquidators as described in the accounting policies.

The liquidators review and agree policies with the AIFM for managing its risk exposure. The AIFM makes investment decisions in compliance with the Investment Management agreement and which are consistent with the Group's objectives.

The AIFM makes its decisions, 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 quarterly reviewed by the liquidators. After 30 September 2021 all investments were redeemed or were in process to be redeemed.

Up to 30 September 2021 the Group held a diversified portfolio of underlying fund investments. Until then there were certain general market conditions under which any investment strategies that the Group followed are unlikely to be profitable. Neither the underlying managers of the fund investments nor the AIFM had any ability to control or predict such market conditions. Although, with respect to market risk, the Group's investment approach was 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 of 31 December 2021, TUSD 334 or 3.1 per cent of net assets were considered illiquid by the Group due to restrictions implemented by certain fund investments (2020: TUSD 944 or 1.2 per cent).

Until 30 September 2021 the investment remit was 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 were 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 allocated the majority of its assets at cost to funds with a proven performance record of several years. The objective was to invest into top quality fund managers across the respective investment sectors. Until 30 September 2021 a minority part of the assets were invested with new and emerging fund managers. The Group did 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 would have been made prior to a visit by the AIFM to the fund manager's business location. It included 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 carried 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 2021 and 31 December 2020, the Group's market risk was affected mainly by changes in actual market prices.

**Value at Risk**

The Group applied 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 referred to a specified time horizon and to a given level of confidence and in this respect derived 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 was 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 expressed the maximum amount the program might lose, but only to a certain level of confidence (99 per cent). There was therefore a specified statistical probability (1 per cent) that actual losses could have been 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 99$^{th}$ 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. VaR is no longer considered to be material, given the year-end portfolio of investments. Therefore, no figure is displayed anymore for 2021.

| Value at Risk Summary | 2021 | 2020 |
|---|---|---|
| As of 31 December | n/a | 1.00% |

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 liquidators.

(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 liquidators review it on a regular basis.

## Currency risk

| As of 31 December 2021 | USD<br>TUSD | CHF<br>TUSD | Total<br>TUSD |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 8,826 | 8,356 | 17,182 |
| Accrued income and other receivables | 340 | — | 340 |
| Investments at fair value through profit or loss | 653 | — | 653 |
| **Total assets** | **9,819** | **8,356** | **18,175** |
| | | | |
| **Liabilities** | | | |
| Accrued expenses and other payables | 357 | 7,076 | 7,433 |
| **Total liabilities** | **357** | **7,076** | **7,433** |

| As of 31 December 2020 | USD<br>TUSD | CHF<br>TUSD | Total<br>TUSD |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7,528 | 3,957 | 11,485 |
| Accrued income and other receivables | 2,018 | — | 2,018 |
| Investments at fair value through profit or loss | 69,420 | — | 69,420 |
| **Total assets** | **78,966** | **3,957** | **82,923** |
| | | | |
| **Liabilities** | | | |
| Accrued expenses and other payables | 722 | 128 | 850 |
| **Total liabilities** | **722** | **128** | **850** |

(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 liquidators review it on a regular basis.

## Interest rate risk

| **As of 31 December 2021** | **Less than 1 month TUSD** | **Non-interest bearing TUSD** | **Total TUSD** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 17,182 | — | 17,182 |
| Accrued income and other receivables | — | 340 | 340 |
| Investments at fair value through profit or loss | — | 653 | 653 |
| **Total assets** | **17,182** | **993** | **18,175** |
| | | | |
| **Liabilities** | | | |
| Accrued expenses and other payables | — | 7,433 | 7,433 |
| **Total current liabilities** | — | **7,433** | **7,433** |

| **As of 31 December 2020** | **Less than 1 month TUSD** | **Non-interest bearing TUSD** | **Total TUSD** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 11,485 | — | 11,485 |
| Accrued income and other receivables | — | 2,018 | 2,018 |
| Investments at fair value through profit or loss | — | 69,420 | 69,420 |
| **Total assets** | **11,485** | **71,438** | **82,923** |
| | | | |
| **Liabilities** | | | |
| Accrued expenses and other payables | — | 850 | 850 |
| **Total current liabilities** | — | **850** | **850** |

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

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.

In accordance with the Group's policy, the AIFM monitors the Group's credit position on a monthly basis and the liquidators review it on a regular basis.

The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. At 31 December 2021 and 31 December 2020, all cash is held with banks disclosed in the table below and are due to be settled within 1 week. The management considers the probability of default to be close to zero as counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

## Credit risk

| As of 31 December 2021 | Fully performing TUSD | Total TUSD | S&P Rating |
|---|---|---|---|
| **Assets** | | | |
| Cash at LGT Bank Ltd., Vaduz | 505 | 505 | A+ |
| Cash at BNP Paribas Securities Services, Dublin Branch | 1,079 | 1,079 | A+ |
| Cash at Zuercher Kantonalbank, Zurich | 15,598 | 15,598 | AAA |
| Accrued income and other receivables | 340 | 340 | n/a |
| **Total exposure to credit risk** | **17,522** | **17,522** | |

| As of 31 December 2020 | Fully performing TUSD | Total TUSD | S&P Rating |
|---|---|---|---|
| **Assets** | | | |
| Cash at LGT Bank Ltd., Vaduz | 347 | 347 | A+ |
| Cash at BNP Paribas Securities Services, Dublin Branch | 1,539 | 1,539 | A+ |
| Cash at Zuercher Kantonalbank, Zurich | 9,599 | 9,599 | AAA |
| Accrued income and other receivables | 2,018 | 2,018 | n/a |
| **Total exposure to credit risk** | **13,503** | **13,503** | |

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 to cover remaining expenses and be able to pay out maximum liquidation proceeds.

As mentioned in note 14 the Subsidiaries has closed the credit line with LGT Bank Ltd., Dublin Branch as of 30 September 2021 (2020: TUSD 15,000).

