

Red Arc Global Investments (Luxembourg) SICAV  
(formerly Copia Investments SICAV)

# **Audited Annual Report**

For the year ended  
31 December 2015

R.C.S. LUXEMBOURG B 181.888

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**Company Information**

Red Arc Global Investments (Luxembourg) SICAV

**Registered Office**

31, Z.A. Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg

**Board of Directors**

*Chairman of the Board of Directors*

Véronique Gillet  
Independent Director  
58, rue Glesener  
L-1630 Luxembourg  
Grand Duchy of Luxembourg

*Other members of the Board of Directors*

Alain Guérard  
Independent Director  
53, am Steffesgaart  
L-5222 Sandweiler  
Grand Duchy of Luxembourg

Vassilios Pappas  
Managing Director  
Assenagon Asset Management S.A.  
Munich Branch  
Prannerstraße 8  
D-80339 Munich  
Germany

Dr. Robert Wendt  
Managing Director  
Assenagon Asset Management S.A.  
Munich Branch  
Prannerstraße 8  
D-80339 Munich  
Germany

**Management Company**

Assenagon Asset Management S.A.  
Aerogolf Center  
1B, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Board of Directors of the Management Company

*Chairman*

Hans Günther Bonk

**Company Information (continued)****Management Company (continued)***Other members*

Vassilios Pappas  
Dr. Dr. Heimo Plössnig

*Day-to-day Managers of the Management Company*

Hans Günther Bonk  
Michael Hünseler  
Anders Malcolm  
Vassilios Pappas  
Dr. Dr. Heimo Plössnig  
Thomas Romig (since 20/03/2015)  
Dr. Robert Wendt

**Investment Manager: BOCHK RMB High Yield Bond Fund**

BOCHK Asset Management Limited  
32/F, Bank of China Tower  
1 Garden Road  
Hong Kong

**Investment Advisor: Absolute Return Opportunities Fund**

BlackRock Financial Management Inc.  
55 E 52<sup>nd</sup> Street  
New York 10055

**Global Distributor**

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Platform Advisor**

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom  
(until 17/12/2015)

**Custodian and Paying Agent**

Citibank International Limited, Luxembourg Branch  
31, Z.A. Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg

**Central Administration, Registrar and Transfer Agent and Domiciliary Agent**

Citibank International Limited, Luxembourg Branch  
31, Z.A. Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg

**Auditor**

KPMG Luxembourg, Société coopérative  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisor**

Clifford Chance  
10, Boulevard Grande-Duchesse Charlotte  
L-1330 Luxembourg  
Grand Duchy of Luxembourg

**Company Information (continued)****Centralising agent, paying and information agent in France**

Société Générale  
29, Boulevard Haussmann  
F-75009 Paris  
France

**Centralising agent, paying and information agent in Germany**

Baader Bank  
Weihenstephaner Straße 4  
D-85716 Unterschleißheim  
Germany

**Paying and information agent in Austria**

Erste Bank der oesterreichischen Sparkassen AG  
Graben 21  
A-1010 Vienna  
Austria

**Paying agent in Sweden**

Skandinaviska Enskilda Banken AB  
Kungsträdgårdsgatan  
SE-106 40 Stockholm  
Sweden

**Paying agent in Switzerland**

Banque Cantonale de Genève  
17, Quai de l'Île  
CH-1204 Geneva  
Switzerland

**Representative in Switzerland**

Carnegie Fund Services S.A.  
11, Rue du Général-Dufour  
CH-1204 Geneva  
Switzerland

**Distribution Abroad**

For the following sub-funds of Red Arc Global Investments (Luxembourg) SICAV no notification for distribution in the Federal Republic of Germany was submitted and shares in these sub-funds may NOT be offered to investors within the scope of the German investment law. As a consequence, the following sub-funds are NOT available to investors in Germany:

- Absolute Return Dynamic Protection Fund

Paying and Information Agent for the shares of the SICAV authorized for public distribution in Germany:

Baader Bank Aktiengesellschaft  
Weihenstephaner Straße 4  
D-85716 Unterschleißheim  
Germany

Applications for the redemption and conversion of shares may be filed with the Paying and Information Agent in Germany. At the request of Shareholders, the proceeds of redemptions, any dividends as well as other payments may be paid to them via the Paying and Information Agent in Germany (by credit transfer, cheque or cash deposit).

