



**Annual report including audited financial statements  
as at 31 December 2014**

# **CALLANDER FUND**

Umbrella Fund  
governed by Luxembourg law

Management Company: CALLANDER MANAGERS S.A.  
R.C.S. Luxembourg B 28 949

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Subscriptions for units may only be effected on the basis of the prospectus accompanied by the management regulations and sub-fund descriptions or on the basis of the key investor information documents ("key investor information documents").

This prospectus must be accompanied by the most recent annual report and the latest half-yearly report if more recent than the annual report.

This report is the English translation of the audited annual report in French. In case of a discrepancy of content and/or meaning between the French and the English versions, the French version shall prevail.

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## CALLANDER FUND

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## CALLANDER FUND

### Organisation (cont'd)

#### Organisation

##### Management Company

CALLANDER MANAGERS S.A.  
30, Boulevard Joseph II  
L-1840 LUXEMBOURG

##### Board of Directors of the Management Company

###### Chairman

Marc L. CELLIER  
Managing Director  
CALLANDER MANAGERS S.A.  
30, Boulevard Joseph II  
L-1840 LUXEMBOURG

###### Vice-Chairman

John R. WHITMORE  
Financial Advisor  
Former Chairman and Managing Director of  
BESSEMER TRUST COMPANY  
Suite 2045  
630 Fifth Avenue  
NEW YORK, NY 10111  
U.S.A.

###### Directors

Vincent DECALF  
Chief Executive Officer  
CALLANDER MANAGERS S.A.  
30, Boulevard Joseph II  
L-1840 LUXEMBOURG

Fernand REINERS  
Member of the Management Committee  
BANQUE DE LUXEMBOURG  
Société Anonyme [public limited company]  
14, Boulevard Royal  
L-2449 LUXEMBOURG  
(until 02 June 2014)

Nico THILL  
Director  
BANQUE DE LUXEMBOURG  
Société Anonyme [public limited company]  
14, Boulevard Royal  
L-2449 LUXEMBOURG  
(until 02 June 2014)

##### Custodian Bank and Central Administration

BANQUE DE LUXEMBOURG  
Société Anonyme  
14, Boulevard Royal  
L-2449 LUXEMBOURG

## **CALLANDER FUND**

### **Organisation (cont'd)**

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#### **Central Administration Subcontractor**

EUROPEAN FUND ADMINISTRATION S.A.  
2, Rue d'Alsace  
L-1122 LUXEMBOURG

## CALLANDER FUND

### Organisation (cont'd)

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**Centralising Agent  
in France**

CREDIT INDUSTRIEL ET COMMERCIAL  
Société Anonyme [public limited company]  
6, Avenue de Provence  
F-75009 PARIS

**Paying Agents  
in Austria**

ERSTE BANK DER OESTERREICHISCHEN  
SPARKASSEN AG  
Graben 21  
A-1010 VIENNE

**Paying and Administrative  
Agent in Germany**

HAUCK & AUFHÄUSER PRIVATBANKIERS KGaA  
Kaiserstrasse 24  
D-60311 FRANKFURT am MAIN

**Distributing Agent  
in Spain**

ALLFUNDS BANK S.A.  
C/Nuria 57, Colonia Mirasierra  
E-28034 MADRID

**Payment service  
in Switzerland**

CREDIT AGRICOLE (SUISSE) SA  
Quai Général Guisan 4  
CH-1204 GENEVE

**Representative in Switzerland**

CACEIS (SWITZERLAND) SA  
Chemin de Précossy 7/9  
CH-1260 NYON

**Cabinet de révision agréé of the Umbrella Fund  
and of the Management Company**

DELOITTE Audit  
Société à responsabilité limitée  
[Private limited company]  
560, Rue de Neudorf  
L-2220 LUXEMBOURG

## CALLANDER FUND

### General information

CALLANDER FUND (the "Fund") was constituted on 18 October 1988 in the form of a "Fonds Commun de Placement" (an unincorporated pooled investment fund) under Luxembourg law, for an unlimited period of time. As at the date of the report, the Fund is subject to the provisions of Part I of the amended Law of 17 December 2010 on collective investment undertakings and to the provisions of directive 2009/65/EC as amended.

The Fund is managed by CALLANDER MANAGERS S.A., incorporated in the form of a "société anonyme" (public limited company) under Luxembourg law by a notarised deed of 7 October 1988.

The Management Company's articles of association and the Fund's management regulations have been published in Luxembourg's "Mémorial, Recueil des Sociétés et Associations" and lodged with the Luxembourg Commercial and Companies Register ("Registre de Commerce et des Sociétés"), from which copies may be obtained.

CALLANDER FUND is constituted in the form of an Umbrella Fund (investment fund with multiple sub-funds). As at the date of this report, the following sub-funds are open for subscription:

- |                                     |                    |
|-------------------------------------|--------------------|
| - CALLANDER FUND – ASSET            | denominated in USD |
| - CALLANDER FUND – JAPAN NEW GROWTH | denominated in JPY |
| - CALLANDER FUND – CENTRAL EUROPE   | denominated in EUR |

The Board of Directors and the Management Company have decided to put the sub-fund CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP into liquidation with effect as from 16 January 2013. This decision was prompted by the reduced size of assets in the sub-fund and the lack of business development as regards to the sub-fund. The first liquidation surplus was paid on 23 January 2013.

The Board of Directors and the Management Company have decided to put the sub-fund CALLANDER FUND - GLOBAL SECURITY into liquidation with effect as from 17 April 2013. This decision was prompted by the reduced size of assets in the sub-fund and the lack of business development as regards to the sub-fund. The first liquidation surplus was paid on 24 April 2013.

The Board of Directors of the Management Company decided, with effect from 6 October 2014, to liquidate the CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN sub-fund. It was liquidated definitively on 5 December 2014. This decision was taken as a result of redemption requests received, on 19 September 2014, for virtually all of the sub-fund's units in circulation. An initial liquidation surplus was distributed on 14 October 2014 and a second and final liquidation surplus was distributed on 10 December 2014.

For the sub-funds currently offered for subscription, units of the following classes may be issued:

- Class C1: capitalisation units denominated in the sub-fund's reference currency, which in principle do not confer on their holder the right to receive dividends, but whose share of the amount to be distributed is capitalised in the sub-fund to which the capitalisation units belong;
- Class C2: capitalisation units denominated in a currency other than the sub-fund's reference currency. The Management Company will take care to minimise the exposure to exchange-rate risk of Class C2 by having recourse to hedging techniques and instruments, in particular through forward exchange contracts, swaps, futures and currency options. On account of the volatility of the underlying portfolio, the Management Company cannot guarantee that Class C2 is entirely covered against exchange risks. Consequently, a residual exchange risk cannot be ruled out;

## CALLANDER FUND

### General information (cont'd)

In addition, the following classes of units may be issued for the sub-fund CALLANDER FUND - CENTRAL EUROPE:

- Class G1: capitalisation units denominated in the sub-fund's reference currency. Units of Class G1 differ from units of Class C1 on account of a different charges and fee structure and are reserved for entities linked to the appointed manager of the sub-fund concerned and to customers of the entities linked to the appointed manager of the sub-fund concerned. Access to this class of units is subject to prior approval by the Board of Directors of the Management Company. This class of units is moreover reserved to institutional investors within the meaning of article 174 (2) of the amended law of 17 December 2010.

The net asset value of the sub-funds is calculated daily.

On 31 December every year the Fund publishes an annual report audited by the réviseur d'entreprises agréé (approved auditor); at the end of each semester, on 30 June, it publishes an unaudited half-yearly report. These financial reports may in particular contain separate financial statements drawn up for each sub-fund.

The net asset value and the issue, redemption and conversion prices for the units in each sub-fund, a copy of the agreements concluded with the Custodian Bank, Central Administration, the Investment Managers and Advisers as well as the fund prospectus, the management regulations, the key investor information documents and the financial reports are available on each Luxembourg banking day at the registered office of the Management Company, the Centralising Agent in France, the Paying Agent in Austria, the Paying and Administrative Agent in Germany, the Distributing Agent in Spain, the Payment Service in Switzerland and the Representative in Switzerland.

The shareholders are informed that in accordance with the Luxembourg law of 28 July 2014 on the immobilisation of bearer shares and units (the "Law of 2014"), European Fund Administration (the "Custodian") has been appointed as custodian of the SICAV's bearer shares issued in paper form (the "Bearer Shares"). The Law of 2014 provides that Bearer shares issued prior to 18 August 2014 must be delivered to the custodian for immobilisation and that the holders of these shares must be entered on the register of Bearer Shares held by the Custodian. To immobilise their Bearer Shares with the Custodian, the holders of Bearer Shares must deliver them to their local bank and instruct it to immobilise them on behalf of the shareholders. Once the Bearer Shares have been immobilised, the shareholders may ask the Custodian to convert their Bearer Shares into registered shares at any time. Rights (including voting rights and, where applicable, dividend rights) associated with Bearer Shares that have not been immobilised by the Custodian by 18 February 2015 shall be suspended until said shares have been immobilised with the Custodian. In addition, Bearer Shares that have not been delivered to the Custodian for immobilisation, redeemed or converted into registered shares by 18 February 2016, shall be automatically redeemed and cancelled in accordance with the Law of 2014. The redemption proceeds shall be deposited with the Luxembourg Caisse de Consignation in favour of any person or persons able to demonstrate that they are entitled to receive them.



## CALLANDER FUND

### General information (cont'd)

#### Additional information for investors residing in Switzerland

On 24 November 2009, the Swiss Financial Market Supervisory Authority (FINMA) approved the marketing of units in the CALLANDER FUND investment fund governed by Luxembourg law (hereafter referred to as the "Fund") to the public in Switzerland and from Switzerland in accordance with Article 120 of the Swiss Federal Law of 23 June 2006 on Collective Investment Schemes. The Fund was approved as a foreign collective investment scheme.

CACEIS (SWITZERLAND) SA, based at Chemin de Précossy 7/9, CH -1260 NYON, Switzerland, was appointed Representative and CRÉDIT AGRICOLE (SUISSE) SA,, based at Quai Général Guisan 4, CH-1204 GENEVA, Switzerland was appointed Payment Service in Switzerland.

The place of performance and the forum for any dispute in relation to the distribution in Switzerland of Fund units are the registered office of CACEIS (SWITZERLAND) SA.

The prospectus, the key investor information documents, the management regulations and the annual and half-yearly reports of the Fund may be obtained free of charge from the Representative. The Fund's publications in Switzerland are published on the website [www.swissfunddata.ch](http://www.swissfunddata.ch).

The issue and redemption prices and the net asset value per unit (stating "exclusive of fees") are published each day on the website [www.swissfunddata.ch](http://www.swissfunddata.ch).

With regard to distribution in Switzerland, the Management Company may pay retrocessions to qualified investors as specified below, who, from a commercial perspective, hold units in collective investment schemes for third parties:

- life insurance companies;
- pension funds and other provident institutions;
- investment foundations;
- Swiss fund management companies ;
- foreign fund managers and companies;
- investment companies.

In connection with distribution in Switzerland, the Management Company may pay trailer fees in association with distribution activities to the following distributors and sales partners:

- authorised distributors in the meaning of Article 13, sub-paragraphs 1 and 2 of the Law on Collective Investment Schemes;
- distributors who are exempt from the requirement to obtain authorisation in the meaning of Article 13, sub-paragraph 3 of the Law on Collective Investment Schemes and Article 8 of the Collective Investment Scheme Ordinance ;
- sales partners who place collective investment units exclusively with institutional investors with professional treasury facilities;
- sales partners who place collective investment units exclusively on the basis of a written asset management mandate.

#### Additional information:

For the TER (Total Expense Ratio) of the sub-funds CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP and CALLANDER FUND - GLOBAL SECURITY shown on the 'Statistics' pages, the figures for classes C1 and C2 are not presented as the sub-funds were put into liquidation with effect from 16 January 2013 and 17 April 2013 respectively.

For the TERs (Total Expense Ratio) of the sub-fund CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN shown on the 'Statistics' pages, the figures for classes C1 and S1 are not presented as the sub-fund was put into liquidation with effect from 06 October 2014 and liquidated definitively on 05 December 2014.

## CALLANDER FUND

### Management report

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As at 31 December 2013, CALLANDER FUND had 4 operational sub-funds.

During the 2014 financial year, the following sub-fund were either put into liquidation or liquidated:

- CALLANDER FUND - DIAM ASIA PACIFIC EX. JAPAN (put into liquidation on 06 October 2014 with effect from 05 December 2014)

No new sub-funds were created during the 2014 financial year.

As a result, CALLANDER FUND had 3 operational sub-funds as at 31 December 2014.

As at 31 December 2014 the net assets of CALLANDER FUND were approximately EUR 23 million, down 56.92 % from 31 December 2013. This change is mainly due to the liquidation of the sub-fund CALLANDER FUND - DIAM ASIA PACIFIC EX. JAPAN, and by repayments that affected the other sub-funds.

CALLANDER FUND's investment regulations were amended during the 2014 financial year. The management regulations currently in force date from October 2014.

The CALLANDER FUND prospectus was amended during the 2014 financial year. The current prospectus dates from October 2014.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

## Report of the Réviseur d'entreprise agréé

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Fax: +352 451 452 992  
[www.deloitte.lu](http://www.deloitte.lu)

To the Unitholders of  
**CALLANDER FUND**

In accordance with the mandate conferred on us by the General Meeting of the Management Company, we have audited the enclosed financial statements of CALLANDER FUND and of each of its sub-funds, with the exception of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation). We have been appointed to audit the financial statements of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation). The enclosed financial statements consist of the statement of net assets and the statement of investments and other net assets at 31 December 2014, as well as the statement of operations and of other changes in net assets for the financial year that ended on that date, together with a summary of the main accounting methods and other explanatory notes to the financial statements.