## Liquidity risk

| **As of 31 December 2021** | **Less than 1 month TUSD** | **1 – 3 months TUSD** | **No stated maturity TUSD** | **Total TUSD** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Accrued expenses and other payables | 5 | 7,428 | – | 7,433 |
| **Total current liabilities** | **5** | **7,428** | – | **7,433** |

| **As of 31 December 2020** | **Less than 1 month TUSD** | **1 – 3 months TUSD** | **No stated maturity TUSD** | **Total TUSD** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Accrued expenses and other payables | 103 | 747 | – | 850 |
| **Total current liabilities** | **103** | **747** | – | **850** |
| **Total outstanding commitment amount (note 22)** | **4,109** | – | – | **4,109** |

Most of the investments which the Group makes are also subject to specific restrictions on transferability and disposal. In the next six months all remaining investments will be redeemed or sold on the secondary market.

### Liquidity risk – redemption periods

| As of 31 December 2021 | Less than 1 month TUSD | 1 – 3 months TUSD | 3 – 6 months TUSD | More than 6 months TUSD | Un-determined TUSD | Total TUSD |
|---|---|---|---|---|---|---|
| Redemption periods | — | 319 | — | — | 334 | 653 |
| **Total** | **—** | **319** | **—** | **—** | **334** | **653** |

| As of 31 December 2020 | Less than 1 month TUSD | 1 – 3 months TUSD | 3 – 6 months TUSD | More than 6 months TUSD | Un-determined TUSD | Total TUSD |
|---|---|---|---|---|---|---|
| Redemption periods | 1,622 | 48,559 | 17,887 | 408 | 944 | 69,420 |
| **Total** | **1,622** | **48,559** | **17,887** | **408** | **944** | **69,420** |

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.

| As of 31 December 2021 | | Fair value TUSD |
|---|---|---|
| **Fund investment** | **Event** | |
| Galleon Technology Offshore Ltd. | Liquidation | 1 |
| Highland Crusader Fund II Ltd. | Liquidation | 330 |
| The Rohatyn Group Global Opportunity Fund Ltd. | Sidepocket | 3 |
| **Total** | | **334** |

| As of 31 December 2020 | | Fair value TUSD |
|---|---|---|
| **Fund investment** | **Event** | |
| Bennelong Asia Pacific Multi Strategy Equity Fund Ltd. | Sidepocket | 100 |
| D.E. Shaw Composite International Ltd. (side pocket series) | Liquidation/ sidepocket | 250 |
| Galleon Technology Offshore Ltd. | Liquidation | 27 |
| Highland Crusader Fund II Ltd. | Liquidation | 444 |
| Raptor Private Holdings Ltd. | Liquidation | 45 |
| The Rohatyn Group Global Opportunity Fund Ltd. | Sidepocket | 78 |
| **Total** | | **944** |

As disclosed in note 1 side pocket share classes were created for illiquid assets.

In accordance with the Group's policy, the AIFM monitors the Group's liquidity position on a monthly basis and the liquidators review it on a regular basis.

**d) Capital risk management**

Discount control – The liquidators recognise the importance to shareholders of the Company's share price performance in the secondary market. Accordingly, the liquidators 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 liquidators may authorise repurchases of shares for cancellation.

Repurchase of shares for cancellation – The liquidators may consider repurchasing shares in the market for treasury or for cancellation 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 for cancellation. Any purchase of shares by the Company for cancellation 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 Listing Rules 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 liquidators. The liquidators 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 liquidators are aware of further information to indicate why a particular fund valuation would not be the most appropriate indicator of fair value the liquidators 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 liquidators and the AIFM. The liquidators and the AIFM consider 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 2021 and 31 December 2020.

| **As of 31 December 2021** | **Level 1 TUSD** | **Level 2 TUSD** | **Level 3 TUSD** | **Total TUSD** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Assets at fair value through profit or loss:** | | | | |
| Investments | — | 319 | 334 | 653 |
| **Total** | **—** | **319** | **334** | **653** |

| **As of 31 December 2020** | **Level 1 TUSD** | **Level 2 TUSD** | **Level 3 TUSD** | **Total TUSD** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Assets at fair value through profit or loss:** | | | | |
| Investments | — | 68,067 | 1,353 | 69,420 |
| **Total** | **—** | **68,067** | **1,353** | **69,420** |

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 of 31 December 2021 and 31 December 2020.

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.

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 17 (2020: TUSD 68). 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** | **2021**<br>**% of financial assets at fair value through profit or loss** | **2020**<br>**% of financial assets at fair value through profit or loss** |
|---|---|---|
| America | 99% | 39% |
| Asia | 0% | 7% |
| Global | 1% | 54% |
| **Total** | **100%** | **100%** |

As of 31 December 2021 and 31 December 2020, the Group had an investment in Highland Crusader Fund II Ltd. ("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 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 2021, the Group had received redemption proceeds amounting to TUSD 13,215. The remaining investment in Highland was sold on the secondary market on 17 March 2022.

In 2021 and 2020 no investments were reclassed between level 2 and level 3.

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

| | **Investments at fair value through profit or loss TUSD** |
|---|---|
| **Assets** | |
| At 1 January 2021 | 1,353 |
| Net change in unrealised gain | 585 |
| Sales | (1,604) |
| **As of 31 December 2021** | **334** |
| **Total realised loss for the year included in the statement of comprehensive income for investments held at the end of the year** | **(252)** |

| | **Investments at fair value through profit or loss TUSD** |
|---|---|
| **Assets** | |
| At 1 January 2020 | 1,870 |
| Net change in unrealised loss | (341) |
| Sales | (176) |
| **As of 31 December 2020** | **1,353** |
| **Total realised gain for the year included in the statement of comprehensive income for investments held at the end of the year** | **296** |

The carrying values of all other assets and liabilities are a reasonable approximation of fair value.

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

There is no open commitment as of 31 December 2021. The Group had made the following commitments to investment funds as of 31 December 2020:

| As of 31 December 2020 | Commitment in TUSD | Open commitment amount in TUSD |
|---|---|---|
| Crown Distressed Credit Opportunities plc | 16,500 | 4,109 |
| **Total** | **16,500** | **4,109** |

The nature of these commitments is that they can be called at the respective investment managers' discretion. The liquidators confirm 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 2021.

## 23 Subsequent events

The consolidated financial statements are authorised for issue on 4 April 2022 by the liquidators. The annual general meeting called for 11 May 2022 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2021, there have been no material events that could impair the integrity of the information presented in the consolidated financial statements.

The liquidators of Castle Alternative Invest AG (in liquidation) decided on 28 January 2022 to delist all 5,043,659 registered shares from SIX Swiss Exchange. The delisting on SIX was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022.