The current prospectus, the Key Investor Information Documents, the articles of incorporation of the SICAV, the annual and semi-annual reports, the issue, redemption and conversion prices of shares as well as any other information intended for Shareholders are available free of charge from the Paying and Information Agent in Germany.

In addition, the issue and redemption prices are published on [www.funds.citi.com](http://www.funds.citi.com), and any other information to Shareholders are published in the "Börsen-Zeitung".

## Directors' Report

## Volatility Arbitrage Fund

## a) Investment Objective

The sub-fund aims to achieve capital growth by pursuing investment opportunities that arise from differences between the implied and realised volatility of the US equity market as represented by the Standard & Poor's 500® Index (the "S&P 500"). 'Volatility' is a measurement of the daily fluctuations in value of an asset. Implied volatility refers to the expected future fluctuations in value of an asset, whereas realised volatility refers to the actual historic value fluctuations. The sub-fund is not tied to a benchmark.

## b) Investment Policy

In order to pursue its investment objective, the sub-fund uses statistical models to identify whether the realised volatility for a given period is likely to be greater or less than the implied volatility for that period. Depending on its expectation, the sub-fund either buys or sells financial contracts ("variance swaps") which are designed to make a payment calculated by reference to the difference between the realised and implied volatility of the S&P 500 over the relevant period. The sub-fund can also transact in other financial contracts linked to volatility. As part of the effective management of the sub-fund, any subscription proceeds not used to gain investment exposure to variance swaps are invested in a range of financial instruments, including cash deposits, government bonds, money market instruments, other UCITS and money market funds. The sub-fund also uses foreign exchange currency forward contracts to smooth out the currency exposures arising where the currency of the relevant Class is not the same as the reference currency of the sub-fund.

## c) Fund &amp; Market Commentary

The implied volatility as measured by the VIX Index showed moderate spikes in January, smoothed down in February and oscillated around 15% until midyear. The sub-fund increased its short exposure to the volatility throughout the first half of the year. During unstable market conditions in June, the invested short vega notional was reduced significantly but shortly thereafter returned to the old levels after the markets had stabilised. The worries about an economic slowdown in China dominated the markets in August which resulted in a severe drop of the SPX index in the second half of August. Consequently, the VIX Index reached its year-high of 40.74% on August 24th which, along with the sub-fund's short exposure, led to a sharp performance drop towards the end of August. Throughout the high volatility months of September and October, the short volatility exposure was kept low and increased in November, after the VIX Index had stabilised. During high market volatility in mid December the short vega exposure was further reduced. During the reporting period, the sub-fund (measured in the I USD Class) was down by -4.28%.

## d) Performance Figures (until 31/12/2015)

Sub-fund	Class	Currency	Launch Date	Performance one Year	Performance since Inception
Volatility Arbitrage Fund	I	USD	16/01/2014	-4.28%	-0.32%
Volatility Arbitrage Fund	I	EUR	28/02/2014	-4.54%	0.79%
Volatility Arbitrage Fund	I	CHF	20/11/2014	-5.37%	-5.60%
Volatility Arbitrage Fund	ID	EUR	23/02/2015	N/A	-4.50%
Volatility Arbitrage Fund	A	USD	09/07/2015	N/A	-5.47%
Volatility Arbitrage Fund	C	EUR	19/11/2014	N/A <sup>1</sup>	-5.35%
Volatility Arbitrage Fund	ID	USD	15/10/2014	N/A <sup>2</sup>	-0.44%

Past performance is not indicative of future performance. Any applicable sales charges and redemption fees were not considered in the calculation of the performance figures.

## 1. European Equity Absolute Return

## a) Investment Objective

The sub-fund aims to achieve capital growth by pursuing a mean reversion trading strategy applied to the European equity market as represented by the Eurostoxx 50 Index (the "Index"). 'Mean reversion' is the concept that is observed when the price of an asset over time tends to revert to an average of its recent prices. An investment in the sub-fund is fundamentally different in nature to an investment which aims to track the Index.