### **Responsibility of the Board of Directors of the Management Company for the financial statements**

The Board of Directors of the Management Company is responsible for the drawing up and faithful presentation of these financial statements in accordance with the legal provisions and regulations in force in Luxembourg on the drawing up and presentation of financial statements and for an internal control system which it considers necessary with regard to the drawing up of financial statements which are free from material misstatements whether resulting from fraud or inaccuracies.

### **Responsibility of the réviseur d'entreprises agréé**

*For CALLANDER FUND and each of its sub-funds (with the exception of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation))*

It is our responsibility to express an opinion on these financial statements on the basis of our audit. We carried out our audit in accordance with the International Standards on Auditing as implemented for Luxembourg by the Commission de Surveillance du Secteur Financier. These standards require us to comply with ethical requirements and to plan and execute the audit so as to be able to determine with sufficient certainty whether the financial statements are free from material misstatements.

## Report of the Réviseur d'entreprise agréé (cont'd)

An audit involves the performance of procedures in order to obtain auditing evidence for the figures and information contained in the financial statements. The choice of procedures is a matter for the judgement of the réviseur d'entreprises agréé, likewise the assessment of the risk that the financial statements contain material misstatements on account of fraud or inaccuracies. In the course of this risk assessment, the réviseur d'entreprises agréé takes account of the internal control system set up within the entity for the purposes of drawing up the accounts and presenting them faithfully in order to determine the appropriate auditing procedures in these circumstances, but not in order to express an opinion on the effectiveness of the internal control system. An audit likewise entails an assessment of the appropriateness of the accounting methods used and of the reasonableness of the accounting estimates made by the Board of Directors of the Management Company and a judgement of the overall presentation of the financial statements.

In our opinion, the auditing evidence received is sufficient and appropriate to form the basis for our qualified opinion for CALLANDER FUND and our opinion for each of its sub-funds, with the exception of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation).

*For the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation)*

It is our responsibility to express an opinion on these financial statements on the basis of our audit. However, in view of the importance of the items described in the paragraph "Reason for which we are unable to express an opinion on the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation)", we have not been able to obtain sufficient and appropriate evidence to form the basis for our opinion of the audit of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation).

### **Reason for which we are unable to express an opinion on the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation)**

As mentioned in Note 9 to the financial statements, the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation) were invested in Wisekey S.A. security, at 68.69 % and 70.54% respectively of their total net assets as at 31 December 2014. This unlisted and illiquid security was valued by the Board of Directors of the Management Company as at 31 December. This valuation was based on an exchange offer dated 3 November 2014 by Garnero Group Acquisition Company and WISEKey SA, offering WISEKey shareholders NASDAQ-listed GGAC shares in exchange for their WISEKey shares during the first quarter of 2015. On 24 March 2015, WISEKey SA withdrew its offer.

## **Report of the Réviseur d'entreprise agréé (cont'd)**

In addition, the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation) have been in liquidation since 16 January 2013 and 17 April 2013 respectively. Between their liquidation and 31 December 2014, the sub-funds have been unable to sell this stock. As a result, we have not been able to obtain sufficient pertinent evidence on which to serve as a basis for an opinion of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation).

### **Inability to express an opinion on the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation)**

In view of the importance of the point expressed in the paragraph "Reason for which we are unable to express an opinion on the sub-funds", we have been unable to obtain sufficient pertinent evidence to serve as a basis for our opinion of an audit. Accordingly, we have no opinion to express on the financial statements of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation) and the CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation).

### **Reason for expressing a qualified opinion on CALLANDER FUND**

We refer to the paragraph "Reason for our being unable to express an opinion on the Callander Fund - Swiss Growth Small and Mid Cap sub-fund (in liquidation) and the Callander Fund - Global Security sub-fund (in liquidation)". The assets for which we are unable to express an opinion correspond to 1.78% of the global financial statements of CALLANDER FUND. As the assets for which we are unable to express an opinion represent a significant amount in the global financial statements, we have not been able to obtain sufficient pertinent evidence to serve as a basis for an unqualified opinion on the global financial statements of CALLANDER FUND.

### **Qualified opinion on CALLANDER FUND**

In our opinion, subject to the impact of the point described in the paragraph "Reason for expressing a qualified opinion...", the global financial statements of CALLANDER FUND give a true and fair view of the assets and the financial position of CALLENDAR FUND, and of the global results of its operations and changes in net assets for the financial year that ended on this date, in accordance with the legal and regulatory provisions in force in Luxembourg as regards the preparation and presentation of financial statements.

## **Report of the Réviseur d'entreprise agréé (cont'd)**

### **Opinion on the CALLANDER FUND - ASSET, CALLANDER FUND - JAPAN NEW GROWTH, CALLANDER FUND - CENTRAL EUROPE and CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN sub-funds (liquidated on 5 December 2014)**

In our view, the financial statements of the CALLANDER FUND - ASSET, CALLANDER FUND - JAPAN NEW GROWTH, CALLANDER FUND - CENTRAL EUROPE and CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (liquidated on 5 December 2014) sub-funds give, in conformity with the requirements of the law and regulations in force in Luxembourg regarding the drawing up and presentation of financial statements, a faithful picture of their assets and financial situation as at 31 December 2014, as well as of the result of their operations and the changes in their net assets for the financial year ending on that date.

#### **Other remark**

The supplementary data contained in the annual report have been perused in the course of our mandate but were not subject to specific auditing procedures in accordance with the standards described above. As a result, we do not give an opinion on those data. However, in the context of the financial statements taken as a whole, those data have given us no cause to comment.

For Deloitte Audit  
Cabinet de révision agréé

Stéphane CESARI, Réviseur d'entreprises agréé  
*Partner*

On 28 April 2015  
560, rue de Neudorf  
L-2220 Luxembourg

## CALLANDER FUND

### Consolidated statement of assets (in EUR)

as at 31 December 2014

#### Assets

Securities portfolio at market value	22,794,889.83
Cash at banks	850,667.53
Receivable on issues of units	250.22
Income receivable on securities portfolio	25,391.73
Unrealised gains on forward exchange contracts	4.81
Prepaid expenses	1,538.03
	<hr/>
Total assets	23,672,742.15

#### Liabilities

Bank debts	83.38
Amount payable on the redemption of shares	7,429.65
Bank interest payable	1.67
Unrealised losses on forward exchange contracts	58,568.25
Expenses payable	352,546.04
Other debts	13,821.51
	<hr/>
Total liabilities	432,450.50
	<hr/>
Net assets at the end of the period	23,240,291.65

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

## CALLANDER FUND

### Consolidated statement of operations and other changes in net assets (in EUR)

from 1 January 2014 to 31 December 2014

#### **Income**

Dividends, net	844,009.78
Bank interest	143.15
Fees received	179.88
Other income	5.16
Total income	844,337.97

#### **Expenses**

Management fees	696,538.23
Performance fees	21,325.81
Custodian bank fees	116,822.58
Bank charges and other fees	38,723.08
Transaction fees	575,410.24
Central administration expenses	59,174.47
Professional expenses	48,158.29
Other administration expenses	138,805.23
Subscription duty (Taxe d'abonnement)	14,668.29
Bank interest paid	355.98
Other expenses	671,040.31
Total expenses	2,381,022.51

Net losses from investments	-1,536,684.54
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#### **Net realised profit (loss)**

- on securities portfolio	3,409,631.72
- on futures	24,941.62
- on forward exchange contracts	7,264.56
- on foreign exchange	14,042.72
Realised result	1,919,196.08

#### **Net change in the unrealised gain (loss)**

- on securities portfolio	-4,370,194.32
- on forward exchange contracts	-235,319.59
Result of operations	-2,686,317.83

Liquidation surplus	-15,314,984.36
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Issues	6,815,887.58
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Redemptions	-22,414,971.76
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Total changes in net assets	-33,600,386.37
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Total net assets at the start of the period	53,944,514.39
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Revaluation difference	2,896,163.63
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Total net assets at the start of the period	23,240,291.65
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The accompanying notes form an integral part of these financial statements.



## CALLANDER FUND - ASSET

### Management report

from 1 January 2014 to 31 December 2014

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The CALLANDER FUND - ASSET sub-fund ended 2014 with a return of 2.67% for the C1 class, as compared to 4.52% by its benchmark, the Russell 2000 index, i.e., an underperformance of 1.85%.

"Stocks Slide on Oil, Economic Fears". That's the newspaper headline staring up as we sit down to write this note. There's a palpable anxiety as the arrival of a new year shifts people's thoughts from "so far so good" to "what happens next?" The day's headline neatly encapsulates the three question marks we see looming in investors' minds right now:

- 1) After a six-year winning streak, is the bull market in U.S. stocks too good to last?
- 2) Will the sharp plunge in the price of oil help or hurt the U.S. economy?
- 3) Will slowing growth in Europe and China derail the U.S. recovery?

Here, taking them in reverse order, are our answers to these questions, which help explain why we remain optimistic about 2015.

The world economy is flying on one engine right now. Europe is slowing, China is slowing, with prices in both regions stagnant or falling, but the U.S. economy keeps powering right on. However, many are convinced that the downward pull of global "deflation" will eventually, inevitably, drag the U.S. economy down with it. That is why, they argue, we should all be selling our more risk-exposed (and growth-contingent) investments like stocks and taking refuge in safe (but very low-yielding) assets such as U.S. Treasuries and German Bunds.

That straight-line conclusion rests on the unspoken assumption that all growth is good growth, no matter where it takes place or what it consists of. To the contrary, we would argue that much of the investment- and export-led "growth" that is slowing in countries like Germany and China is based on unsustainable imbalances that actually have held back global economic growth and U.S. growth in particular. A shift to a more balanced growth model is to be welcomed, not feared, and ultimately benefits the U.S. economy.

In the wake of the global financial crisis, faced with falling demand for its exports, China propped up GDP growth by unleashing the mother of all credit booms. In five short years, Chinese banks added \$14 trillion—the size of the entire U.S. commercial banking sector—to their balance sheets. This money went mainly into capacity expansion, not end-user demand. As a result, the stimulus was inflationary for commodities like iron ore, but deflationary for many produced goods, like solar panels, where excess supply drove down prices and eviscerated competitors worldwide.

All that overcapacity created a mountain of bad debt, and now China's investment boom is buckling under its own weight. The resulting slowdown in China's capacity build-out has turned the tables, deflating prices for commodities like iron ore (down -47% in 2014), copper (-18%), thermal coal (-25%), and coking coal (-16%)—not to mention the sharp downturn (-50%) in oil. But shutting off the credit valve fueling the supply glut from China will eventually be reflationary for a host of other hard-pressed industries. Meanwhile, China's \$4 trillion in foreign currency reserves gives Chinese consumers the ability to keep spending, even if domestic output falters. Together, these translate into lower costs and improved markets for many of the goods and services that drive the U.S. economy.

Faltering growth in Europe isn't good for the U.S. economy, but it isn't as relevant as many imagine. Since 2011, when Europe began to "recover", virtually all Eurozone GDP growth has come from net exports, including a widening trade surplus with the United States. Far from helping U.S. growth, domestic European demand has been stagnant. Far from helping U.S. growth, domestic European demand has been stagnant. It's a problem, but it's not a new problem, and propping up export growth with a weaker Euro—siphoning off even more demand from the U.S. —is hardly the answer. What Europe needs is for Germans to save less and spend more, even if, by reducing German trade

## CALLANDER FUND - ASSET

### Management report (cont'd)

from 1 January 2014 to 31 December 2014

surpluses, it “subtracts” from GDP. The most effective way to do this would be to split the Euro into at least two currencies. However it’s done, rebalancing the growth dynamic within Europe is far better for global growth than supporting the wrong kind of GDP.

The kind of rebalancing we’re talking about—whether in Europe or China—is good for global economic growth, and for the U.S. economy. But it’s not good for everyone. Whenever change happens, there are winners and losers. Being on the right side of change is critical for any investor. Nowhere is this more evident than in the precipitous drop in the price of crude oil in recent months.

Most commentary on oil’s collapse—from \$115 per barrel in June to \$58 by the end of the year, and even lower since—has focused on the “supply glut” created by the refusal of Saudi Arabia to cut production in the face of the surge in U.S. output from shale fracking. Yet U.S. production had been rising, and imports falling, for several years without pushing the (Brent) price below a \$100 floor. That’s because the oil displaced by falling U.S. imports was absorbed by a voraciously energy-hungry China. From 2003 to 2013, Chinese oil consumption grew at an average annual rate of 6.2%, accounting for 45% of the entire increase in global demand; imports nearly tripled. When China’s investment boom faltered, that growth fell off sharply, to just 1.4 % in 2013. Many thought that number would rebound in 2014. By summer it became clear this would not happen, and the price of oil—like iron ore, copper, and coal—began to fall.