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# Report of the statutory auditor

## to the General Meeting of Castle Alternative Invest AG in Liquidation

## Pfäffikon SZ

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements (interim liquidation balance sheet) of Castle Alternative Invest AG in Liquidation, which comprise the balance sheet as at 31 December 2021, statement of income and notes for the year then ended, prepared on the basis of liquidation values.

In our opinion, the financial statements as at 31 December 2021 (pages 60 to 68) comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

| | |
|---|---|
| **Overall materiality** | USD 0.1 million |
| **Benchmark applied** | Total shareholders' equity |
| **Rationale for the materiality benchmark applied** | We chose total shareholders' equity as the benchmark because, in our view, it is the most relevant benchmark for investors, and it is a generally accepted benchmark for investment companies. |

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### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

### Responsibilities of the liquidators for the financial statements

The liquidators are responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the liquidators determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

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 liquidators.

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

PricewaterhouseCoopers AG

| | |
|---|---|
| Thomas Romer | Jack Armstrong |
| Audit expert<br>Auditor in charge | Audit expert |

Zürich, 4 April 2022

## Balance sheet

As of 31 December 2021 (All amounts in thousands unless otherwise stated)

| | Note | 2021 USD | 2021 CHF[1] | 12.05.2021[2] USD | 12.05.2021[2] CHF[1] | 2020 USD | 2020 CHF[1] |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current assets:** | | | | | | | |
| Cash and cash equivalents | | 16,027 | 14,607 | 9,831 | 8,935 | 9,852 | 8,721 |
| Participations | 3 | 1,491 | 1,359 | — | — | — | — |
| Other receivables | | — | — | — | — | 7 | 6 |
| **Total current assets** | | **17,518** | **15,966** | **9,831** | **8,935** | **9,859** | **8,727** |
| | | | | | | | |
| **Non-current assets:** | | | | | | | |
| Participations | 3 | — | — | 70,004 | 63,623 | 70,004 | 61,968 |
| **Total non-current assets** | | — | — | **70,004** | **63,623** | **70,004** | **61,968** |
| | | | | | | | |
| **Total assets** | | **17,518** | **15,966** | **79,835** | **72,558** | **79,863** | **70,695** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Current liabilities:** | | | | | | | |
| Other accrued liabilities | | 7,076 | 6,449 | 700 | 636 | 132 | 116 |
| **Total current liabilities** | | **7,076** | **6,449** | **700** | **636** | **132** | **116** |
| | | | | | | | |
| **Equity** | | | | | | | |
| **Shareholders' equity:** | 7 | | | | | | |
| Share capital | | 260 | 252 | 260 | 252 | 260 | 252 |
| Legal reserves | | | | | | | |
| Reserves from capital contributions | | 9,378 | 11,947 | 61,057 | 59,458 | 61,057 | 59,458 |
| Accumulated surplus | | 804 | 648 | 18,414 | 16,845 | 18,414 | 16,845 |
| Accumulated translation difference | | — | (3,330) | — | (4,088) | — | (5,976) |
| **Total shareholders' equity** | | **10,442** | **9,517** | **79,731** | **72,467** | **79,731** | **70,579** |
| | | | | | | | |
| **Total liabilities and equity** | | **17,518** | **15,966** | **80,431** | **73,104** | **79,863** | **70,695** |

[1] Art. 958d of the SCO requires the Company to disclose the Swiss Franc amounts as supplemental information.
[2] In accordance with the Swiss Code of Obligations (Art. 743), the liquidation balance sheet has been prepared at the date of the liquidation resolution (annual general meeting of 12.5.2021).

## Statement of income

For the year ended 31 December 2021 (All amounts in thousands unless otherwise stated)

| | Note | 2021 USD | 2021 CHF[1] | 2020 USD | 2020 CHF[1] |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Value adjustments on participations | 2 b) | (68,513) | (62,716) | — | — |
| Dividends from participations | | 70,570 | 64,598 | 2,870 | 2,683 |
| Other income | | 9 | 9 | 1 | 1 |
| Gain on foreign exchange, net | | 264 | 240 | 331 | 310 |
| **Total income** | | **2,330** | **2,131** | **3,202** | **2,994** |
| **Expenses** | | | | | |
| Administrative expenses | | (273) | (250) | (593) | (555) |
| Financial expenses | | — | — | (41) | (38) |
| **Total expenses** | | **(273)** | **(250)** | **(634)** | **(593)** |
| **Profit before extraordinary expenses and taxes** | | **2,057** | **1,881** | **2,568** | **2,401** |
| **Extraordinary expenses** | | | | | |
| Liquidation expenses | 11 | (624) | (571) | — | — |
| **Total extraordinary expenses** | | **(624)** | **(571)** | — | — |
| **Profit before taxes** | | **1,433** | **1,310** | **2,568** | **2,401** |
| Taxes | 5 | (6) | (6) | (4) | (4) |
| **Profit for the year** | | **1,427** | **1,304** | **2,564** | **2,397** |

[1] Art. 958d of the SCO requires the Company to disclose the Swiss Franc amounts as supplemental information.

# Notes to the company financial statements

For the year ended 31 December 2021
(All amounts in thousands unless otherwise stated)

## 1 Organisation and business activity

Castle Alternative Invest AG in Liquidation, 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. At the annual meeting on 12 May 2021 the liquidators proposed to the shareholders the dissolution and liquidation of the Company, which was accepted by the shareholders. The liquidators of Castle Alternative Invest AG (in liquidation) decided on 28 January 2022 to delist all 5,043,659 registered shares from SIX Swiss Exchange. The delisting on SIX was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022.

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").

As of 31 December 2021 and 31 December 2020 the Company did not employ any employees.

## 2 Accounting principles

These Company financial statements (interim liquidation balance sheet) have been prepared in accordance with Art. 743 para.5 and the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO). A liquidation balance as of 12 May 2021 was prepared in accordance with the Swiss Code of Obligations (Art. 742). This balance is added in the balance sheet on page 60 for comparison. Due to the decision to liquidate the Company the financial statements of the Company have therefore been prepared on a basis other than going concern. The following changes were applied:

- All assets are displayed under the current assets in the balance sheet;
- The accrual of the best estimate of all future wind up costs are displayed under the accrued expenses and other payables in the balance sheet; and
- The liquidation values are the basis of preparation for the financial statements as of 31 December 2021.