<sup>1</sup> The share class was fully redeemed on 23/11/2015

<sup>2</sup> The share class was fully redeemed on 20/02/2015

**Directors' Report (continued)****b) Investment Policy**

The Investment Manager actively adjusts the size and direction of the sub-fund's exposure to the Index using statistical analysis including, at its discretion, a mean reversion trading methodology developed by Citigroup Global Markets Limited. If the level of the Index is below the average of its recent levels, the sub-fund may take a positive ("long") exposure to the Index. This will lead to the sub-fund gaining in value if the Index level subsequently rises. If the level of the Index is above the average of its recent levels, the sub-fund may take a negative ("short") exposure to the Index. This will lead to the sub-fund gaining in value if the Index level subsequently falls. However, the sub-fund will decline in value if the Index level falls when the sub-fund has a positive exposure to the Index, or if the Index level rises when the sub-fund has a negative exposure to the Index. The exposure to the Index is at the Investment Manager's discretion and is achieved through financial contracts ("swaps").

As part of the effective management of the sub-fund, any subscription proceeds not invested in swaps are invested in other financial instruments, including cash deposits, government bonds, money market instruments, other UCITS and money market funds. The sub-fund also uses foreign exchange currency forward contracts to smooth out the currency exposures arising where the currency of the relevant Class is not the same as the reference currency of the sub-fund.

**c) Fund & Market Commentary**

During the first four months of 2015, the EURO STOXX 50® price index ("SX5E Index") had increased steadily and reached its peak of 3,829 on April 13th. As a consequence, the SX5E Index differed from its mean-reverting level which resulted in an unfavourable exposure of the strategy. From May until mid August, the sideways movement of the SX5E Index turned out to be favourable for the investment strategy – the sub-fund (measured in the the C EUR Class) gained 7.65% during that period. Both the SX5E Index and the strategy had to incur significant losses due to the global worries about the Chinese economy in the second half of August, which they could partially overcome until year-end. During the reporting period the sub-fund gained 2.23% (measured in the C EUR Class, see table below).

**d) Performance Figures (until 31/12/2015)**

Sub-fund	Class	Currency	Launch Date	Performance one Year	Performance since Inception
European Equity Absolute Return Fund	C	EUR	01/04/2014	2.23%	2.95%
European Equity Absolute Return Fund	A	EUR	15/10/2014	N/A <sup>3</sup>	3.64%

Past performance is not indicative of future performance. Any applicable sales charges and redemption fees were not considered in the calculation of the performance figures.

**2. BOCHK RMB High Yield Bond Fund****a) Investment Objective**

The sub-fund aims to generate long-term capital growth and income in Renminbi terms by investing mainly in debt securities issued by companies and special purpose vehicles ("SPVs"). Investments can be denominated in Renminbi, hedged to this currency or have other exposure to this currency. Renminbi is the official currency of the People's Republic of China ("PRC"). The currency is traded both onshore in the PRC and offshore (outside the PRC). The sub-fund is not tied to a benchmark.

**b) Investment Policy**

The sub-fund's investment focus is on debt securities with either sub-investment-grade credit ratings, or no credit rating, although the sub-fund may also invest in investment-grade debt securities. The allocation to particular investments will depend on, amongst other factors, their relative risk and potential returns and the availability and attractiveness of, and access to, the relevant markets. The onshore and offshore debt securities in which the sub-fund may invest include government and corporate bonds, bonds issued by financial institutions and banks, certificates of deposit, commercial paper, floating rate notes, convertible bonds, and money market instruments. Further, the sub-fund may invest in collective investment schemes or portfolios managed by the Investment Manager and/or external asset managers, participatory notes and derivative products. Where the currency of the relevant share class is not the same as the reference currency of the sub-fund ("hedged" share classes), the sub-fund may use foreign exchange currency forward contracts to smooth out the currency exposures that arise.

**c) Fund & Market Commentary**

Asian credit markets experienced considerable turbulences during the year 2015. They were directly and indirectly affected by a variety of events such as the struggle between Greece and its creditors, Mainland China equity market sell-off, RMB devaluation, decline in commodity prices, Quantitative Easing programs from different governments, and the first US Federal Reserve rate hike in almost a decade.

In spite of this, the BOCHK RMB High Yield Bond Fund delivered a very stable performance in 2015, returning 10.74% (measured in the CD RMB share class, see below). Bond price volatility was minimized by keeping a low average duration in the portfolio. Furthermore, the sub-fund benefitted from an interest rate easing cycle which played out positively for the sub-fund's overweight position in the Chinese property sector.