For the U.S. economy, cheaper oil prices are a decidedly double-edged sword. The shale revolution has propelled the U.S., as of 2014, past Saudi Arabia to become the top oil producer in the world. Although most drillers hedge selling prices for several months out, any sustained drop in prices will hit the earnings of U.S.-listed oil producers, large and small. If the domestic price (now at \$48) falls below the cost of production (which varies widely by region, from \$25 to \$80, and averages \$34), companies will cut back the number of new wells they drill, cutting jobs and investment. Even if they can make a profit, oil producers might have trouble borrowing enough money, cheaply enough, to keep up the pace of production. The oil and gas sector accounts for just over 10 % of U.S. business investment, up from about 4 % a decade ago. Oil and gas-related jobs (broadly defined) make up just 0.6 % of total U.S. employment, but account for 4 % of all new jobs created in the past five years. Perhaps more importantly, they pay up to double the average wage. Banks that lent to more vulnerable oil producers could suffer losses. Energy company debt now accounts for over 15% of the U.S. high-yield bond market, compared with less than 5% in 2006. Fears of default—the cost of insuring energy bonds has tripled since June—could widen spreads and punish high-yield bond prices in other sectors as well.

Still, we agree with most economists—including those at the Fed—who calculate that cheaper oil prices will have net positive effect on U.S. growth. Lower prices at the gas pump could put as much as \$125 billion back into consumer wallets to spend, which might explain why retail sales saw a big jump in November. They also translate into cheaper food prices (modern farming is very fuel-intensive) and lower shipping costs for virtually every product imaginable. The physical volume of oil shipped via U.S. pipelines and railroads may not necessarily shrink; it could even grow. Meanwhile, cheaper fuel should boost airline profits, as well as toll road and airport bonds. The key for investors is to identify the likely winners and losers, and invest accordingly. For the shrewdest investors, that includes identifying stocks and other assets that have been mistakenly lumped in with the “losers” and oversold. The bottom-up, fundamental analysis used for the CALLANDER FUND - ASSET sub-fund focused on value should benefit investors in such an environment.

The Texas oil bust of the 1980s may be a useful reference point to keep in mind. At the time, the oil and gas sector accounted for roughly the same share of that state’s economic output as it does today. Thousands of jobs were lost, the regional property market tanked, and hundreds of local banks failed—helping to trigger the infamous Savings & Loan crisis. But the national economy kept growing quite strongly, aided—in part—by cheaper energy prices. And the U.S. stock market saw one of its strongest bull markets in history.

The promise of the shale revolution was never merely the drilling boom it unleashed, but the cheaper energy prices that would follow. It’s worth remembering that the domestic U.S. price for natural gas collapsed years ago, putting immense pressure on gas-oriented drillers. Ultra-low gas prices brought

### Management report (cont'd)

from 1 January 2014 to 31 December 2014

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on a boom in building new gas-fired electrical plants, as well as new petrochemical facilities (relocated from Europe and Asia). They also opened up export opportunities yet to be tapped. With the steep drop in oil prices, the shale revolution is entering a new, more mature phase. The “gold rush” is over; U.S. drillers must now find a more sustainable footing in a global market awash in the bounty they themselves have created.

One thing that should help them is technology. We often talk about “fracking” as though it were a one-time advance, which now lies in the past. In fact, the shale revolution arose from a whole set of inventive pathways—some reaching back to the 1860s—that converged and achieved critical mass only recently, and are still seeing continuous improvement and innovation. The drop in oil prices will likely have two effects. First, it will slow the spread of fracking to exploit shale reserves outside the United States. Second, it will push U.S. oil producers to innovate all the more, in order to reduce costs and improve the productive output of each well they drill. Ironically, the combined effect may be to solidify America’s already formidable competitive edge in low-cost energy, which will aid consumers, manufacturers, and domestic oil producers alike.

Five times in 2014, the market experienced fits of anxiety that sent U.S. shares sharply lower. Each time, the fears were rooted in developments abroad, and how they might affect the U.S. economy, rather than disappointing U.S. data. Each time, the U.S. stock market rebounded just as sharply to achieve new highs, when the data showed the U.S. economy remained on track.

Bull markets don’t die from worrying, and they don’t die from old age. The bull market that followed the 1987 crash ran for more than 12 years, and saw the S&P 500 go up seven-fold. Two things bring bull markets to an end: a recession, or the Federal Reserve raising interest rates.

Neither the Conference Board’s nor the Philadelphia Fed’s index of leading indicators suggest any impending slowdown in the U.S. economy. GDP growth in Q3 registered an eye-catching 5.0%, with every major component—consumption, business investment, housing, government spending, and net exports—making a positive contribution. Employers added an average of 289,000 jobs per month in Q4, reducing the unemployment rate to 5.6% (from 6.7% a year ago), and making 2014 the best year for job creation since 1999—although wage growth remained weak. It was also the biggest year for new U.S. stock listings (IPOs) since 2000—a trend strongly linked to job growth. Despite a strong dollar, the U.S. trade deficit fell to an 11-month low in November, as the country’s reliance on imported oil fell to its lowest point in 20 years. In December, the ISM Manufacturing Index eased off the frantic highs it hit in previous months, but remained in strong expansion territory at 55.5 overall and 57.3 for new orders. Its companion, the non-manufacturing Business Activity Index, was also solid at 57.2.

The Federal Reserve is likely to raise interest rates sometime in 2015. When it does, the Equity Risk Premium (ERP) should provide a cushion for U.S. share prices. ERP measures the “extra” return investors must earn to be willing to hold stocks instead of “risk-free” U.S. Treasuries. In 1999, when dot-coms had everyone bubbling over with confidence, the premium fell to 2.1%; in early 2009, when everyone expected the world to end, it shot up to 7.7%. Today, ERP has come down a bit to 5.8%, still well above its (50-year) historical average of 4.1%. The Fed has made it very clear that it will only raise interest rates if the economy continues to improve. If that happens, the risk premium should fall as rates rise, absorbing the effect on share prices. Alternatively, if the economy doesn’t inspire greater confidence, the Fed has no cause to raise rates. Either scenario is supportive of current equity valuations.

There is a lot of trepidation right now as companies begin to report their year-end earnings. Earnings estimates for Q4 have fallen dramatically, from 8% year-on-year growth to 2%, dragged down by energy and related sectors. Nevertheless, even if Q4 does see the setback people fear, the S&P 500 Index will have ended the year with its 12-month trailing P/E ratio at 17.9, only a modest increase from 17.2 a year ago. Most of the S&P 500’s gains in 2014 were based on improved earnings, not rising multiples. We expect the same to hold true this year. Given that the energy sector weighs more heavily on the S&P 500 than on the overall economy, we project that EPS will grow at a more moderate rate of 5 % in 2015, with the index gaining in tandem, and non-energy sectors delivering

## **CALLANDER FUND - ASSET**

### **Management report (cont'd)**

from 1 January 2014 to 31 December 2014

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better-than-average returns. That said, energy-related sectors may present value opportunities as they become oversold.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

## CALLANDER FUND - ASSET

### Statement of assets (in USD)

as at 31 December 2014

#### Assets

Securities portfolio at market value	8,795,892.40
Cash at banks	18,264.78
Income receivable on securities portfolio	6,507.62
Prepaid expenses	507.23
Total assets	8,821,172.03

#### Liabilities

Unrealised losses on forward exchange contracts	1,227.22
Expenses payable	94,002.27
Total liabilities	95,229.49
Net assets at the end of the period	8,725,942.54

Number of units of Class C1 outstanding	12,179.321
Net asset value per unit of Class C1	672.45

Number of units of Class C2 outstanding	874.240
Net asset value per unit of Class C2	EUR 504.04

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

## CALLANDER FUND - ASSET

### Statement of operations and other changes in net assets (in USD)

from 1 January 2014 to 31 December 2014

#### **Income**

Dividends, net	104,978.89
Total income	104,978.89

#### **Expenses**

Management fees	173,382.32
Performance fees	25,814.89
Custodian bank fees	39,211.99
Bank charges and other fees	554.32
Transaction fees	24,806.14
Central administration expenses	14,407.63
Professional expenses	10,457.28
Other administration expenses	31,822.17
Subscription duty (Taxe d'abonnement)	4,314.60
Bank interest paid	28.23
Other expenses	113,470.17
Total expenses	438,269.74

Net losses from investments	-333,290.85
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#### **Net realised profit (loss)**

- on securities portfolio	1,090,778.83
- on forward exchange contracts	-66,056.79
- on foreign exchange	1,359.69
Realised result	692,790.88

#### **Net change in the unrealised gain (loss)**

- on securities portfolio	-544,862.50
- on forward exchange contracts	-7,661.80
Result of operations	140,266.58

Issues	6,241.97
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Redemptions	-1,569,241.49
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Total changes in net assets	-1,422,732.94
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Total net assets at the start of the period	10,148,675.48
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Total net assets at the start of the period	8,725,942.54
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The accompanying notes form an integral part of these financial statements.

## CALLANDER FUND - ASSET

### Statistics (in USD)

as at 31 December 2014

#### Total net assets

- as at 31 December 2014	8,725,942.54
- as at 31 December 2013	10,148,675.48
- as at 31 December 2012	24,124,462.55

#### Portfolio Turnover Rate (in %)

(issues and redemptions are offset by day of calculation of NAV)

- as at 31 December 2014	43.61
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#### Number of units of Class C1

- outstanding at the start of the period	14,390.825
- issued	0.000
- redeemed	-2,211,504
- outstanding at the end of the period	12,179,321

#### Net asset value per unit of Class C1

- as at 31 December 2014	672.45
- as at 31 December 2013	654.95
- as at 31 December 2012	496.95

#### Performances of units of Class C1 (in %)

- as at 31 December 2014	2.67
- as at 31 December 2013	31.79
- as at 31 December 2012	7.33

#### TER per unit of Class C1 (in %)

- as at 31 December 2014	4.78
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#### Performance fee ratio (in % of the average net assets)

- as at 31 December 2014	0.30
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#### Number of units of Class C2

- outstanding at the start of the period	1,065.245
- issued	10.082
- redeemed	-201.087
- outstanding at the end of the period	874.240

#### Net asset value per unit of Class C2

- as at 31 December 2014	EUR 504.04
- as at 31 December 2013	EUR 491.66
- as at 31 December 2012	EUR 381.92

#### Performances of units of Class C2 (in %)

- as at 31 December 2014	2.52
- as at 31 December 2013	28.73
- as at 31 December 2012	6.02

#### TER per unit of Class C2 (in %)

- as at 31 December 2014	4.75
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#### Performance fee ratio (in % of the average net assets)

- as at 31 December 2014	0.26
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Annual performance figures have been calculated for the last three financial years. In the case of sub-funds/categories of units which were launched or liquidated in the course of the financial year, the corresponding annual performance has not been calculated.

Historical performance provides no indication as to future performance. Performance data do not take account of the commission and charges collected upon the issue and redemption of Fund units.

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

## CALLANDER FUND - ASSET

### Statement of securities portfolios and other net assets (in USD)

as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
<b><u>Securities portfolio</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
USD	11,570	ACI Worldwide Inc	143,208.08	237,994.90	2.73
USD	8,370	Altra Industrial Motion Corp	162,821.47	239,884.20	2.75
USD	2,930	Analogic Corp	197,336.94	252,185.10	2.89
USD	3,700	Applied Industri Technolog Inc	132,980.03	171,347.00	1.96
USD	7,350	BancorpSouth Inc	128,281.97	167,359.50	1.92
USD	5,960	Bank Of The Ozarks Inc	195,343.40	225,645.60	2.59
USD	4,000	Bonanza Creek Energy Inc	161,778.89	96,320.00	1.10
USD	11,900	CVB Financial Corp	192,186.99	193,494.00	2.22
USD	4,200	EMCOR Group Inc	67,078.73	188,580.00	2.16
USD	19,720	Entegris Inc	197,856.22	262,867.60	3.01
USD	1,430	FEI Co	53,591.36	131,774.50	1.51
USD	7,100	FirstMerit Corp	108,154.72	136,249.00	1.56
USD	8,400	Forum Energy Tech Inc	202,960.75	176,652.00	2.02
USD	8,200	Glatfelter	141,047.79	211,560.00	2.43
USD	3,630	Greatbatch Inc	168,012.10	180,156.90	2.07
USD	7,310	Hillenbrand Inc	211,809.90	253,218.40	2.90
USD	9,900	Horace Mann Educators Corp	172,677.23	331,749.00	3.80
USD	3,250	Iberiabank Corp	195,713.66	212,972.50	2.44
USD	5,600	Independent Bank Corp Mass	154,169.73	242,760.00	2.78
USD	2,720	IUC Medical Inc	144,133.63	225,923.20	2.59
USD	2,400	J & J Snack Foods Corp	127,397.99	264,168.00	3.03
USD	10,400	Knoll Inc	189,487.12	225,472.00	2.58
USD	8,700	La-Z-Boy Inc	164,406.76	233,334.00	2.67
USD	2,600	Lancaster Colony Corp	183,162.92	249,236.00	2.86
USD	1,410	Lithia Motors Inc A	51,940.31	124,164.60	1.42
USD	3,250	Littelfuse Inc	175,632.43	319,800.00	3.67
USD	4,200	Matador Resources Co	99,117.48	83,328.00	0.96
USD	4,350	MGE Energy Inc	136,762.75	202,536.00	2.32
USD	7,000	MKS Instruments Inc	203,728.15	257,110.00	2.95
USD	3,900	MSA Safety Inc	138,473.22	210,015.00	2.41
USD	4,600	PacWest Bancorp	129,635.74	212,428.00	2.43
USD	5,900	Portland General Electric Co	148,692.69	229,156.00	2.63
USD	3,500	Sensient Technologies Corp	92,970.75	217,595.00	2.49
USD	3,820	Steris Corp	156,710.39	251,508.80	2.88
USD	5,400	UIL Holdings Corp	188,581.37	242,352.00	2.78
USD	3,840	United Stationers Inc	172,128.25	165,235.20	1.89
USD	5,680	US Ecology Inc	107,234.71	234,754.40	2.69
USD	16,400	Vishay Intertechnology Inc	226,437.62	234,192.00	2.68
<b>Total shares</b>			5,823,644.24	8,095,078.40	92.77
<b>Closed-ended investment funds</b>					
USD	3,200	EastGroup Properties Inc	146,319.59	205,952.00	2.36
USD	2,000	Mid-America Apart Communit Inc	126,260.50	152,020.00	1.74
USD	7,400	Pebblebrook Hotel Trust Shs of Benef Interest	213,016.21	342,842.00	3.93
<b>Total closed-ended investment funds</b>			485,596.30	700,814.00	8.03
<b>Total securities portfolio</b>			6,309,240.54	8,795,892.40	100.80
<b>Cash at banks</b>				18,264.78	0.21
<b>Other net assets/(liabilities)</b>				-88,214.64	-1.01
<b>Total</b>				8,725,942.54	100.00