**a) Participations**

Up to 12 May 2021 the participation in the Cayman Subsidiary is stated at acquisition cost or at the lower net realisable value, using the net asset value of the Cayman Subsidiary. Should the net asset value of the Cayman Subsidiary have been higher in the current year as compared to the previous year(s) level, no upwards valuation adjustments would have been made. Since 12 May 2021, the participation have been valued on a liquidation basis at liquidation value or realisable value.

**b) Functional and presentation currency**

The books of the Company are kept in US Dollar (functional currency). Up until 31 December 2017 the Company's financial statements were presented in Swiss Francs (presentation currency). Effective as of 1 January 2018 the liquidators of the Company resolved to use the US Dollar as its presentation currency for statutory reporting. This change of the presentation currency improves the transparency of the statutory reporting and the comparability to the consolidated financial statements of the Group which are also presented in US Dollars.

From 2018, in accordance with the Swiss Code of Obligations, the Company also presents the Swiss Franc amounts next to the US Dollar presentation currency (identified as Swiss Francs supplementary information). The conversion from the US Dollar to the Swiss Franc supplementary information is conducted as follows:

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

The currency translation difference from the conversion of the US Dollar values into the Swiss Franc values are cumulatively presented in the shareholders' equity as accumulated translation difference.

The 2021 and 2020 Swiss Franc amounts presented are for supplementary information only (SCO 958d Para.3).

## 3 Participations

The Company's only direct investment is 100 per cent of the voting participating redeemable ordinary shares of the Cayman Subsidiary. The Cayman Subsidiary is invested in the Ireland Subsidiary, an open ended investment company with variable capital under the laws of Ireland. Further information can be found in note 1 of the 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.

| **Balance sheet reconciliation of participation carrying value** | **2021** TUSD | **2021** TCHF | **2020** TUSD | **2020** TCHF |
|---|---|---|---|---|
| **1 January** | **70,004** | **61,968** | **70,004** | **67,653** |
| Valuation adjustment on participation | (68,513) | (62,716) | — | — |
| Foreign exchange translation differences on participation through shareholders' equity | — | 2,107 | — | (5,685) |
| **31 December** | **1,491** | **1,359** | **70,004** | **61,968** |

## 4 Foreign exchange rates

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

| Foreign exchange rates | | Unit | 2021 USD | 2020 USD |
|---|---|---|---|---|
| Swiss Francs | Year-end rates | 1 CHF | 1.0972 | 1.1297 |
| Swiss Francs | Average annual rates | 1 CHF | 1.0924 | 1.0696 |

## 5 Taxes

For Swiss federal, cantonal and communal 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. The actual tax expenses cover all taxes through 31 December 2021.

## 6 Pledged assets

The credit line with LGT Bank Ltd., Dublin Branch was closed on 30 September 2021 (31 December 2020: TUSD 15,000).

## 7 Shareholders' equity

**Shareholders' equity**
The share capital of the Company at 31 December 2021 amounts to TUSD 260 (TCHF 252) (31 December 2020: TUSD 260, TCHF 252) consisting of 5,043,659 (2020: 5,043,659) issued and fully paid registered shares with a par value of CHF 0.05 (31 December 2020: CHF 0.05).

Each share entitles the holder to participate in any distribution of income and capital. The Company regards shareholders' equity as the capital that it manages. Shareholders' equity amounts to TUSD 10,442 (TCHF 9,517) as of 31 December 2021 (31 December 2020: TUSD 79,731, TCHF 70,579).

**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.

**Share buyback 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. These treasury shares are treated as a deduction from shareholders' equity at the average purchase price.

## Treasury shares

| **Buyback programs** | **From** | **To** | **Cancelled** | **Number of shares** | **Average price USD** | **Average price CHF** | **Cost TUSD** | **Cost TCHF** |
|---|---|---|---|---|---|---|---|---|
| Program initiated on 19 July 2018, announced on 17 July 2018 | | | | | | | | |
| Additions 2018 | 19.07.2018 | 31.12.2018 | 02.09.2019 | 454,865 | 15.93 | 15.71 | 7,248 | 7,146 |
| Additions 2018 via tradable put options[1] | 15.11.2018 | 29.11.2018 | 02.09.2019 | 348,109 | 18.07 | 18.02 | 6,289 | 6,273 |
| Additions 2019 | 01.01.2019 | 10.05.2019 | 02.09.2019 | 324,939 | 16.92 | 16.93 | 5,498 | 5,500 |
| Additions 2019 | 13.05.2019 | 04.06.2019 | 12.08.2020 | 58,416 | 18.23 | 18.33 | 1,065 | 1,071 |
| Additions 2019 via tradable put options[1] | 05.06.2019 | 28.06.2019 | 12.08.2020 | 308,544 | 24.57 | 24.02 | 7,581 | 7,411 |
| **Total** | | | | **1,494,873** | **18.52** | **18.33** | **27,681** | **27,401** |
| Program initiated on 1 July 2019, announced on 27 June 2019 | | | | | | | | |
| Additions 2019 | 01.07.2019 | 31.12.2019 | 12.08.2020 | 268,755 | 17.81 | 17.58 | 4,787 | 4,726 |
| Additions 2019 via tradable put options[1] | 22.11.2019 | 04.12.2019 | 12.08.2020 | 565,315 | 18.22 | 17.90 | 10,298 | 10,119 |
| Additions 2020 | 01.01.2020 | 30.06.2020 | 12.08.2020 | 52,410 | 14.23 | 13.81 | 746 | 724 |
| **Total** | | | | **886,480** | **17.86** | **17.56** | **15,831** | **15,569** |

| **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 2020** | **1,201,030** | | | **23,731** | **23,327** |
| Additions 2020 via ordinary and 2nd line | 52,410 | | | 747 | 724 |
| Cancellation on 12 August 2020 | (1,253,440) | | | (24,478) | (24,051) |
| **Shares held as of 31 December 2020** | — | | | — | — |
| **Shares held as of 31 December 2021** | — | | | — | — |

[1] Cost includes the transaction expenses of Zuercher Kantonalbank, Zurich, for the tradeable put option which causes a dilution of the average price.