<sup>3</sup> Share class was fully redeemed on 12/05/2015

## Directors' Report (continued)

## d) Performance Figures (until 31/12/2015)

Sub-fund	Class	Currency	Launch Date	Performance one Year	Performance since Inception
BOCHK RMB High Yield Bond Fund	CD	RMB	12/09/2014	10.73%	8.78%
BOCHK RMB High Yield Bond Fund	CD	USD	12/09/2014	4.82%	1.69%
BOCHK RMB High Yield Bond Fund	CD	HKD	12/09/2014	4.75%	1.69%
BOCHK RMB High Yield Bond Fund	AD	RMB	07/11/2014	10.45%	7.62%
BOCHK RMB High Yield Bond Fund	C	EUR	31/10/2014	16.76%	16.36%
BOCHK RMB High Yield Bond Fund	ID	EUR	26/03/2015	N/A	5.22%

Past performance is not indicative of future performance. Any applicable sales charges and redemption fees were not considered in the calculation of the performance figures.

## 3. Absolute Return Dynamic Protection Fund

## a) Investment Objective

The sub-fund aims to achieve capital growth and absolute returns, regardless of market conditions. The sub-fund aims to provide (1) partial capital protection equal to 85% of the highest price achieved by this share class over the most recent four quarter-year ends (the "Protected Amount"); and (2) volatility control. Volatility is a measure of the daily fluctuations in the value of an asset. The sub-fund is not tied to a benchmark.

## b) Investment Policy

The sub-fund obtains exposure to (1) an active portfolio and (2) a reserve portfolio. The active portfolio consists mainly of shares in UCITS funds, giving a broadly balanced exposure to a variety of asset classes, including bonds, commodities, equities and real estate. The reserve portfolio generates a cash-like interest rate return.

The sub-fund will use derivatives and efficient portfolio management transactions to achieve an exposure to the active portfolio and the reserve portfolio.

## c) Fund &amp; Market Commentary

The month after sub-fund launch proved difficult as global markets experienced downturns over concerns about the status of the Chinese economy. Due to its exposure to global equity and bond markets, the sub-fund was negatively affected by these turbulences, decreasing by 2.8% in the first month. The strategy exposure in the sub-fund was subsequently decreased to 60%. Throughout October and November, the equity markets managed to rebound and the strategy exposure increased to 130%, while at year-end strategy exposure was at 110%. Since inception, alternative investment funds within the sub-fund's strategy gained 0.29% on average, while traditional investment funds lost 2.15% on average. The most successful investment strategies within the target fund portfolio during the reporting period were Equity Market Neutral strategies with a positive return of 2.42%. The sub-fund displayed a return of -2.74% during the reporting period (measured in the A USD Class, see below).

## d) Performance Figures (until 31/12/2015)

Sub-fund	Class	Currency	Launch Date	Performance one Year	Performance since Inception
Absolute Return Dynamic Protection Fund	A	USD	28/07/2015	N/A	-2.74%

Past performance is not indicative of future performance. Any applicable sales charges and redemption fees were not considered in the calculation of the performance figures.

**Directors' Report (continued)****4. Absolute Return Opportunities Fund****a) Investment Objective**

The sub-fund aims to achieve a positive return and capital growth through taking exposure to a diversified selection of market-neutral strategies and indices. These strategies and indices adopt different investment styles in order to capture positive premiums linked to the persistence of structural or behavioural anomalies from across multiple asset classes. The strategies and indices use non-discretionary and algorithmic approaches which have been developed and provided by only Citigroup Global Markets Limited and Citibank, N.A (together, "Citi"). In addition, the sub-fund aims to provide volatility control. Volatility is a measure of the daily fluctuations in the value of an asset. The sub-fund is not tied to a benchmark.