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



## CALLANDER FUND - ASSET

### Economic and geographical classification of securities portfolio

as at 31 December 2014

#### Economic classification

(as a percentage of net assets)

Banks	15.94 %
Health care equipment and services	15.74 %
Capital goods	10.80 %
Real estate funds	8.03 %
Utilities	7.73 %
Food, beverages and tobacco	5.52 %
Commercial services and supplies	5.27 %
IT hardware and equipment	4.19 %
Energy	4.08 %
Insurance	3.80 %
Semi-conductors and equipment for the production of semi-conductors	2.95 %
Hotels, restaurants and leisure	2.86 %
Diversified financial services	2.75 %
Software and services	2.73 %
Consumer Durables & Apparel	2.67 %
Materials	2.43 %
Retailing	1.89 %
Automobiles and components	1.42 %
Total	<u>100.80 %</u>

#### Geographical classification

(by country of residence of issuer)

(as a percentage of net assets)

United States of America	<u>100.80 %</u>
Total	<u>100.80 %</u>

## CALLANDER FUND - JAPAN NEW GROWTH

### Management report

from 1 January 2014 to 31 December 2014

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The sub-fund CALLANDER FUND – JAPAN NEW GROWTH returned 2.06% for share class C1 while the Topix its benchmark returned 8.08%, this led to an underperformance of 6.02% during 2014.

Japanese equities succumbed to profit taking at the beginning of the year after a stellar 2013, with both major indices Nikkei 225 and Topix ending down for January 2014. Following the rally in late December 2013, the year started perhaps unsurprisingly with profit taking evident in both the futures and cash markets. A slight resetting of US growth expectations leading to a weaker dollar and stronger yen further reinforced this market development. The selling accelerated in the second half of January, as concerns mounted about possible defaults in the trust sector in China and developments in emerging markets such as the rapid devaluation of the Argentinean peso. By month end, the Nikkei 225 index slipped below the 15,000 level, the lowest level since mid-November 2013. Markets continued to adjust from excessive expectations built in towards the end of 2013. In terms of main drivers for the market, we continued to believe that the recovery in private demand will become more apparent, and that market participants will shift their attention from beneficiaries of fiscal policies towards beneficiaries of the expected upturn in corporate capital expenditure and private consumption. Japanese equities posted small losses in March, with both the Nikkei 225 and Topix closing down on the month. After a positive start to the month amongst a general risk-on stance in the market (with US equities making headway and a weaker yen), we saw a correction mid-month amidst negative market sentiment, with concerns about geopolitical tensions surrounding Crimea and domestic anxiety ahead of the planned consumption tax rise taking center stage. The BOJ's decision at its 11 March meeting to leave monetary policy unchanged did nothing to aid sentiment. Foreign investor selling accelerated amidst increasing disappointment amongst overseas investors in particular with slow progress on the structural reform front. However, the risk appetite returned towards the end of the month amidst more general strength in global equity markets. The US economy appeared to be emerging from the soft patch of January-February 2014, and we expected a firmer trend to begin to establish itself. Domestically within Japan, corporate earnings continued to improve, so earnings based valuation metrics, as well as asset based measures, continued to remain supportive of the Japanese equity market. Whilst concerns remained over the negative impact on consumer demand of the consumption tax hike, we at the time believed the prospect of further structural reforms to be unveiled from June onwards, as well as scope for further easing by the BOJ, will compensate to a significant degree.

The Japanese equity market delivered positive returns in June. The month started on a positive note, with indications of improving capital expenditures and hopes of revisions to domestic pension fund allocations. Subsequently, despite rising geopolitical worries in Ukraine and especially Iraq, markets remained supported by policy support in Europe, subsiding China fears, and accommodative policy environments in Japan and US. Domestically, the Abe administration announced further initiatives under the “third arrow” pro-growth strategies, including the prospect of lower corporate taxes and strengthened corporate governance.

In Q3 2014, the Japanese equity continued to rally. During the period, the Abe cabinet reshuffle spurred on expectations for GPIF reform, whilst the dollar gained ground on expectations of further monetary easing in the Eurozone. Dollar strength was an ongoing feature as expectations for interest rate rises in the US were brought forward, whilst the BOJ continued to ease in order to support the economy through its soft patch and in anticipation of a second increase in the consumption tax rate scheduled next year. With the tailwind from a weaker yen (with USD-JPY reaching the 109 handle towards month end), the Nikkei index touched a month high of 16,374 by September 25. However, the market ran into profit taking in the last few trading sessions, spurred on by increased risk aversion due to the situation in the Middle East and pro-democracy demonstrations in Hong Kong.

As the year 2014 drew to a close and amidst a turbulent period in global markets, Japanese equities posted a small loss on the month for the first time in 4 months. The month started on a good note with Nikkei achieving above JPY 18,000 on the back of a weaker Yen and heightened expectations for Abenomics. A global stock market correction followed as crude oil price fell further and the plummeting of the Russian Rouble caused a drop in risk tolerance on a global scale. The Nikkei index fell below

## CALLANDER FUND - JAPAN NEW GROWTH

### Management report (cont'd)

from 1 January 2014 to 31 December 2014

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JPY 17,000 despite the positive news of the snap election victory. On 17th December, the global market began its recovery after the Federal Reserve Chairman Yellen confirmed that the current monetary policy will not change in the immediate future, but it slid further towards the end of the month as crude oil hit new lows.

In Q4 2014, the Japanese equity market was gripped by global deflation concerns, as well as experiencing profit taking following the rebound from last year's overselling. These factors have led to stagnation in the growth stocks while the indices have risen due to large cap index buying by Japanese institutional investors. Instead of this high demand for large cap stocks, we expect the 2015 to revert back to the standard model where long term growth factor advances the market forward. This is because the short term supply and demand imbalance in large cap stocks is likely to be corrected by market mechanisms. The distorted effect in the stock market is causing traditional active investors to step to the side lines, leading to stock price levels not fully reflecting the immediate corporate performances. We think that the market to reach new highs upon further development in Abenomics and positive corporate performance revisions. The stock market has not reflected the positive impact of the snap elections victory, which we believe will be the major driving force to progress PM Abe's pre-growth policies. In the short term, we expect positive results from corporate announcements starting from the second half of January 2015 to be the trigger to break through the current price range.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

## CALLANDER FUND - JAPAN NEW GROWTH

### Statement of assets (in JPY)

as at 31 December 2014

#### Assets

Securities portfolio at market value	1,703.495.200
Cash at banks	55,287.893
Receivable on issues of units	36,316
Income receivable on securities portfolio	637.383
Prepaid expenses	60.262
Total assets	1,759,517.054

#### Liabilities

Bank debts	12.101
Amount payable on the redemption of shares	1,078.332
Bank interest payable	243
Unrealised losses on forward exchange contracts	8,073.047
Expenses payable	14,168.478
Other debts	2,006.040
Total liabilities	25,338.241

Net assets at the end of the period	1,734,178.813
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Number of units of Class C1 outstanding	70,467.801
Net asset value per unit of Class C1	12.174
Number of units of Class C2 outstanding	72,473.082
Net asset value per unit of Class C2	EUR 83.15

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

## CALLANDER FUND - JAPAN NEW GROWTH

### Statement of operations and other changes in net assets (in JPY)

from 1 January 2014 to 31 December 2014

#### **Income**

Dividends, net	21,151.895
Bank interest	809
Fees received	26.108
Total income	21,178.812

#### **Expenses**

Management fees	38,928.354
Custodian bank fees	4,378.619
Bank charges and other fees	366.216
Transaction fees	19,524.872
Central administration expenses	2,597.063
Professional expenses	2,345.643
Other administration expenses	5,403.709
Subscription duty (Taxe d'abonnement)	915.925
Bank interest paid	2.089
Other expenses	23,747.088
Total expenses	98,209.578

Net losses from investments	-77,030.766
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#### **Net realised profit (loss)**

- on securities portfolio	214,903.291
- on futures	3,620.000
- on forward exchange contracts	15,117.512
- on foreign exchange	480.592
Realised result	157,090.629

#### **Net change in the unrealised gain (loss)**

- on securities portfolio	-212,352.955
- on forward exchange contracts	-32,848.221
Result of operations	-88,110.547

Issues	634,575.164
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Redemptions	-1,610,688.932
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Total changes in net assets	-1,064,224.315
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Total net assets at the start of the period	2,798,403.128
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Total net assets at the start of the period	1,734,178.813
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The accompanying notes form an integral part of these financial statements.

## CALLANDER FUND - JAPAN NEW GROWTH

### Statistics (in JPY)

as at 31 December 2014

#### Total net assets

- as at 31 December 2014	1,734,178.813
- as at 31 December 2013	2,798,403.128
- as at 31 December 2012	1,844,227.541

#### Portfolio Turnover Rate (in %)

##### (issues and redemptions are offset by day of calculation of NAV)

- as at 31 December 2014	339.05
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#### Number of units of Class C1

- outstanding at the start of the period	102,979,512
- issued	48,056,716
- redeemed	-80,568,427
- outstanding at the end of the period	70,467,801

#### Net asset value per unit of Class C1

- as at 31 December 2014	12.174
- as at 31 December 2013	11.928
- as at 31 December 2012	7.267

#### Performances of units of Class C1 (in %)

- as at 31 December 2014	2.06
- as at 31 December 2013	64.14
- as at 31 December 2012	11.51

#### TER per unit of Class C1 (in %)

- as at 31 December 2014	4.00
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#### Number of units of Class C2

- outstanding at the start of the period	131,906,791
- issued	9,669,796
- redeemed	-69,103,505
- outstanding at the end of the period	72,473,082

#### Net asset value per unit of Class C2

- as at 31 December 2014	EUR 83.15
- as at 31 December 2013	EUR 82.25
- as at 31 December 2012	EUR 51.47

#### Performances of units of Class C2 (in %)

- as at 31 December 2014	1.09
- as at 31 December 2013	59.80
- as at 31 December 2012	9.93

#### TER per unit of Class C2 (in %)

- as at 31 December 2014	4.05
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Annual performance figures have been calculated for the last three financial years. In the case of sub-funds/categories of units which were launched or liquidated in the course of the financial year, the corresponding annual performance has not been calculated.

Historical performance provides no indication as to future performance. Performance data do not take account of the commission and charges collected upon the issue and redemption of Fund units.