**Allocation of legal reserves from capital contributions**

As at 31 December 2021 the reserves from capital contributions that are available for distribution to shareholders amount to TUSD 9,378 (TCHF 11,947) (31 December 2020: TUSD 60,927, TCHF 59,332). On 2 December 2021 first liquidation dividend of TUSD 70,716 (TCHF: 65,012) was distributed to the investors.

## Shareholders' equity

In 2021 (all amounts in US Dollar thousands unless otherwise stated)

| | Share capital | Legal reserves Reserves from capital contributions | Accumulated surplus/ (deficit) | Treasury shares 2nd line at cost (bought for cancellation) | Total |
|---|---|---|---|---|---|
| **1 January 2021** | **260** | **61,057** | **18,414** | — | **79,731** |
| Gain for the year | — | — | 1,427 | — | 1,427 |
| First liquidation distribution to the investors | — | (51,679) | (19,037) | — | (70,716) |
| **31 December 2021** | **260** | **9,378** | **804** | — | **10,442** |

## Shareholders' equity (supplementary information)

In 2021 (all amounts in Swiss Francs thousands unless otherwise stated)

| | Share capital | Legal reserves Reserves from capital contributions | Accumulated surplus/ (deficit) | Treasury shares 2nd line at cost (bought for cancellation) | Translation difference | Total |
|---|---|---|---|---|---|---|
| **1 January 2021** | **252** | **59,458** | **16,845** | — | **(5,976)** | **70,579** |
| Gain for the year | — | — | 1,304 | — | — | 1,304 |
| Translation difference | — | — | — | — | 2,646 | 2,646 |
| First liquidation distribution to the investors | — | (47,511) | (17,501) | — | — | (65,012) |
| **31 December 2021** | **252** | **11,947** | **648** | — | **(3,330)** | **9,517** |

## 8 Major shareholders

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

| Major shareholders | 2021 | 2020 |
|---|---|---|
| Above 33 1/3% | Alpine Select AG, Zug, Switzerland | — |
| Between 20% and 33 1/3% | LGT Capital Partners (FL) AG, Vaduz, Liechtenstein<br>LGT Capital Partners, Switzerland, on behalf of pension funds | LGT Capital Partners (FL) AG, Vaduz, Liechtenstein<br>LGT Capital Partners, Switzerland, on behalf of pension funds<br>Alpine Select AG, Zug, Switzerland |
| Between 10% and 20% | — | — |
| Between 3% and 10% | — | — |

## 9 Compensation and share ownership

The annual remuneration and expense allowances paid to the members of the liquidators as well as the premium paid for the officers liability insurance are detailed within the remuneration report.

The liquidators have delegated the operational management of the Company to Benedikt Meyer as general manager. His remuneration is further detailed in the remuneration report on pages 72 to 75 of this report.

Tim Steel and Reto Koller have resigned as board of directors of the Company at the annual general meeting 2021. 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 | 2021 | 2020 |
|---|---|---|
| **Castle Alternative Invest AG (in liquidation)** | | |
| **Members of the liquidators** | | |
| Dr André Lagger | — | 4,755 |
| **Total** | — | **4,755** |

## 10 Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Thomas Romer, the auditor in charge, took up office in 2021.

Total audit fees charged by PricewaterhouseCoopers for the 2021 audit of the Company amounts to TUSD 44 (TCHF 42) (2020: TUSD 69, TCHF 68).

## 11 Liquidation expenses

With the decision of the shareholders on 12 May 2021 to dissolve and liquidate the Company, future liquidation costs of the company were calculated and accrued. These accrued expenses will be used for further liquidation proceedings and to settle future costs.

## 12 Subsequent events

The Company's financial statements are authorised for issue on 4 April 2022 by the liquidators. The annual general meeting called for 12 May 2022 will vote on the final acceptance of the Company's financial statements.

Since the balance sheet date of 31 December 2021, there have been no material events that could impair the integrity of the information presented in the financial statements.

The liquidators of Castle Alternative Invest AG (in liquidation) decided on 28 January 2022 to delist all 5,043,659 registered shares from SIX Swiss Exchange. The delisting on SIX was requested and approved for 1 June 2022. The last trading day on SIX is Tuesday, 31 May 2022.

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# Report of the statutory auditor

## to the General Meeting of Castle Alternative Invest AG in Liquidation

## Pfäffikon SZ

We have audited the remuneration report (pages 72 to 75) of Castle Alternative Invest AG in Liquidation for the year ended 31 December 2021.

### Liquidators' responsibility

The liquidators are 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 liquidators are 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 judgment, 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 in Liquidation for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

| | |
|---|---|
| Thomas Romer | Jack Armstrong |
| Audit expert<br>Auditor in charge | Audit expert |

Zürich, 4 April 2022

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# 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, liquidators and management of Castle Alternative Invest AG (in liquidation). It also details the remuneration awarded in 2020 and 2021 as well as the planned components of remuneration in 2022. 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**

The board of directors/liquidators appointed a remuneration committee comprising Dr André Lagger (chairman), Dr Konrad Bächinger (member).

The remuneration committee draws up proposed remuneration guidelines for the board of directors, liquidators and management of Castle Alternative Invest AG (in liquidation). The members of the board of directors, the liquidators and the management 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/liquidators.

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

The Company appointed 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 on average takes up approximately 25 per cent of his working time.

**Procedures for determining remuneration**

The level of remuneration awarded to the board of directors, liquidators and management 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, the liquidators and the management are 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, the liquidators and general manager of Castle Alternative Invest AG (in liquidation) shall be effected in accordance with the provisions of the Articles, notably article 17. The board of directors determined that its members, the liquidators and the member of management be remunerated annually as follows (pro-rata when a mandate is not executed for a full year):

| Remuneration | 2021 TCHF | 2020 TCHF |
|---|---|---|
| Chairman | 55 | 55 |
| Deputy chairman | 44 | 44 |
| Committee chairman | 44 | 44 |
| Member | 33 | 33 |
| General manager | 75 | 75 |

The remuneration of the board of directors/liquidators shall be payable by the end of each quarter. The remuneration of the general manager shall be payable once per year in arrears.