**b) Investment Policy**

The sub-fund invests some or all of its subscription proceeds in one or more financial contracts (a type of derivative called a "swap") to obtain an investment exposure to a range of strategies and indices. The asset classes to which the strategies and indices provide exposure to can include equities, fixed income, commodities and foreign currencies. Each strategy and index aims to exploit structural inefficiencies within financial markets with an aim of generating uncorrelated returns to traditional financial assets. Such inefficiencies could be captured through different trading styles used by financial market participants such as value, trend/momentum, or carry in various asset classes. For example, a value style towards equities means taking a long exposure to under-valued stocks and a short exposure to over-valued stocks to capture the potential for greater risk-adjusted returns. Carry styles in currencies take long exposure to currencies with higher yields and simultaneous short exposure to currencies with lower yields. Based on the expected contribution of each strategy and index to the risk of the sub-fund, the exposure to an asset class and any single strategy or index is then determined. In an effort to achieving the volatility target, the sub-fund may actively incur leverage. As part of the effective management of sub-fund, any subscription proceeds not invested in swaps are invested in a portfolio (the "Liquidity Portfolio"), which may comprise of cash deposits, government bonds, money market instruments, other UCITS, and money market funds. The sub-fund also uses foreign exchange currency forward contracts to smooth out the currency exposures arising where the currency of the relevant Class is not the same as the reference currency of the sub-fund.

**c) Fund & Market Commentary**

During the short period from sub-fund launch in mid December until year-end, commodity prices stabilized and global equity markets found more strength during the period whilst bonds continued to sell-off. The rate hike by the US Federal Reserve in mid-December was well discounted by markets and provoked only a modest reaction in short-term rates. During this time the sub-fund allocated 24.6% into Commodity strategies, 30.5% into European and 36.5% into US equity strategies and 8.4% into FX strategies. Total leverage was 320%. FX strategies performed best, with a contributed return of 0.09%. The sub-fund lost 0.69% during the reporting period (measured in the C USD share class).

**d) Performance Figures (until 30/12/2015)**

Sub-fund	Class	Currency	Launch Date	Performance one Year	Performance since Inception
Absolute Return Opportunities Fund	C	USD	11/12/2015	N/A	-0.69%
Absolute Return Opportunities Fund	CD	USD	11/12/2015	N/A	-0.69%

Past performance is not indicative of future performance. Any applicable sales charges and redemption fees were not considered in the calculation of the performance figures.

**Statement of Net Assets**  
As at 31 December 2015

To the Shareholders of  
Red Arc Global Investments (Luxembourg) SICAV

31, Zone d'Activités Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg

**REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

***Report on the financial statements***

We have audited the accompanying financial statements of Red Arc Global Investments (Luxembourg) SICAV ("the SICAV") and each of its Sub-Funds, which comprise the Statement of Net Assets and the Schedule of Investments as at 31 December 2015 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors of the SICAV responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Red Arc Global Investments (Luxembourg) SICAV and each of its Sub-Funds as of 31 December 2015, and of the results of their Operations and Changes in their Net Assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 11 April 2016

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé



Chrystelle Veeckmans

**Statement of Net Assets**  
As at 31 December 2015

	Notes	Volatility Arbitrage Fund	European Equity Absolute Return Fund	BOCHK RMB High Yield Bond Fund	Absolute Return Dynamic Protection Fund <sup>1</sup>	Absolute Return Opportunities Fund <sup>2</sup>	Combined Net Assets <sup>3</sup>
		USD	EUR	CNH	USD	USD	EUR
<b>Assets</b>							
Acquisition cost of securities	2a	47,121,421	–	700,609,135	32,858,257	42,228,370	210,680,729
Unrealised appreciation/(depreciation) on the value of securities		2,971	–	54,513,811	(308,878)	7,474	7,364,686
Investments in securities at market value	2a	47,124,392	–	755,122,946	32,549,379	42,235,844	218,045,415
Cash at bank		347,162	5,147	42,264,352	583,586	466,657	7,214,343
Receivable due from swap counterparty	10	–	3,811,229	–	–	–	3,811,229
Amounts receivable on subscriptions		–	–	705,233	–	695,000	738,616
Interest receivable, net		–	–	17,105,301	–	–	2,397,088
Formation expenses	2f	–	–	282,349	–	–	39,568
Unrealised appreciation on forward foreign exchange contracts	11	980	–	4,066,661	–	–	570,792
Unrealised appreciation on swaps	10	619,823	114,910	–	15,845,258	80,011	15,345,594
Other receivable		3,837	25,519	–	–	–	29,051
<b>Total assets</b>		<b>48,096,194</b>	<b>3,956,805</b>	<b>819,546,842</b>	<b>48,978,223</b>	<b>43,477,512</b>	<b>248,191,696</b>
<b>Liabilities</b>							
Amounts payable on redemptions		–	–	155,531	–	–	21,796
Amounts payable on dividend distribution		–	–	16,451,596	–	–	2,305,480
Unrealised depreciation on forward foreign exchange contracts	11	123,399	–	26,827,390	–	–	3,873,110
Unrealised depreciation on swaps	10	211,484	–	–	216,583	315,577	684,566
Accounts payable and accrued expenses		318,821	24,173	2,049,904	160,634	31,388	781,700
Upfront payment received on swap transactions		–	–	–	–	1,888	1,738
<b>Total liabilities</b>		<b>653,704</b>	<b>24,173</b>	<b>45,484,421</b>	<b>377,217</b>	<b>348,853</b>	<b>7,668,390</b>
<b>Net Assets</b>		<b>47,442,490</b>	<b>3,932,632</b>	<b>774,062,421</b>	<b>48,601,006</b>	<b>43,128,659</b>	<b>240,523,306</b>