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

## CALLANDER FUND - JAPAN NEW GROWTH

### Statement of securities portfolios and other net assets (in JPY)

as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
<b>Securities portfolio</b>					
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
JPY	500	Adventure Inc	1,709,450	1,917,500	0.11
JPY	4,000	Ajinomoto Co Inc	6,181,962	8,972,000	0.52
JPY	8,000	Alps Electric Co Ltd	18,832,351	18,472,000	1.06
JPY	12,900	Anritsu Corporation	12,809,821	10,848,900	0.63
JPY	4,700	Asahi Intecc Co Ltd	7,264,116	27,824,000	1.60
JPY	6,400	Bandai Namco Holdings Inc	15,061,592	16,409,600	0.95
JPY	800	Bengo4.com Inc	1,777,254	2,140,000	0.12
JPY	6,000	Casio Computer Co Ltd	11,637,351	11,166,000	0.64
JPY	30,000	Chugai Ro Co Ltd	8,507,998	8,220,000	0.47
JPY	2,200	Colopl Inc	8,952,504	6,019,200	0.35
JPY	5,900	Cookpad Inc	19,934,196	24,485,000	1.41
JPY	300	Cosmos Pharmaceutical Corp	3,554,207	4,935,000	0.28
JPY	3,200	Cyber Agent Ltd	9,505,941	14,512,000	0.84
JPY	4,600	Cyberdine Inc	9,642,527	14,352,000	0.83
JPY	2,100	Daikin Industries Ltd	15,597,150	16,401,000	0.95
JPY	10,200	DeNA Co Ltd	15,204,440	14,749,200	0.85
JPY	7,700	Digital Garage Inc	14,401,656	14,175,700	0.82
JPY	1,500	Don Quijote Hgs Co Ltd	8,330,758	12,525,000	0.72
JPY	13,600	F(a)N Communications Inc	15,851,703	18,006,400	1.04
JPY	1,000	FFRI Inc	5,594,605	6,030,000	0.35
JPY	1,400	FINDEX Inc	3,655,256	9,436,000	0.54
JPY	1,500	Fixstars Corp	7,611,823	4,477,500	0.26
JPY	17,000	Fuji Electric Co Ltd	8,382,084	8,228,000	0.47
JPY	9,700	Fuji Heavy Industries Ltd	25,532,964	41,710,000	2.40
JPY	2,200	Fujifilm Holdings Corp	7,850,588	8,142,200	0.47
JPY	9,300	Gakujo Co Ltd	10,272,392	9,839,400	0.57
JPY	5,100	Harmonic Drive Systems Inc	6,803,054	9,037,200	0.52
JPY	20,000	Haseko Corp	18,607,803	19,520,000	1.13
JPY	5,600	Hitachi High-Tec Corp	13,574,115	19,600,000	1.13
JPY	6,000	Ikyu Corp	8,676,717	8,112,000	0.47
JPY	500	Interworks Inc	875,000	861,500	0.05
JPY	7,700	Isetan Mitsukoshi Holdings Ltd	9,800,534	11,596,200	0.67
JPY	12,000	JAC Recruitment Co Ltd	8,547,166	9,996,000	0.58
JPY	4,300	Jafco Co Ltd	19,043,198	17,909,500	1.03
JPY	4,700	Japan Airport Terminal Co Ltd	19,982,003	22,489,500	1.30
JPY	25,500	Japan Communications Inc	13,980,339	14,280,000	0.82
JPY	7,300	JCR Pharmaceuticals Co Ltd	16,982,911	17,162,300	0.99
JPY	5,000	JFE Holdings Inc	12,786,039	13,480,000	0.78
JPY	6,000	Kaken Pharmaceutical Co Ltd	11,752,982	14,022,000	0.81
JPY	39,000	Kawasaki Heavy Industries Ltd	15,158,935	21,567,000	1.24
JPY	17,000	Keiyo Bank Ltd	10,699,186	11,492,000	0.66
JPY	300	Keyence Corp	16,656,463	16,143,000	0.93
JPY	105,000	Kobe Steel Ltd	20,028,182	21,945,000	1.27
JPY	13,000	Kubota Corp	23,475,648	22,893,000	1.32
JPY	25,000	Kureha Corp	12,280,186	12,675,000	0.73
JPY	13,600	Kyushu Electric Power Co Inc	15,626,944	16,456,000	0.95
JPY	24,000	Leopalace21 Corp	12,745,809	18,336,000	1.06
JPY	14,000	Maeda Corp	11,013,624	13,818,000	0.80
JPY	9,600	Mazda Motor Corp	22,229,810	28,104,000	1.62
JPY	5,000	Minebea Co Ltd	4,950,957	9,020,000	0.52
JPY	6,000	Mitsubishi Estate Co Ltd	15,479,592	15,333,000	0.88
JPY	47,600	Mitsubishi UFJ Fin Group Inc	28,083,061	31,630,200	1.82
JPY	6,000	Mitsui Fudosan Co Ltd	15,453,823	19,530,000	1.13
JPY	2,800	Mixi Inc	15,560,341	12,544,000	0.72
JPY	300	MRT Inc	240,000	858,000	0.05
JPY	900	Murata Manufacturing Co Ltd	10,874,909	11,925,000	0.69
JPY	2,200	Musashino Bank Ltd	8,584,659	8,877,000	0.51
JPY	5,100	Nabtesco Corp	11,800,205	14,988,900	0.86
JPY	6,000	NanoCarrier Co Ltd	9,172,101	8,850,000	0.51
JPY	43,000	NEC Corp	15,462,433	15,179,000	0.87

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

## CALLANDER FUND - JAPAN NEW GROWTH

### Statement of securities portfolios and other net assets (in JPY) (cont'd)

as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
JPY	10,000	Nippon Kayaku Co Ltd	12,684,316	15,080,000	0.87
JPY	6,000	Nippon Shinyaku Co Ltd	18,496,782	23,340,000	1.35
JPY	1,600	Omron Corp	6,886,343	8,720,000	0.50
JPY	1,900	Ono Pharmaceutical Co Ltd	19,727,282	20,387,000	1.18
JPY	7,000	Panasonic Co Ltd	8,639,615	9,989,000	0.58
JPY	58,100	Penta Ocean Construct Co Ltd	20,820,052	24,053,400	1.39
JPY	1,700	PeptiDream Inc.	15,779,584	17,969,000	1.04
JPY	21,300	Raito Kogyo Co Ltd	21,855,169	22,492,800	1.30
JPY	25,500	Resona Holdings Inc	16,720,980	15,603,450	0.90
JPY	4,000	Sac's Bar Hgs Inc	4,806,621	6,192,000	0.36
JPY	20,000	Sanden Corp	12,900,902	12,980,000	0.75
JPY	13,000	Sanken Electric Co Ltd	10,488,768	12,610,000	0.73
JPY	4,300	Seikagaku Corp	7,757,707	8,423,700	0.49
JPY	23,000	Shimadzu Corp	23,929,428	28,336,000	1.63
JPY	14,000	Shin Nippon Biomedical Lab Ltd	14,886,161	11,074,000	0.64
JPY	6,000	SMS Co Ltd	9,335,869	7,710,000	0.44
JPY	1,700	Softbank Corp	13,522,588	12,257,000	0.71
JPY	21,900	Sony Corp	37,111,454	54,147,750	3.12
JPY	5,100	Sosei Group Corp	24,448,866	22,287,000	1.28
JPY	6,000	Square Enix Hgs Co Ltd	12,053,534	15,048,000	0.87
JPY	11,000	Sumitomo Metal Mining Co Ltd	18,291,947	19,910,000	1.15
JPY	9,100	Sumitomo Mitsui Fin Group Inc	38,059,048	39,812,500	2.30
JPY	22,000	Sumitomo Mitsui Trust Hgs Inc	11,893,994	10,190,400	0.59
JPY	25,600	Sun Corp	31,501,306	48,793,600	2.81
JPY	2,500	Sysmex Corp	13,291,731	13,475,000	0.78
JPY	9,000	Syuppin Co Ltd	11,151,065	12,690,000	0.73
JPY	8,500	Takara Bio Inc	13,487,718	12,112,500	0.70
JPY	2,900	Takeuchi Mfg Co Ltd	11,136,112	14,616,000	0.84
JPY	2,400	TDK Corp	12,856,767	17,184,000	0.99
JPY	6,800	TechnoPro Holdings Inc	13,260,000	13,416,400	0.77
JPY	77,000	Teijin Ltd	23,985,519	24,717,000	1.42
JPY	4,600	Teikoku Electric MFG. Co Ltd	5,572,644	6,067,400	0.35
JPY	5,100	Tella Inc	9,554,789	7,140,000	0.41
JPY	8,500	Terumo Corp	23,179,182	23,434,500	1.35
JPY	3,900	THK Co Ltd	8,781,308	11,411,400	0.66
JPY	10,000	Tokyo Tatemono Company	8,836,699	8,810,000	0.51
JPY	11,900	Topcon Corp	26,629,513	30,702,000	1.77
JPY	24,000	Toray Industries Inc	22,025,179	23,236,800	1.34
JPY	77,000	Toshiba Corp	32,938,419	39,454,800	2.27
JPY	17,200	Towa Corp	9,600,385	11,420,800	0.66
JPY	5,600	Toyota Motor Corp	30,929,610	42,324,800	2.44
JPY	17,000	Tsukui Corp	17,200,858	17,510,000	1.01
JPY	4,700	UMN Pharma Inc	15,519,385	13,728,700	0.79
JPY	7,500	Unicharm Corp	19,942,680	21,840,000	1.26
JPY	2,500	WirelessGate Inc	12,569,732	7,525,000	0.43
JPY	7,800	Yamaha Motor Co Ltd	19,593,661	19,047,600	1.10
Total securities portfolio			1,505,286,690	1,703,495,200	98.23
Cash at banks				55,287,893	3.19
Bank debts				-12,101	0.00
Other net assets/(liabilities)				-24,592,179	-1.42
Total				1,734,178,813	100.00

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



## CALLANDER FUND - JAPAN NEW GROWTH

### Economic and geographical classification of securities portfolio

as at 31 December 2014

#### Economic classification

(as a percentage of net assets)

Capital goods	13.03 %
Consumer Durables & Apparel	12.46 %
IT hardware and equipment	10.09 %
Pharmaceuticals and biotechnology	9.86 %
Software and services	9.76 %
Health care equipment and services	7.67 %
Materials	6.42 %
Automobiles and components	5.91 %
Banks	5.29 %
Real estate	3.58 %
Investment and holding companies	3.30 %
Retailing	2.71 %
Semi-conductors and equipment for the production of semi-conductors	1.39 %
Transportation	1.30 %
Household and personal products	1.26 %
Telecommunications	1.25 %
Commercial services and supplies	1.20 %
Utilities	0.95 %
Food, beverages and tobacco	0.52 %
Food retailing, drugstores and pharmacies	0.28 %
Total	<u>98.23 %</u>

#### Geographical classification

(by country of residence of issuer)

(as a percentage of net assets)

Japan	<u>98.23 %</u>
Total	<u>98.23 %</u>

## **CALLANDER FUND - CENTRAL EUROPE**

### **Management report**

from 1 January 2014 to 31 December 2014

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The sub-fund CALLANDER FUND – CENTRAL EUROPE had a negative return of 21.10% for share class C1 while the MSCI EM Eastern Europe its benchmark had a negative return of 31.91%, this led to an outperformance of 10.81% during 2014.

In 2014 international markets continued to be driven by monetary policy. In the United States Janet Yellen steered a very steady course, guiding market participants' expectations with a very gradual and cautious communication approach. Markets expect the Federal Reserve to gradually start raising rates somewhere in mid-2015. On this side of the Atlantic the ECB was witnessing a drop in inflation and more importantly a drop in inflation expectations towards the end of the year. Even though the ECB was trying to counter falling inflation with special targeted refinancing operations (TLTRO), the results must be summarized as disappointing. For that reason the ECB was increasingly opening the door for potential quantitative easing. Due to the diverging paths of monetary policy and economic developments the EUR started weakening vs. the USD and many other currencies. To be more precise: the EUR started at almost 1.38 vs the USD in 2014, at the last day of the year it was at 1.21.

2014 was a highly remarkable year, as it clearly revealed that Russia is far from being immune to international capital flows. In an environment where oil prices almost halved, so did equity prices and the Ruble. Russia got into a very unfavorable position after it annexed the Crimea. The conflict with both the EU and the US got even worse when the role of the Kremlin was increasingly questioned after a civil airplane was shot down by pro-Russian separatists in Eastern Ukraine. Since then Russia was confronted with an increasing number of sanctions. This started with freezing single persons' accounts soon turned into broader painful sanctions affecting the financial system in Russia. The Central Bank of Russia tried to stem capital flight by raising rates aggressively, but finally could not prevent the Ruble from collapsing. In the second half of 2014 the Ruble dropped from below 40 to above 65 vs the USDEUR-basket. Such a steep decline soon turned into inflationary pressure and falling purchasing power. To make things worse distress in the financial sector in Russia became evident as interbank rates rose to multi year highs. Equity markets nosedived in parallel with the oil price and the Ruble.

The remainder of CEE did significantly better. But still one has to stress that not a single index within the region was able to print a positive performance in local currency terms in 2014. The region could not fully decouple from the conflict right behind their borders. Macroeconomic data though clearly indicated a marginal improvement in output. Especially in the second half of 2014, when Germany entered a soft patch in its cycle, CEE held up surprisingly well mostly driven by strong domestic demand. To some extent this was due to relatively stable labor markets and declining inflation rates resulting in growing purchasing power. Over the year the region's currencies drifted marginally lower vs the EUR. Low inflation rates caused an easing bias of monetary policies in the region.

In 2014 within the CALLANDER FUND – CENTRAL EUROPE Austrian industrials, insurance companies and to some extent utilities were among the outperformers. Russian cyclical were on the other side of the performance spectrum.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

## CALLANDER FUND - CENTRAL EUROPE

### Statement of assets (in EUR)

as at 31 December 2014

#### Assets

Securities portfolio at market value	3,375,705.28
Cash at banks	155,988.43
Income receivable on securities portfolio	15,624.21
Prepaid expenses	703.80
Total assets	3,548,021.72

#### Liabilities

Expenses payable	57,249.61
Total liabilities	57,249.61

Net assets at the end of the period	3,490,772.11
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Number of units of Class C1 outstanding	20,515.368
Net asset value per unit of Class C1	70.84

Number of units of Class G1 outstanding	27,468.000
Net asset value per unit of Class G1	74.18

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

## CALLANDER FUND - CENTRAL EUROPE

### Statement of operations and other changes in net assets (in EUR)

from 1 January 2014 to 31 December 2014

#### **Income**

Dividends, net	307,346.82
Bank interest	120.70
Total income	307,467.52

#### **Expenses**

Management fees	172,360.38
Custodian bank fees	30,036.17
Bank charges and other fees	29,700.53
Transaction fees	70,564.58
Central administration expenses	14,101.24
Professional expenses	11,977.93
Other administration expenses	32,099.22
Subscription duty (Taxe d'abonnement)	3,152.12
Other expenses	130,619.60
Total expenses	494,611.77

Net losses from investments	-187,144.25
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#### **Net realised profit (loss)**

- on securities portfolio	-1,383,000.83
Realised result	-1,570,145.08

#### **Net change in the unrealised gain (loss)**

- on securities portfolio	-523,078.37
Result of operations	-2,093,223.45

Issues	2,438,540.16
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Redemptions	-10,013,596.52
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Total changes in net assets	-9,668,279.81
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Total net assets at the start of the period	13,159,051.92
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Total net assets at the start of the period	3,490,772.11
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The accompanying notes form an integral part of these financial statements.