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 | 2021 CHF | 2020 TCHF |
|---|---|---|
| Switzerland based | 250 | 250 |
| Europe based | 1,500 | 1,500 |
| Overseas based | 7,000 | 7,000 |

Expense accounts in excess of CHF 7,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). Accounts below this amount may be signed off by the general manager.

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

**Remuneration for financial years 2021 and 2020 (Article 14 VegüV)**

The following tables show the remuneration for the members of the board of directors/liquidators in the year 2021 and 2020.

| Travel and other expenses | 2021 TUSD | 2021 TCHF[1] | 2020 TUSD | 2020 TCHF[1] |
|---|---|---|---|---|
| Employers contributions to social security | 3 | 3 | 5 | 5 |
| Directors and officers liability insurance fee | 35 | 32 | 11 | 12 |
| Travel expenses | — | — | — | — |

[1] Swiss Francs are shown as supplementary information.

The remuneration is defined and paid out in Swiss Francs.

| | Cash compensation TUSD | Social security payments TUSD | Travel and other expenses TUSD | Total remuneration TUSD |
|---|---|---|---|---|
| **As of 31 December 2021** | | | | |
| Tim Steel, chairman until 12.5.2021 | 24 | 1 | — | 25 |
| Dr Konrad Bächinger, liquidator/chairman and remuneration committee member | 46 | 1 | — | 47 |
| Reto Koller, committee chairman – audit committee until 12.5.2021 | 20 | — | — | 20 |
| Dr André Lagger, liquidator/director and remuneration committee chairman | — | — | — | — |
| Kevin Mathews, liquidator/director | 42 | — | — | 42 |
| General manager | 84 | — | — | 84 |
| **Total** | **216** | **2** | — | **218** |

Dr Konrad Bächinger waived any extra remuneration for his role as chairman since his appointment during the annual general meeting of shareholders 2021. Dr Andre Lagger waived any remuneration as board member, committee chairman and liquidator.

The following Swiss Franc tables are shown as supplementary information as in the company financial statements.

| | Cash compensation TCHF | Social security payments TCHF | Travel and other expenses TCHF | Total remuneration TCHF |
|---|---|---|---|---|
| **As of 31 December 2021** | | | | |
| Tim Steel, chairman until 12.5.2021 | 22 | 1 | — | 23 |
| Dr Konrad Bächinger, liquidator/chairman and remuneration committee member | 42 | 1 | — | 43 |
| Reto Koller, committee chairman – audit committee until 12.5.2021 | 18 | — | — | 18 |
| Dr André Lagger, liquidator/director and remuneration committee chairman | — | — | — | — |
| Kevin Mathews, liquidator/director and audit committee chairman | 39 | — | — | 39 |
| General manager | 75 | — | — | 75 |
| **Total** | **196** | **2** | — | **198** |

| | Cash compensation TUSD | Social security payments TUSD | Travel and other expenses TUSD | Total remuneration TUSD |
|---|---|---|---|---|
| **As of 31 December 2020** | | | | |
| Tim Steel, chairman | 57 | 2 | – | 59 |
| Dr Konrad Bächinger, deputy chairman | 46 | 2 | – | 48 |
| Reto Koller, committee chairman – audit committee | 48 | – | – | 48 |
| Dr André Lagger, committee chairman – remuneration committee | – | – | – | – |
| Kevin Mathews, member | 36 | – | – | 36 |
| General manager | 77 | – | – | 77 |
| **Total** | **264** | **4** | – | **268** |

| | Cash compensation TCHF | Social security payments TCHF | Travel and other expenses TCHF | Total remuneration TCHF |
|---|---|---|---|---|
| **As of 31 December 2020** | | | | |
| Tim Steel, chairman | 53 | 2 | – | 55 |
| Dr Konrad Bächinger, deputy chairman | 43 | 1 | – | 44 |
| Reto Koller, committee chairman – audit committee | 44 | – | – | 44 |
| Dr André Lagger, committee chairman – remuneration committee | – | – | – | – |
| Kevin Mathews, member | 33 | – | – | 33 |
| General manager | 75 | – | – | 75 |
| **Total** | **248** | **3** | – | **251** |

The fee paid to the general manager comes at no extra cost to the Group as it is offset by a reduction of an equal amount from the management fees payable to LGT Capital Partners (Ireland) Ltd.

**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 liquidators in the financial year 2021.

**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 2021.

Dr André Lagger    Benedikt Meyer

4 April 2022

# Corporate governance

## 1. Group structure and shareholders

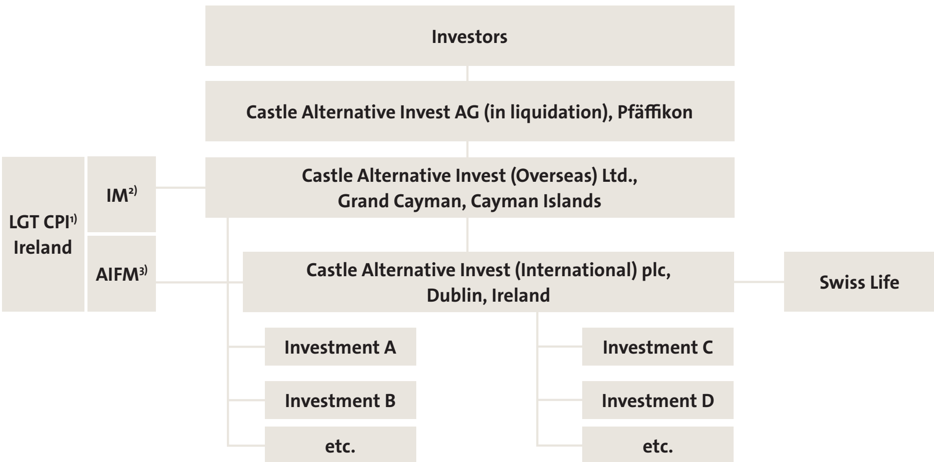
Castle Alternative Invest ("the Group") consists of Castle Alternative Invest AG (in liquidation) ("the Company") and two fully consolidated subsidiaries as shown below and as listed in note 1 to the consolidated financial statements. The Company's registered office is Schützenstrasse 6, 8808 Pfäffikon,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

**1.1 Significant shareholders**
The shareholding structure of the Company as of 31 December 2021 is shown below:
– LGT Capital Partners (FL) AG, Liechtenstein, reported a holding of 24.52 per cent.
– LGT Capital Partners AG, Switzerland (as asset manager of LGT's pension foundations), reported a holding of 25.61 per cent.
– Alpine Select AG, Zug, reported a holding of 34.64 per cent.