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

<sup>3</sup> See note <sup>2</sup>(i) for a definition of 'Combined Net Assets'

**Statement of Operations and Changes in Net assets**  
For the year ended 31 December 2015

	Notes	Volatility Arbitrage Fund	European Equity Absolute Return Fund	BOCHK RMB High Yield Bond Fund	Absolute Return Dynamic Protection Fund <sup>1</sup>	Absolute Return Opportunities Fund <sup>2</sup>	Combined Net Assets <sup>3</sup>
		USD	EUR	CNH	USD	USD	EUR
<b>Net assets at the beginning of the period/year</b>		110,336,769	35,739,522	1,015,301,686	–	–	261,865,449
<b>Income</b>							
Interest income, net	2e	14,455	274	78,058,158	–	–	10,952,429
Other income		18,211	–	–	–	–	16,764
<b>Total income</b>		<b>32,666</b>	<b>274</b>	<b>78,058,158</b>	<b>–</b>	<b>–</b>	<b>10,969,193</b>
<b>Expenses</b>							
Administration fees		111,369	40,556	745,661	21,022	5,050	271,574
Amortisation of formation expenses	2f	–	–	8,812	–	–	1,235
Interest expense on swap contract		–	–	–	–	448	412
Management fees	6	852,328	52,121	9,909,745	56,630	15,027	2,291,424
Depository fees		55,367	29,323	418,064	17,539	2,492	157,317
Subscription tax	9	12,419	5,214	420,867	1,273	5,377	81,747
Other expenses	7	44,626	17,700	568,937	94,388	3,442	228,568
Total expenses before reimbursement		1,076,109	144,914	12,072,086	190,851	31,836	3,032,276
Expense reimbursement	6,7	–	(71,094)	–	–	–	(71,094)
<b>Total expenses after reimbursement</b>		<b>1,076,109</b>	<b>73,820</b>	<b>12,072,086</b>	<b>190,851</b>	<b>31,836</b>	<b>2,961,182</b>
<b>Net income/ (loss) from investments</b>		<b>(1,043,443)</b>	<b>(73,546)</b>	<b>65,986,072</b>	<b>(190,851)</b>	<b>(31,836)</b>	<b>8,008,011</b>
<b>Net realised gain/ (loss) from:</b>							
Sales of investments	2b	(1,019)	–	(45,271,633)	(534,401)	–	(6,837,123)
Forward foreign exchange contracts	2g	(3,749,142)	–	2,361,463	(13,909)	–	(3,133,169)
Foreign currency transactions		(3,026)	1	(1,547,968)	10,553	(28)	(210,024)
Swaps	2h	(5,634,723)	(353,150)	–	(15,990,183)	(41,385)	(20,298,185)
<b>Net change in unrealised appreciation/(depreciation) from:</b>							
Investments		2,537	–	78,028,533	(308,878)	7,474	10,659,573
Forward foreign exchange contracts		95,325	–	(17,425,359)	–	–	(2,354,188)
Swaps		428,636	21,283	–	15,628,675	(235,566)	14,586,086
<b>Net increase/ (decrease) in net assets as a result of operations</b>		<b>(9,904,855)</b>	<b>(405,412)</b>	<b>82,131,108</b>	<b>(1,398,994)</b>	<b>(301,341)</b>	<b>420,981</b>
<b>Movements in capital</b>							
Subscriptions of shares		99,213,870	1,000,038	342,884,409	50,000,000	43,430,000	226,390,359
Redemptions of shares		(152,203,294)	(32,401,516)	(574,126,809)	–	–	(252,969,675)
Dividend distribution		–	–	(92,127,973)	–	–	(12,910,553)
Currency translation		–	–	–	–	–	17,726,745
<b>Net assets at the end of the period/year</b>		<b>47,442,490</b>	<b>3,932,632</b>	<b>774,062,421</b>	<b>48,601,006</b>	<b>43,128,659</b>	<b>240,523,306</b>