## CALLANDER FUND - CENTRAL EUROPE

### Statistics (in EUR)

as at 31 December 2014

#### Total net assets

- as at 31 December 2014	3,490,772.11
- as at 31 December 2013	13,159,051.92
- as at 31 December 2012	12,747,728.79

#### Portfolio Turnover Rate (in %)

##### (issues and redemptions are offset by day of calculation of NAV)

- as at 31 December 2014	-40.43
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#### Number of units of Class C1

- outstanding at the start of the period	87,812.393
- issued	15,876.057
- redeemed	-83,173.082
- outstanding at the end of the period	20,515.368

#### Net asset value per unit of Class C1

- as at 31 December 2014	70.84
- as at 31 December 2013	89.79
- as at 31 December 2012	91.78

#### Performances of units of Class C1 (in %)

- as at 31 December 2014	-21.10
- as at 31 December 2013	-2.17
- as at 31 December 2012	19.82

#### TER per unit of Class C1 (in %)

- as at 31 December 2014	4.51
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#### Performance fee ratio (in % of the average net assets)

- as at 31 December 2014	0.00
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#### Number of units of Class G1

- outstanding at the start of the period	56,563.000
- issued	12,801.000
- redeemed	-41,896.000
- outstanding at the end of the period	27,468.000

#### Net asset value per unit of Class G1

- as at 31 December 2014	74.18
- as at 31 December 2013	93.25
- as at 31 December 2012	94.53

#### Performances of units of Class G1 (in %)

- as at 31 December 2014	-20.45
- as at 31 December 2013	-1.35
- as at 31 December 2012	20.82

#### TER per unit of Class G1 (in %)

- as at 31 December 2014	3.67
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#### Performance fee ratio (in % of the average net assets)

- as at 31 December 2014	0.00
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Annual performance figures have been calculated for the last three financial years. In the case of sub-funds/categories of units which were launched or liquidated in the course of the financial year, the corresponding annual performance has not been calculated.

Historical performance provides no indication as to future performance. Performance data do not take account of the commission and charges collected upon the issue and redemption of Fund units.

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

## CALLANDER FUND - CENTRAL EUROPE

### Statement of securities portfolios and other net assets (in EUR)

as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
<b><u>Securities portfolio</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
CZK	11,239	CEZ AS	257,579.22	239,467.60	6.86
CZK	2,937	Pegas Nonwovens SA	66,319.99	67,766.57	1.94
			323,899.21	307,234.17	8.80
EUR	3,411	Andritz AG	112,986.15	155,848.59	4.46
EUR	2,791	Do & Co AG	93,604.84	174,102.58	4.99
EUR	1,229	Lenzing AG	85,511.33	64,817.46	1.86
EUR	3,840	Oesterreichische Post AG	105,105.82	155,059.20	4.44
EUR	5,383	OMV AG	178,101.40	118,479.83	3.39
EUR	4,407	RHI AG	90,512.37	82,873.64	2.37
EUR	9,911	Verbund AG A	212,538.94	151,588.75	4.34
EUR	6,353	Voestalpine	192,447.09	208,346.64	5.97
EUR	3,930	Wiener Versicherung Gruppe	148,721.73	145,724.40	4.17
EUR	9,351	Zumtobel Group AG	103,806.16	174,910.46	5.01
			1,323,335.83	1,431,751.55	41.00
HUF	6,969	Chemical Wks Richt Gedeon Plc	92,026.56	78,215.48	2.24
HUF	1,664	MOL Hungarian Oil and Gas Plc Ser A	146,931.33	60,993.01	1.75
			238,957.89	139,208.49	3.99
PLN	4,423	Bank Polska Kasa Opieki SA	204,807.51	184,328.99	5.28
PLN	4,640	CCC SA	73,296.96	144,461.26	4.14
PLN	9,058	Eurocash SA	37,697.45	80,272.73	2.30
PLN	73	LPP SA	44,862.87	123,165.63	3.53
PLN	22,587	Orange Polska SA	105,776.74	43,826.22	1.25
PLN	27,488	PKO Bank Polski SA	282,015.50	229,241.27	6.57
PLN	1,964	Powszechny Zaklad Ubezpieczen SA	184,523.74	222,602.43	6.38
			932,980.77	1,027,898.53	29.45
USD	2,525	Gazprom Neft OSJC ADR Repr 5 Shs	41,445.96	24,245.31	0.69
USD	6,580	Gazprom OAO spons ADR repr 2 Shares	75,500.94	25,554.03	0.73
USD	1,280	Magnit PJSC spons GDR repr 0.2 Share	26,622.31	48,299.90	1.38
USD	2,638	MHP SA GDR repr 1 Share Reg S	26,264.14	19,951.99	0.57
USD	3,563	Mobile Telesystems OJSC ADR repr 2 Shs	64,070.14	22,525.05	0.64
USD	728	NovaTek OAO spons GDR repr 10 Shares	45,216.87	47,340.35	1.36
USD	2,925	Novolipetsk Steel (NLMK) GDR repr 10 Shares	35,689.06	28,831.59	0.83
USD	959	Oil Co Lukoil OJSC spons ADR repr 1 Share	41,366.96	31,338.58	0.90
USD	5,346	Phosagro OJSC spons GDR repr 1/3 Reg Shares	50,540.39	43,509.87	1.25
USD	6,435	Sberbank of Russia OJSC spons ADR repr 4 Shares	57,254.25	21,584.02	0.62
USD	2,979	Trubnaya Metallurg Kompany OAO spons GDR Reg repr 4 Shares	34,113.71	5,804.20	0.17
USD	2,413	VimpelCom Ltd ADR repr 1 Share	28,918.01	8,768.05	0.25
USD	3,186	X5 Retail Group NV spons GDR repr 1/4 Reg S	46,570.62	30,644.69	0.88
			573,573.36	358,397.63	10.27
<b>Total shares</b>			3,392,747.06	3,264,490.37	93.51
<b><u>Securities traded on another regulated market</u></b>					
<b>Shares</b>					
RON	17,240	Banca Transilvania SA	5,894.64	7,331.94	0.21
RON	1,142,302	OMV Petrom	119,656.30	103,882.97	2.98
<b>Total shares</b>			125,550.94	111,214.91	3.19
<b>Total securities portfolio</b>			3,518,298.00	3,375,705.28	96.70
<b>Cash at banks</b>				155,988.43	4.47
<b>Other net assets/(liabilities)</b>				-40,921.60	-1.17
<b>Total</b>				3,490,772.11	100.00

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

## CALLANDER FUND - CENTRAL EUROPE

### Economic and geographical classification of securities portfolio

as at 31 December 2014

#### Economic classification

(as a percentage of net assets)

Banks	12.68 %
Energy	11.80 %
Utilities	11.20 %
Insurance	10.55 %
Materials	10.08 %
Consumer Durables & Apparel	9.61 %
Capital goods	9.47 %
Hotels, restaurants and leisure	4.99 %
Transportation	4.44 %
Food retailing, drugstores and pharmacies	3.68 %
Investment and holding companies	2.37 %
Pharmaceuticals and biotechnology	2.24 %
Telecommunications	2.14 %
Retailing	0.88 %
Food, beverages and tobacco	0.57 %
Total	<u>96.70 %</u>

#### Geographical classification

(by country of residence of issuer)

(as a percentage of net assets)

Austria	41.00 %
Poland	29.45 %
Russia	8.57 %
Czech Republic	6.86 %
Hungary	3.99 %
Romania	3.19 %
Luxembourg	2.51 %
The Netherlands	1.13 %
Total	<u>96.70 %</u>

**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP  
(put into liquidation on 16 January 2013)**

**Management report**

from 1 January 2014 to 31 December 2014

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The CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund was put into liquidation on 16 January 2013. This decision was prompted by the reduced size of assets and the lack of business development as regards to the sub-fund.

Following the putting into liquidation of the sub-fund, the unitholders received an initial liquidation surplus at the beginning of 2013. To date the fund still holds 100,000 shares in a private unlisted investment.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.



**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP**  
**(put into liquidation on 16 January 2013)**

**Statement of assets (in CHF)**  
as at 31 December 2014

**Assets**

Securities portfolio at market value	95,000.00
Cash at banks	68,275.20
Unrealised gains on forward exchange contracts	5.78
Total assets	163,280.98

**Liabilities**

Expenses payable	24,972.43
Total liabilities	24,972.43

Net assets at the end of the period	138,308.55
-------------------------------------	------------

Number of units of Class C1 outstanding	6,522.436
Net asset value per unit of Class C1	18.86

Number of units of Class C2 outstanding	1,092.000
Net asset value per unit of Class C2	EUR 11.67

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

**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP**  
**(put into liquidation on 16 January 2013)**

**Statement of operations and other changes in net assets (in CHF)**  
from 1 January 2014 to 31 December 2014

**Income**

Bank interest	3.22
Total income	3.22

**Expenses**

Subscription duty (Taxe d'abonnement)	70.04
Other expenses	1,298.97
Total expenses	1,369.01

Net losses from investments	-1,365.79
-----------------------------	-----------

**Net realised profit (loss)**

- on forward exchange contracts	-471.48
- on foreign exchange	-57.44
Realised result	-1,894.71

**Net change in the unrealised gain (loss)**

- on forward exchange contracts	16.33
Result of operations	-1,878.38

Liquidation surplus	-
---------------------	---

Issues	-
--------	---

Redemptions	-
-------------	---

Total changes in net assets	-1,878.38
-----------------------------	-----------

Total net assets at the start of the period	140,186.93
---	------------

Total net assets at the start of the period	138,308.55
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The accompanying notes form an integral part of these financial statements.

**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP**  
**(put into liquidation on 16 January 2013)**

**Statistics (in CHF)**

as at 31 December 2014

**Total net assets**

- as at 31 December 2014	138,308.55
- as at 31 December 2013	140,186.93
- as at 31 December 2012	2,286,897.78

**Number of units of Class C1**

- outstanding at the start of the period	6,522.436
- issued	0.000
- redeemed	0.000
- outstanding at the end of the period	6,522.436

**Net asset value per unit of Class C1**

- as at 31 December 2014	18.86
- as at 31 December 2013	19.05
- as at 31 December 2012	293.81

**Performances of units of Class C1 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	-
- as at 31 December 2012	3.29

**Number of units of Class C2**

- outstanding at the start of the period	1,092.000
- issued	0.000
- redeemed	0.000
- outstanding at the end of the period	1,092.000

**Net asset value per unit of Class C2**

- as at 31 December 2014	EUR 11.67
- as at 31 December 2013	EUR 11.91
- as at 31 December 2012	EUR 182.71

**Performances of units of Class C2 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	-
- as at 31 December 2012	3.40

Annual performance figures have been calculated for the last three financial years. In the case of sub-funds/categories of units which were launched or liquidated in the course of the financial year, the corresponding annual performance has not been calculated.

Historical performance provides no indication as to future performance. Performance data do not take account of the commission and charges collected upon the issue and redemption of Fund units.

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

**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP**  
**(put into liquidation on 16 January 2013)**

**Statement of securities portfolios and other net assets (in CHF)**  
as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
<b><u>Securities portfolio</u></b>					
<b><u>Other securities</u></b>					
<b>Shares</b>					
CHF	100,000	WISeKey SA	191,568.93	95,000.00	68.69
Total securities portfolio			191,568.93	95,000.00	68.69
Cash at banks				68,275.20	49.36
Other net assets/(liabilities)				-24,966.65	-18.05
Total				138,308.55	100.00

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

**CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP**  
**(put into liquidation on 16 January 2013)**

**Economic and geographical classification of securities portfolio**  
as at 31 December 2014

---

**Economic classification**

(as a percentage of net assets)

Software and services	<u>68.69 %</u>
Total	<u>68.69 %</u>

**Geographical classification**

(by country of residence of issuer)  
(as a percentage of net assets)

Switzerland	<u>68.69 %</u>
Total	<u>68.69 %</u>

**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Management report**

from 1 January 2014 to 31 December 2014

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The sub-fund CALLANDER FUND - GLOBAL SECURITY was put into liquidation on 17 April 2013. This decision was prompted by the reduced size of assets and the lack of business development as regards to the sub-fund.

Following the putting into liquidation of the sub-fund, the unitholders received an initial liquidation surplus during 2013. To date the fund still holds 426.500 shares in a private unlisted investment.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Statement of assets (in USD)**  
as at 31 December 2014

**Assets**

Securities portfolio at market value	407,784.82
Cash at banks	192,520.63
Total assets	600,305.45

**Liabilities**

Unrealised losses on forward exchange contracts	2,338.14
Expenses payable	19,859.71
Total liabilities	22,197.85

Net assets at the end of the period	578,107.60
-------------------------------------	------------

Number of units of Class C1 outstanding	35,866.351
Net asset value per unit of Class C1	7.53

Number of units of Class C2 outstanding	36,042.010
Net asset value per unit of Class C2	EUR 7.06

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

**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Statement of operations and other changes in net assets (in USD)**  
from 1 January 2014 to 31 December 2014

**Income**

Other income	6.25
Total income	6.25

**Expenses**

Subscription duty (Taxe d'abonnement)	324.52
Other expenses	1,307.34
Total expenses	1,631.86

Net losses from investments	-1,625.61
-----------------------------	-----------

**Net realised profit (loss)**

- on forward exchange contracts	-42,210.00
- on foreign exchange	-310.78
Realised result	-44,146.39

**Net change in the unrealised gain (loss)**

- on securities portfolio	-47,647.09
- on forward exchange contracts	-3,245.51
Result of operations	-95,038.99

Liquidation surplus	-
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Issues	-
--------	---

Redemptions	-
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Total changes in net assets	-95,038.99
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Total net assets at the start of the period	673,146.59
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Total net assets at the start of the period	578,107.60
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The accompanying notes form an integral part of these financial statements.