An update on shareholdings can be obtained from the SIX website at
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

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**




[1] LGT Capital Partners (Ireland) Ltd.
[2] Investment manager
[3] Alternative investment fund manager

## 2. Capital structure

**2.1 Capital**

The Company's share capital consists of 5,043,659 registered shares with a par value of CHF 0.05 each. The shares are listed in 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.

On 24 July 2017, the Company started the eighth share buyback for cancellation on a second trading line, as approved at the AGM 2017, to buy back a maximum of 594,551 shares.

On 12 November 2018, the Board of the Company decided to launch a new share buyback program on a second trading line at SIX Swiss Exchange. It started on 5 December 2018 (first trading day) and a maximum of 438,133 registered shares (maximum 5.57 per cent of the share capital and voting rights registered in the commercial register) could be purchased back.

At the annual general meeting on 15 May 2019, it was decided, among other things, to reduce the share capital from CHF 5 to CHF 0.05 per share or CHF 314,854.95 by means of a nominal value reduction. This repayment or distribution of the nominal value was completed on 18 November 2019 (ex-date 14 November 2019).

At the annual general meeting on 15 May 2019, the Board was also authorised to carry out further share buyback programs up to a maximum of 10 per cent of the share capital.

Based on that, on 5 June 2019, the Board decided to issue put options tradeable on SIX Swiss Exchange. Each shareholder was granted 1 put option free of charge for each registered share held. Every 20 put options entitled shareholders to tender one registered share with a nominal value of CHF 5 at the exercise price of CHF 24.00. This represented a premium of 31.15 per cent to the then current market price of the registered share. The put options were traded from 11 June 2019 to and including 25 June 2019. The put options were exercised on 27 June 2019 and net purchase price was paid on 28 June 2019.

In total, 308,544 registered shares were tendered which corresponded to 3.92 per cent of the share capital and voting rights registered in the commercial register.

On 27 June 2019, following the termination of the buyback via issuance of tradable put options, the Board decided to launch a new share buyback program on a second trading line at SIX Swiss Exchange. It started on 1 July 2019 (first trading day) and a maximum of 321,165 registered shares could be purchased back.

On 3 October 2019, the Board decided to suspend this share buyback program in order to decide on a buyback up to 10 per cent of its share capital as recorded in the Commercial Register on a further share buyback program by issuing tradeable put options.

On 7 November 2019 the Company announced a share buyback program by issuing put options tradable on SIX Swiss Exchange. The put options was traded from 22 November 2019 to and including 4 December 2019. Every 10 put options entitled shareholders to tender one registered share at the exercise price of CHF 17.90.

In total, 565,315 registered shares were tendered which corresponded to 8.98 per cent of the share capital and voting rights registered in the commercial register. The net purchase price was paid on 9 December 2019.

The suspended share buyback program via a second trading line was continued from 9 December 2019.

On 7 February 2020, the Board decided to terminate this share buyback program as the maximum allowed number of shares were bought back.

On 10 August 2020, the cancellation of 1,253,440 own shares which was approved at the 13 May 2020 general meeting of shareholders was registered by the commercial register.

The buybacks mentioned above were all done for cancellation purposes.

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 note 7 of the Company 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 17 of the 2021 annual report.

| **Share capital** | **2019** | **2020** | **2021** |
|---|---|---|---|
| Outstanding shares | 6,297,099 | 5,043,659 | 5,043,659 |
| Nominal per share in CHF | 0.05 | 0.05 | 0.05 |

The market capitalisation of the Company (ISIN: CH0005092751/Valor: 509275) per year end 2021 amounted to approx. TCHF 8,574. 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 as 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

discloses the name, address and shareholding of such persons for whose account the nominee 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 liquidators have the right to enter into agreements with nominees concerning their disclosure requirements.

Legal entities, partnerships, other associations or joint ownership arrangements which are linked through capital ownership, voting rights, common management or similar, as well as individuals, legal entities or partnerships (especially syndicates) which act in collaboration 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 2021.

## 3. Liquidators/Board of directors

As of 31 December 2021, all members of the board of directors/liquidators 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 Lagger is affiliated with LGT Group Foundation, which owns the investment manager that manages the Group's investments.

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

The board is composed of the following members:

## Liquidators/Board of directors

### Dr Konrad Bächinger

**Chairman/remuneration committee member/liquidator**

Dr Konrad Bächinger (Swiss citizen, born 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. Dr Bächinger was member of the Group executive committee of Liechtenstein Global Trust (now known as LGT Group Foundation) between 2001 and 2006, subsequently becoming a senior advisor of LGT Group Foundation until his retirement in 2010. Dr Bächinger is also deputy chairman of the board of directors of Castle Private Equity AG and serves on the board of several LGT-managed or affiliated investment and management companies, including LGT Capital Partners Ltd.

Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held in May 2021 for a term ending at the 2022 annual shareholder meeting. At the general meeting held in May 2021, Dr Bächinger was appointed as liquidator of the company.

### Dr André Lagger

**Director/remuneration committee chairman/audit committee member/liquidator**

Dr André Lagger, Swiss citizen, born 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 member of the executive board and chief financial officer of LGT Capital Management in Vaduz in 1998 and chief executive officer of LGT Financial Services in 2001. Since October 2006, he has been CEO of the business unit operations & technology of LGT Group Foundation.

André Lagger was elected to the board of directors in 2011 and was re-elected at the general meeting held in May 2021 for a term ending at the 2022 annual shareholder meeting. At the general meeting held in May 2021, Dr Lagger was appointed as liquidator of the company.

### Kevin Mathews

**Director/audit committee chairman/liquidator**

Kevin Mathews (Irish citizen, 1960) received a diploma in financial services 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. He is currently providing consultancy and advisory services to banking, investment funds, local government and charitable organisations, including acting as director of a number of private equity and hedge funds.

Kevin Mathews was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2021 for a term ending at the 2022 annual shareholder meeting. At the general meeting held in May 2021, Kevin Mathews was appointed as liquidator of the company.

**3.1 Responsibilities**
The principal responsibilities of the liquidators/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.