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

\* See note 2(i) for a definition of 'Combined Net Assets'

**Statistics**

As at 31 December 2015

	Volatility Arbitrage Fund	European Equity Absolute Return Fund	BOCHK RMB High Yield Bond Fund	Absolute Return Dynamic Protection Fund <sup>1</sup>	Absolute Return Opportunities Fund <sup>2</sup>
	USD	EUR	CNH	USD	USD
<b>Number of shares outstanding</b>					
31 December 2015					
Share Class AD USD	–	–	–	500,000 <sup>3</sup>	–
Share Class A USD	58,539 <sup>4</sup>	–	–	–	–
Share Class AD RMB	–	–	106	–	–
Share Class C EUR	–	38,200	21,439	–	–
Share Class C USD	–	–	–	–	412,137 <sup>5</sup>
Share Class CD HKD	–	–	2,728,562	–	–
Share Class CD RMB	–	–	1,793,413	–	–
Share Class CD USD	–	–	352,488	–	22,148 <sup>6</sup>
Share Class I USD	190,458	–	–	–	–
Share Class I hedged EUR	112,730	–	–	–	–
Share Class I hedged CHF	2,200	–	–	–	–
Share Class ID EUR	100,000 <sup>7</sup>	–	10,000 <sup>8</sup>	–	–
<b>Net asset value per share class</b>					
31 December 2015					
Share Class AD USD	–	–	–	48,601,006 <sup>3</sup>	–
Share Class A USD	5,533,540 <sup>4</sup>	–	–	–	–
Share Class AD RMB	–	–	61,333	–	–
Share Class C EUR	–	3,932,632	17,800,992	–	–
Share Class C USD	–	–	–	–	40,929,158 <sup>5</sup>
Share Class CD HKD	–	–	267,189,367	–	–
Share Class CD RMB	–	–	213,195,553	–	–
Share Class CD USD	–	–	268,924,101	–	2,199,501 <sup>6</sup>
Share Class I USD	18,985,253	–	–	–	–
Share Class I hedged EUR	12,342,297	–	–	–	–
Share Class I hedged CHF	207,483	–	–	–	–
Share Class ID EUR	10,373,917 <sup>7</sup>	–	6,891,076 <sup>8</sup>	–	–
<b>Net asset value per share</b> is denominated in share class currency					
31 December 2015					
Share Class AD USD	–	–	–	97.20 <sup>3</sup>	–
Share Class A USD	94.53 <sup>4</sup>	–	–	–	–
Share Class AD RMB	–	–	579.52	–	–
Share Class C EUR	–	102.95	116.36	–	–
Share Class C USD	–	–	–	–	99.31 <sup>5</sup>
Share Class CD HKD	–	–	115.53	–	–
Share Class CD RMB	–	–	118.88	–	–
Share Class CD USD	–	–	116.14	–	99.31 <sup>6</sup>
Share Class I USD	99.68	–	–	–	–
Share Class I hedged EUR	100.79	–	–	–	–
Share Class I hedged CHF	94.40	–	–	–	–
Share Class ID EUR	95.50 <sup>7</sup>	–	96.57 <sup>8</sup>	–	–

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.<sup>3</sup> The class was launched on 28/07/2015.<sup>4</sup> The class was launched on 09/07/2015.<sup>5</sup> The class was launched on 11/12/2015.<sup>6</sup> The class was launched on 11/12/2015.<sup>7</sup> The class was launched on 23/02/2015.<sup>8</sup> The class was launched on 26/03/2015.