**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Statistics (in USD)**

as at 31 December 2014

**Total net assets**

- as at 31 December 2014	578,107.60
- as at 31 December 2013	673,146.59
- as at 31 December 2012	11,789,108.84

**Number of units of Class C1**

- outstanding at the start of the period	35,866.351
- issued	0.000
- redeemed	0.000
- outstanding at the end of the period	35,866.351

**Net asset value per unit of Class C1**

- as at 31 December 2014	7.53
- as at 31 December 2013	8.13
- as at 31 December 2012	101.62

**Performances of units of Class C1 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	-
- as at 31 December 2012	2.23

**Number of units of Class C2**

- outstanding at the start of the period	36,042.010
- issued	0.000
- redeemed	0.000
- outstanding at the end of the period	36,042.010

**Net asset value per unit of Class C2**

- as at 31 December 2014	EUR 7.06
- as at 31 December 2013	EUR 7.69
- as at 31 December 2012	EUR 94.32

**Performances of units of Class C2 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	-
- as at 31 December 2012	1.33

Annual performance figures have been calculated for the last three financial years. In the case of sub-funds/categories of units which were launched or liquidated in the course of the financial year, the corresponding annual performance has not been calculated.

Historical performance provides no indication as to future performance. Performance data do not take account of the commission and charges collected upon the issue and redemption of Fund units.

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

**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Statement of securities portfolios and other net assets (in USD)**  
as at 31 December 2014

Currency	Nominal value/ Quantity	Description	Purchase Cost	Market value	% of net assets
<b><u>Securities portfolio</u></b>					
<b><u>Other securities</u></b>					
<b>Shares</b>					
CHF	426,500	WISeKey SA	797,334.40	407,784.82	70.54
Total securities portfolio			797,334.40	407,784.82	70.54
Cash at banks				192,520.63	33.30
Other net assets/(liabilities)				-22,197.85	-3.84
Total				578,107.60	100.00

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

**CALLANDER FUND - GLOBAL SECURITY**  
**(put into liquidation on 17 April 2013)**

**Economic and geographical classification of securities portfolio**  
as at 31 December 2014

---

**Economic classification**

(as a percentage of net assets)

Software and services	<u>70.54 %</u>
Total	<u>70.54 %</u>

**Geographical classification**

(by country of residence of issuer)  
(as a percentage of net assets)

Switzerland	<u>70.54 %</u>
Total	<u>70.54 %</u>

**CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN**  
**(put into liquidation on 6 October 2014 and liquidated on 5 December 2014)**

**Management report**

from 1 January 2014 to 05 December 2014

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The sub-fund CALLANDER FUND – DIAM ASIA PACIFIC EX. JAPAN returned -0.88% for share class C1 while the MSCI AC Asia Pacific ex Japan its benchmark returned 3.50%, this led to an underperformance of 4.38% during 2014. Please note the performance is year to date to 06<sup>th</sup> October 2014 as the fund has been liquidated.

Asian equity indices generally declined at the beginning of the year, dragged by contagion fears from the devaluation of emerging market currencies partly driven by the scaling back of the Federal Reserve's quantitative easing program. The Fed's decision to taper Quantitative Easing could hold back Asian equities in the short term. This has been the experienced on previous occasions in the past four years when the Fed scaled back its asset purchase programs or signaled that tapering was imminent.

Among the North Asian markets at the beginning of the year, we were positive on China and Taiwan but less positive on Korea. We expected China to maintain its steady GDP growth in Q1 2014. We maintained a slight underweight in Australia as we believed the volatility in commodities prices and thus that of the Australian dollar might remain high.

According to consensus numbers in Q1 2014, most countries in Asia were predicted to enjoy 8-15% EPS growth in 2014 thanks to domestic consumption and US economic recovery. Our view at the time was that equities were likely to react favorably and drift higher alongside the growth in earnings, and attractive valuations. In Q1 2014 we expected to see the Chinese markets rebounding over the following quarter or two. Prior to Q1 2014 the markets had plummeted considerably due to a series of bad news stories such as weak economic statistics, a shadow banking issue and a corporate bond default. In light of these concerns, the government had started to roll out measures to tackle those issues. One of the measures announced was to allow commercial banks to issue preference shares to strengthen their capital base. Another measure was to ease purchase restrictions for properties in some cities. During the quarter, we remained cautious on commodity-dependent markets, such as Australia, given the growing headwind from slower growth and higher rates from the US tapering of the quantitative easing program.

In Q2 2014, growth momentum across the Asian region had improved as expected, with weaker domestic demand offset by gradually recovering external conditions. However, divergence in performance continued, marked by improving trends in North Asia such as Korea. Korea had a large amount of current account surplus, unlike the rest of Asia, and a property market which is just starting to revive. Korea's higher value-added exports were expected to benefit more than the rest of Asia from recoveries in advanced economies. The government showed its dedication to focusing more on reforms.

The Southeast Asian markets continued to be tricky in Q2 2014. We had negative positions on Thailand as we viewed that investors' optimism was unwarranted. Most investors in Thailand buy into the country whenever there is a coup. However, we thought that the situation could be different because structurally, Thailand has to deal with unfavorable demographics and their economy is currently on a high base which makes it difficult to churn out above average economic growth. We continued to maintain positive on Indonesia despite the small setback in the presidential election that took place in following months.

In Q3 2014, investors became more optimistic on Asian markets compared to the previous year, as the overall fund flows are in positive territory over the last four months. India and ASEAN has been a major beneficiary of this change in investor sentiment. Despite the YTD outperformance against the MSCI World, valuations are still at a marked discount compared to developed market peers as investors fear the impact of a potential US Federal Reserve tightening.

**CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (put into liquidation on 6 October 2014 and liquidated on 5 December 2014)**

**Management report (cont'd)**

from 1 January 2014 to 05 December 2014

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A strengthening in the KRW-JPY cross rate depressed the relative competitiveness of Korean exporters and a strong capital account did not suggest a change in the trend in the near future. Domestic consumption remained weak and the relatively few stocks that appeared to have strong underlying fundamentals no longer offer value. However, some of the SOE and conglomerates can benefit from the tax reform which was just announced by the government in July.

In Q3 2014, we believed that the Chinese market would steadily edge upwards. In August, a couple of weaker than expected economic statistics were reported which spurred the need to apply additional easing measures by the Central Government. This was evidenced by the liquidity injection of Rmb500bn offered by the People's Bank of China to five major banks in mid-September. It was widely anticipated that more stimulus measures will be rolled out in the near future, which will be beneficial to the stock market. Infrastructure spending for selected areas remained strong, e.g. railway fixed asset investment amount went up by 45% YoY in August. In October, we expect the opening of the through train scheme which allows mainland Chinese investors to buy Hong Kong listed stocks would give rise to an additional Rmb10.5bn of capital to the Hong Kong market on a daily basis.

Luxembourg, on 23 February 2015

The Board of Directors of the Management Company

Note: The information provided in this report is given by way of indication on the basis of historical data and is not indicative of future results.

**CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN**  
**(put into liquidation on 6 October 2014 and liquidated on 5 December 2014)**

**Statement of assets (in USD)**  
as at 31 December 2014

**Assets**

Cash at banks	100,291.94
Total assets	100,291.94

**Liabilities**

Expenses payable	100,291.94
Total liabilities	100,291.94
Net assets at the end of the period	0.00

Number of units of Class C1 outstanding	-
Net asset value per unit of Class C1	-
Number of units of Class S1 outstanding	-
Net asset value per unit of Class S1	-

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

**CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN**  
**(put into liquidation on 6 October 2014 and liquidated on 5 December 2014)**

**Statement of operations and other changes in net assets (in USD)**  
from 1 January 2014 to 05 December 2014

**Income**

Dividends, net	368,238.81
Bank interest	17.19
Total income	368,256.00

**Expenses**

Management fees	136,461.43
Custodian bank fees	29,324.04
Bank charges and other fees	7,313.13
Transaction fees	423,466.57
Central administration expenses	18,493.28
Professional expenses	13,775.72
Other administration expenses	52,276.99
Subscription duty (Taxe d'abonnement)	1,591.64
Bank interest paid	385.26
Other expenses	340,036.95
Total expenses	1,023,125.01

Net losses from investments	-654,869.01
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**Net realised profit (loss)**

- on securities portfolio	2,918,348.39
- on forward exchange contracts	-8,549.29
- on foreign exchange	11,999.35
Realised result	2,266,929.44

**Net change in the unrealised gain (loss)**

- on securities portfolio	-2,293,340.31
Result of operations	-26,410.87

Liquidation surplus	-18,538,788.57
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Issues	-
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Redemptions	-9,020.10
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Total changes in net assets	-18,574,219.54
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Total net assets at the start of the period	18,574,219.54
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Total net assets at the start of the period	0.00
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The accompanying notes form an integral part of these financial statements.

**CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN**  
**(put into liquidation on 6 October 2014 and liquidated on 5 December 2014)**

**Statistics (in USD)**

as at 31 December 2014

**Total net assets**

- as at 31 December 2014	-
- as at 31 December 2013	18,574,219.54
- as at 31 December 2012	20,041,566.82

**Number of units of Class C1**

- outstanding at the start of the period	5,699.000
- issued	0.000
- redeemed	-5,699.000
- outstanding at the end of the period	0.000

**Net asset value per unit of Class C1**

- as at 31 December 2014	-
- as at 31 December 2013	97.11
- as at 31 December 2012	91.59

**Performances of units of Class C1 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	6.03
- as at 31 December 2012	18.06

**Number of units of Class S1**

- outstanding at the start of the period	179,215.750
- issued	0.000
- redeemed	-179,215.750
- outstanding at the end of the period	0.000

**Net asset value per unit of Class S1**

- as at 31 December 2014	-
- as at 31 December 2013	100.55
- as at 31 December 2012	93.77

**Performances of units of Class S1 (in %)**

- as at 31 December 2014	-
- as at 31 December 2013	7.23
- as at 31 December 2012	19.39

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



### Notes to the financial statements

as at 31 December 2014

#### Note 1 -Principal accounting methods

##### a) Presentation of financial statements

The Fund's financial statements are drawn up in conformity with the legal and regulatory requirements in force in Luxembourg for collective investment undertakings.

##### b) Valuation of assets

Securities officially listed on a stock exchange or traded on any other regulated public market that is recognised and operating legitimately are valued at the closing price on the valuation day in question.

Securities that are not officially listed on a stock exchange or traded on any other regulated market or that, on the contrary, are listed or traded on several stock exchanges or markets are valued at their probable realisation value, calculated in good faith and on the basis of a reasonable commercial estimate.

Units in other funds are valued on the basis of the last published net asset value per unit or the last estimated net asset value, in the event that the latter is more recent and provided that the Management Company can be certain that the method of calculation used in the context of this estimate is compatible with the official valuation method.

Securities that are not officially listed on a stock exchange nor traded on any other regulated market, or whose true value cannot be determined on the basis of their quoted price in accordance with the first two paragraphs above, are valued at their probable realisation value, calculated in good faith and on the basis of a reasonable commercial estimate under the responsibility of the Board of Directors of the Management Company.

Securities denominated in currencies other than the Fund's reference currency are valued using the last known exchange rates.

##### c) Purchase cost of portfolio securities

The purchase cost of securities denominated in currencies other than the currency of the sub-fund is converted into that currency on the basis of the exchange rates prevailing on the day of purchase.

##### d) Net profits (losses) realised on investments

Profits or losses realised when securities are sold are calculated on the basis of the average purchase cost.

##### e) Income on securities portfolio

Dividends are recorded on the date of removal of the coupon ("ex-dividend date"), net of any withholding tax.

##### f) Valuation of forward exchange contracts

Forward exchange contracts are valued at the forward exchange market prices for the period remaining from the valuation date until the expiry of the contracts. Unrealised gains or losses are recorded in the statement of operations and other changes in net assets. Net realised and unrealised gains or losses and net change in the unrealised gains or losses are recorded in the statement of operations and other changes in net assets.

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

#### g) Valuation of futures contracts

Futures contracts are recorded off-balance sheet and are valued at their last available settlement price or at their closing price on stock exchanges or regulated markets. Unrealised gains or losses are recorded in the statement of operations and other changes in net assets. Net realised and unrealised gains or losses and net change in the unrealised gains or losses are recorded in the statement of operations and other changes in net assets.

#### h) Formation costs

Formation costs have been depreciated using the straight-line method over a maximum period of five years from their respective launch dates.

#### i) Conversion of foreign currencies

The accounts of each sub-fund are kept in the corresponding currency.

The financial statements of the sub-funds are drawn up in the currencies listed below:

- CALLANDER FUND - ASSET	denominated in USD
- CALLANDER FUND - JAPAN NEW GROWTH	denominated in JPY
- CALLANDER FUND - CENTRAL EUROPE	denominated in EUR
- CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP (put into liquidation on 16 January 2013)	denominated in CHF
- CALLANDER FUND - GLOBAL SECURITY (put into liquidation on 17 April 2013)	denominated in USD
- CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (put into liquidation on 6 October 2014 and liquidated on 5 December 2014)	denominated in USD

Cash at banks, other net assets and the market value of securities in the portfolio denominated in currencies other than the currency of the sub-fund are converted into the currency of the sub-fund at the exchange rates prevailing on the date of the report. Income and expenses in currencies other than the currency of the sub-fund are converted into the currency of the sub-fund at the average exchange rates prevailing on the date of the transaction.