Liquidators/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: Kevin Mathews (chairman) and Dr André Lagger.

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 liquidators. Please refer to the remuneration report on pages 72 to 75 for further details regarding the duties of the remuneration committee.

**3.2 Organisation**
The liquidators/board of directors have 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 liquidators/board of directors have delegated the management of the Company's assets in accordance with the investment policy and guidelines to LGT Capital Partners (Ireland) Ltd., the investment manager (see next pages).

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

The liquidators/board of directors consider 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 liquidators/members of the board may request any agenda items to be added that they consider appropriate for board discussion. In addition each liquidator/director is required to inform the board of any potential or actual conflict of interest prior to board discussion. In 2021, three board meetings, three audit committee meetings and seven liquidators meetings were held, with an average duration of between two and four hours. Board and liquidator meetings are attended by representatives of the investment manager and the general manager. Due to the covid-19 pandemic the board and its committees held all of their meetings in 2021 via video-conference calls.

In addition to official meetings, liquidators, individual members of the board and its committees, the investment manager and the general manager interact frequently.

**3.3 Information and control**

In addition to information received in board meetings, the liquidators/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 liquidators/board of directors have 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) Ltd., 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 fee paid to the general manager is offset by a reduction of an equal amount from the management fees payable to LGT Capital Partners (Ireland) Ltd. 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 liquidators/board of directors is detailed within the remuneration report, on pages 72 to 75 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 pages 72 to 75 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 11 May 2022 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 28 April 2022 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 3 May 2022 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 50 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 a majority 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 liquidators, 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. Thomas Romer, the auditor in charge, took up office in 2021.

Total audit fees charged by PricewaterhouseCoopers for the 2021 audit amounted to TUSD 77 (2020: TUSD 130).

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 liquidators/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).

## 10. Quiet periods

The Company sets general quiet periods ("blackout periods") in accordance with SIX Directive on Information relating to Corporate Governance. These blackout periods apply in connection with the publication of the Company's monthly portfolio updates and are effective for all LGT Capital Partners employees and as well for the Company's insiders as defined in its insider list.

**Blackout periods 2021**
4 January 2021 until and including 12 January 2021
27 January 2021 until and including 9 February 2021
24 February 2021 until and including 10 March 2021
25 March 2021 until and including 12 April 2021
27 April 2021 until and including 17 May 2021
1 June 2021 until and including 11 June 2021
26 June 2021 until and including 12 July 2021
27 July 2021 until and including 12 August 2021
27 August 2021 until and including 13 September 2021
28 September 2021 until and including 11 October 2021
26 October 2021 until and including 16 November 2021
1 December 2021 until and including 14 December 2021
29 December 2021 until and including 12 January 2022

## Share information

Exchange rate CHF/USD: 0.8852

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019[5] | 2020 | 2021 | Since inception |
|---|---|---|---|---|---|---|---|---|---|---|
| **Share information** | | | | | | | | | | |
| Number of bearer shares at year-end | 13,371,710 | 12,378,210 | 10,756,059 | 9,653,732 | 8,721,297 | 7,862,421 | 6,297,099 | 5,043,659 | 5,043,659 | |
| CAI Net asset value (USD) | 18.97 | 19.70 | 19.83 | 19.91 | 20.12 | 19.54 | 15.29 | 16.01 | 2.07 | |
| CAI Net asset value (CHF) | 16.86 | 19.58 | 19.82 | 20.25 | 19.59 | 19.20 | 14.78 | 14.17 | 1.89 | |
| CAI Closing price (USD) | 14.40[3] | 16.45[3] | 16.25[3] | 16.4[3] | —[4] | —[4] | —[4] | —[4] | —[4] | |
| CAI Closing price (CHF) | 13.00 | 16.45 | 16.55 | 16.95 | 15.65 | 15.30 | 14.00 | 13.00 | 1.70 | |
| **Share performance** | | | | | | | | | | |
| CAI Net asset value (USD) | 12.7% | 3.8% | 0.7% | 0.4% | 1.1% | (2.9%) | 4.3% | 4.7% | | 205.8%[1] |
| CAI Net asset value (CHF) | 9.6% | 16.1% | 1.2% | 2.2% | (3.3%) | (2.0%) | 2.2% | (4.1%) | | 95.8%[2] |
| CAI Closing price (USD) | 13.4%[3] | 14.2%[3] | (1.2%)[3] | 0.9%[3] | —[4] | —[4] | —[4] | —[4] | | 64.5%[3] |
| CAI Closing price (CHF) | 12.1% | 26.5% | 0.6% | 2.4% | (7.7%) | (2.2%) | (8.5%) | (7.1%) | | 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.
4) The USD listing was discontinued on 15 September 2017.
5) CHF 4.95 distribution of the nominal value was paid value 18 November 2019.

**Price information**
Reuters RIC: CHF “CASNn.S”
Reuters Contributors Page: LGTY
Bloomberg: CHF “CASN SW <Equity>”
Investdata: CHF “509275,4”

**Listing**
SIX Swiss Exchange: 509.275 (Swiss security number)

**Publication of net asset value**
www.castleai.com

**Registered office**
Castle Alternative Invest AG (in liquidation), Schützenstrasse 6, 8808 Pfäffikon/SZ, Switzerland
Telephone +41 55 415 9487, Fax +41 55 415 9488, www.castleai.com

**Liquidators/Board of directors**
Dr Konrad Bächinger (chairman)
Dr André Lagger (remuneration committee chairman)
Kevin Mathews (audit committee chairman)

**Investment manager**
LGT Capital Partners (Ireland) Ltd., Third Floor, 30 Herbert Street, Dublin 2, Ireland
Telephone +353 1 433 7420, Telefax +353 1 433 7425

**Auditor**
PricewaterhouseCoopers Ltd., Birchstrasse 160, CH-8050 Zurich, Switzerland

**www.castleai.com**

**Registered office**
Castle Alternative Invest AG (in liquidation)
Schützenstrasse 6, 8808 Pfäffikon/SZ
Switzerland
Telephone +41 55 415 9487
Fax +41 55 415 9488

**Investment manager**
LGT Capital Partners (Ireland) Ltd.
Third Floor
30 Herbert Street
Dublin 2, Ireland
Telephone +353 1 433 7420
Telefax +353 1 433 7425

**www.castleai.com**