Exchange rate profits and losses resulting therefrom are recorded in the statement of operations and other changes in net assets.

#### j) Consolidation

The Fund's consolidated financial statements are drawn up in EUR and are equal to the sum of the corresponding items in the financial statements of each sub-fund converted into EUR at the following exchange rates prevailing on the date of the report:

1	EUR	=	1.2027528	CHF	Swiss franc
			145.1389425	JPY	Japanese yen
			1.2105000	USD	US dollar

#### k) Revaluation difference

The revaluation difference in the statement of operations and other changes in net assets represents the difference between the valuation of the net assets of the sub-funds at the start of the period with the exchange rates applicable at the date of this report.

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

#### l) Allocation of costs

Non-individualised costs are allocated to the different sub-funds in proportion to the net assets of each sub-fund.

#### m) Transaction fees

The transaction costs which are presented in the item "Transaction fees" of the expenses of the statement of operations and other changes in net assets are to a large extent made up of fees supported by the Fund included in the purchase and sales prices of transactions, of liquidation costs of transactions paid to the Custodian Bank and of costs in respect of transactions on financial instruments and derivatives.

#### n) Central administration expenses

The "Central administration charges" section shown on the statement of operations and other changes in net assets is composed of administrative agent's fees and general secretarial charges.

### Note 2 - Management and performance fee

The management of the Fund is entrusted to CALLANDER MANAGERS S.A., formed on 7 October 1988 for an unlimited period in the form of a Public Limited Company governed by Luxembourg law. As at the date of the report, the Management Company is subject to the provisions of chapter 15 of the amended Law of 17 June 2010 on collective investment undertakings.

The Management Company may entrust, under its own responsibility, its supervision and, at its own expense, the management of the assets of one of more sub-funds of the Fund to one or more Managers.

The name and a description of the Managers and their remuneration are set out in the descriptions of the sub-funds. The Managers' remuneration may include a performance fee, the applicability and rate of which are shown in the respective sub-fund description.

The Management Company may, under its responsibility and supervision, entrust the distribution of units in one or more sub-funds of the Fund to one or more duly authorised agents.

The Management Company is entitled to an annual management fee payable at the end of each quarter and calculated on the basis of the average net assets of each sub-fund during the current quarter, at the following rates :

NAME OF SUB-FUNDS	Classes of units			
	C1	C2	G1	S1
CALLANDER FUND - ASSET	2%	2%		
CALLANDER FUND - JAPAN NEW GROWTH	2%	2%		
CALLANDER FUND - CENTRAL EUROPE	2%		1.2%	
CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP (put into liquidation on 16 January 2013)	2%	2%		
CALLANDER FUND - GLOBAL SECURITY (put into liquidation on 17 April 2013)	2%	2%		
CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (put into liquidation on 6 October 2014 and liquidated on 5 December 2014)	2%			0.9%

In addition, each sub-fund pays the Management Company a performance fee in respect of each accounting year corresponding to 10 % of the positive annual increase in net asset value per unit (i.e. the positive difference between the net asset value calculated at the annual closing of accounts and

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

the highest net asset value of all net asset values calculated at the closing of accounts in previous years) multiplied by the average number of units outstanding during the financial year in question. On each valuation day, the performance fee is estimated and provision made for it in the net asset value.

This fee is payable annually within one month following the end of the financial year. No performance fee is payable for as long as the net asset value calculated at the annual closing of accounts is lower than the highest net asset value of all net asset values calculated at the closing of accounts in previous years.

No performance fee has been agreed upon for the CALLANDER FUND - JAPAN NEW GROWTH and CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (put into liquidation on 6 October 2014 and liquidated on 5 December 2014) sub-funds.

On the date of this report, the performance fee was recorded for the following sub-funds in the amount of:

CALLANDER FUND - ASSET	USD 25,814.89
CALLANDER FUND - CENTRAL EUROPE	EUR 0.00

#### Note 3 - Fee on issues, redemptions and conversions of units

Units in the Fund are issued and redeemed, through the Management Company, at the net asset value on the next valuation day following the day on which the subscription or redemption orders are received.

An entry fee of a maximum of 4 % of the net asset value is added to the subscription price and paid to the placement agent and/or the Management Company.

An exit fee of a maximum of 1 % of the net asset value may be deducted from the redemption price and paid to the placement agent and/or the Management Company.

In the event of conversion, a conversion fee of a maximum of 1 % of the net asset value of the assets converted will be paid to the placement agent and/or the Management Company.

The conversion of units into classes of units intended exclusively for institutional investors is authorised only on condition that the investor applying to convert is an institutional investor within the meaning of Article 174 (2) of the amended Law of 17 December 2010.

#### Note 4 - Subscription duty (Taxe d'abonnement)

The Fund is governed by Luxembourg law.

Under current legislation and regulations, the Fund is subject to a subscription duty ("taxe d'abonnement") at an annual rate of 0.05 % of the net assets for units of Classes C1, C2 and of 0.01 % of the net assets for units of Classes S1 and G1 calculated and payable quarterly, on the basis of its net assets at the end of each quarter.

According to Article 175 (a) of the amended Law of 17 December 2010, the part of net assets invested in UCIs already subject to the subscription duty are exempt from this tax.

### Notes to the financial statements (cont'd)

as at 31 December 2014

#### Note 5 - Total Expense Ratio ('TER') and Portfolio Turnover Rate ('PTR')

The TER and PTR presented in the "Statistics" pages of this report are calculated in compliance with the Directive on the calculation and publication of the TER and the PTR, for collective capital investments, issued on 16 May 2008 by the "Swiss Funds & Asset Management Association" SFAMA (Swiss Fund Association SFA until 30 June 2013).

The TER and PTR are calculated over the last 12 months preceding the date of this report.

The Transaction fees are not included in the calculation of the TER.

The PTR is calculated in accordance with the formula  $(\text{Total 1} - \text{Total 2})/M \times 100$

with  $\text{Total 1} = \text{Total securities transactions} = X + Y$

$X = \text{purchases of securities}$

$Y = \text{sales of securities}$

$\text{Total 2} = \text{Total issues and redemptions} = S + T$

$S = \text{issues}$

$T = \text{redemptions}$

$S+T$ : issues and redemptions are set off by day of calculation of NAV.

$M = \text{average total net assets}$

If a performance fee is provided for and was calculated, the TER presented includes that fee. In addition, the performance fee ratio is calculated as a percentage of the average net assets for the last 12 months preceding the date of this report.

#### Note 6 - Management of the global risk

In accordance with the requirements set out in CSSF circular 11/512, the Board of Directors must assess the global risk of the Fund by applying either the commitment or the VaR-approach. In respect of risk management, the Board of Directors of the Management Company has opted for the commitment approach as method for assessment of the global risk.

#### Note 7 - Changes in the composition of the securities portfolio

Changes in the composition of the securities portfolio during the period to which the report refers are available on request free of charge from the registered office of the Management Company, from the Centralising Agent in France, from the Paying Agent in Austria, from the Paying and Administrative Agent in Germany, from the Distribution Agent in Spain, from the Payment Service in Switzerland and from the Representative in Switzerland.

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

#### Note 8 - Forward exchange contracts

As at 31 December 2014, the following sub-funds of the Fund were party to the forward exchange contracts with the BANQUE DE LUXEMBOURG, Luxembourg:

<b>CALLANDER FUND - ASSET</b>					
Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in USD)
<b>Forward exchange contracts linked to units of class C2</b>					
EUR	433,646.75	USD	528,853.89	30.01.2015	-1,227.22
					<u>-1,227.22</u>
<b>CALLANDER FUND - JAPAN NEW GROWTH</b>					
Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in JPY)
<b>Forward exchange contracts linked to units of class C2</b>					
EUR	100,000.00	JPY	14,704.500	30.01.2015	-161.534
EUR	5,969,438.98	JPY	876,045.018	30.01.2015	-7,911.513
					<u>-8,073.047</u>
<b>CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP (put into liquidation on 16 January 2013)</b>					
Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in CHF)
<b>Forward exchange contracts linked to units of class C2</b>					
EUR	20,835.00	CHF	25,050.96	30.01.2015	5.78
					<u>5.78</u>
<b>CALLANDER FUND - GLOBAL SECURITY (put into liquidation on 17 April 2013)</b>					
Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in USD)
<b>Forward exchange contracts linked to units of class C2</b>					
EUR	268,000.00	USD	326,839.40	30.01.2015	-2,338.14
					<u>-2,338.14</u>

#### Note 9 - Valuation of securities

As at 31 December 2014, the Wisekey SA security was valued at CHF 0.95. This security represents 68.69 % of the net asset value of the sub-fund CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP (put into liquidation on 16 January 2013)) and 70.54 % of the net asset value of the sub-fund CALLANDER FUND - GLOBAL SECURITY (put into liquidation on 17 April 2013).

As described in Note 1, this security was valued at its probable realisable value, calculated in good faith and on the basis of a reasonable commercial estimate under the responsibility of the Board of Directors of the Management Company.

On 28 June 2013, the Board of Directors of the Management Company valued WISEKey SA security for the first time at CHF 0.95 per security. This prudent valuation was based on the mid-point of a valuation range indicated in an independent report ordered by the Management Company from OCM Odyssey Capital Management.

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

Since this report in April 2013, although WISeKey SA has still not obtained a stock market listing, which would have provided traceable liquidity and market prices, and some of WISeKey SA's growth targets (which this report took into account, such as turnover), have not been met, WISeKey SA has nonetheless demonstrated very positive progress.

These developments are covered in the annual report on WISeKey SA's 2012/2013 financial statements and in the reports presented by WISeKey's CEO and CFO to the Ordinary General Meeting held mid-December 2013, at which a representative of the Management Company was present. In particular, WISeKey SA's cash flow problems have been resolved, operating losses have been reduced significantly, and successful rights issues have been held with the result that the company's equity capital has increased significantly. These rights issue were carried out at prices between CHF 1.44 and 2.25 per share.

Accordingly, on 15 February 2014, as a precautionary measure the Board of Directors of the Management Company kept the valuation of the WISeKey SA security in the financial statements of CALLANDER FUND as at 31 December 2013 at CHF 0.95 per security, well below the lowest of the rights issue prices, to reflect the limited liquidity of the stock and the intention of the Board of Directors of the Management Company to sell these positions as soon as possible rather than waiting for a possible stock market listing.

On 31 December 2014 the liquidation of the CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP sub-fund (in liquidation since 16 January 2013) and CALLANDER FUND - GLOBAL SECURITY sub-fund (in liquidation since 17 April 2013) could not be completed as they were holding WISeKey SA shares in their portfolios. Until now, the Management Company has been unable to sell these shares on the secondary market. On 3 November 2014 the Management Company received a proposal from by Garnero Group Acquisition Company ("GGAC") and WISeKey SA, offering WISeKey shareholders NASDAQ-listed GGAC shares in exchange for their WISeKey shares during the first quarter of 2015. The Management Company accepted this unique opportunity, which should have made it possible for the sale to go ahead at a sale price higher than the current valuation of CHF 0.95 per share. This exchange was subject to a 12-month sale restriction period beginning on receipt of the GGAC shares. The Management Company expected to more or less complete the sale of the GGAC shares during the first quarter of 2016, and the shareholders were to receive one or more liquidation surpluses as a result of this sale.

On 5 January 2015, the Board of Directors of the Management Company thus decided, as a precaution, to maintain the valuation of WISeKey SA shares at CHF 0.95 per share in the annual report as at 31 December 2014.

The probable 2016 exit value should be higher than CHF 0.95, but this value remains exposed to market (NASDAQ quotation) and USD/CHF exchange rate fluctuations.

On 24 March 2015, WISeKey SA withdraw the GGAC share exchange offer, as a result of which CALLANDER FUND has been unable to sell the shares.

## CALLANDER FUND

### Notes to the financial statements (cont'd)

as at 31 December 2014

#### Note 11 - Other expenses

The other expenses mainly include representation costs relating to the marketing of the units of the Fund payable to the Management Company. The respective costs amount to:

Name of sub-funds	Currency	Amount
CALLANDER FUND - ASSET	USD	105,974.83
CALLANDER FUND - JAPAN NEW GROWTH	JPY	22,309..59
CALLANDER FUND - CENTRAL EUROPE	EUR	123,305.65
CALLANDER FUND - SWISS GROWTH SMALL AND MID CAP (put into liquidation on 16 January 2013)	CHF	0.00
CALLANDER FUND - GLOBAL SECURITY (put into liquidation on 17 April 2013)	USD	0.00
CALLANDER FUND - DIAM ASIA PACIFIC EX JAPAN (put into liquidation on 6 October 2014 and liquidated on 5 December 2014)	USD	195,978.57

#### Note 11 - Valuation of the CALLANDER FUND - ASSET sub-fund

The total net assets at 31 December 2014 were calculated on the basis of prices at 30 December 2014, in accordance with the valuation methods described in the prospectus.

If the total net assets at 31 December 2014 had been calculated on the basis of prices at 31 December 2014, the total net assets for the CALLANDER FUND - ASSET sub-fund would have been very different:

Total net assets according to the financial statements	USD 8,725,942.54
Total net assets based on prices at 31 December 2014	USD 8,602,155.44
Impact on total net assets	-1.42 %