**Statistics (continued)**

As at 31 December 2014

	Volatility Arbitrage Fund	European Equity Absolute Return Fund	BOCHK RMB High Yield Bond Fund
	USD	EUR	CNH
<b>Number of shares outstanding</b>			
31 December 2014			
Share Class A EUR	–	500	–
Share Class AD RMB	–	–	106
Share Class C EUR	–	354,400	14,735
Share Class CD HKD	–	–	3,286,779
Share Class CD RMB	–	–	3,729,795
Share Class CD USD	–	–	305,297
Share Class C hedged EUR	9,833	–	–
Share Class I USD	633,094	–	–
Share Class I hedged EUR	197,298	–	–
Share Class I hedged CHF	80,085	–	–
Share Class ID USD	100,206	–	–
<b>Net asset value per share class</b>			
31 December 2014			
Share Class A EUR	–	52,310	–
Share Class AD RMB	–	–	61,871
Share Class C EUR	–	35,687,212	11,048,655
Share Class CD HKD	–	–	323,775,127
Share Class CD RMB	–	–	446,108,410
Share Class CD USD	–	–	234,307,624
Share Class C hedged EUR	1,186,531	–	–
Share Class I USD	65,929,551	–	–
Share Class I hedged EUR	25,205,287	–	–
Share Class I hedged CHF	8,040,061	–	–
Share Class ID USD	9,975,340	–	–
<b>Net asset value per share</b>			
31 December 2014			
Share Class A EUR	–	104.62	–
Share Class AD RMB	–	–	584.61
Share Class C EUR	–	100.70	99.66
Share Class CD HKD	–	–	122.86
Share Class CD RMB	–	–	119.61
Share Class CD USD	–	–	123.43
Share Class C hedged EUR	99.72	–	–
Share Class I USD	104.14	–	–
Share Class I hedged EUR	105.58	–	–
Share Class I hedged CHF	99.76	–	–
Share Class ID USD	99.55	–	–

**Schedule of Investments**

As at 31 December 2015

Volatility Arbitrage Fund

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>				
<b>Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				
United States Treasury Bill 0.00% 07/Jan/16	7,176,010	USD	7,175,967	15.13
United States Treasury Bill 0.00% 14/Jan/16	7,296,095	USD	7,295,772	15.38
United States Treasury Bill 0.00% 21/Jan/16	7,246,010	USD	7,245,615	15.27
United States Treasury Bill 0.00% 28/Jan/16	2,599,756	USD	2,599,788	5.48
United States Treasury Bill 0.00% 04/Feb/16	3,380,005	USD	3,379,789	7.12
United States Treasury Bill 0.00% 11/Feb/16	3,629,994	USD	3,629,607	7.65
United States Treasury Bill 0.00% 18/Feb/16	1,079,729	USD	1,079,868	2.28
United States Treasury Bill 0.00% 25/Feb/16	6,687,203	USD	6,689,203	14.10
United States Treasury Bill 0.00% 03/Mar/16	8,026,619	USD	8,028,783	16.92
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			<b>47,124,392</b>	<b>99.33</b>
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>			<b>47,124,392</b>	<b>99.33</b>
<b>Total Investments at market value</b>			<b>47,124,392</b>	<b>99.33</b>

**Schedule of Investments (continued)**

As at 31 December 2015

## BOCHK RMB High Yield Bond Fund

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>				
<b>Bonds</b>				
21vianet Group Inc. 6.88% 26/Jun/17	8,291,217	CNY	9,648,950	1.25
361 Degrees International Limited 7.50% 12/Sep/17	8,921,133	CNY	8,489,925	1.11
Agile Property Holdings Limited 8.38% 18/Feb/19	5,959,519	USD	6,815,136	0.88
Agile Property Holdings Limited 9.00% 21/May/20	3,361,546	USD	3,431,873	0.44
Agile Property Holdings Limited 9.88% 20/Mar/17	5,578,333	USD	6,205,425	0.80
Ahli United Bank Bsc FRN 29/Dec/49	3,406,290	USD	3,621,367	0.47
Alam Synergy Pte Limited 9.00% 29/Jan/19	6,620,104	USD	6,148,519	0.79
Banglalink Digital Companycommunications Limited 8.63% 06/May/19	1,587,684	USD	1,702,503	0.22
Bank Dhofar SAOG FRN 29/Dec/49	3,106,310	USD	3,218,973	0.42
Bank of East Asia FRN 29/Dec/49	4,177,432	USD	4,203,773	0.54
Barclays Bank plc FRN 29/Jun/49	3,163,084	USD	3,254,051	0.42
Bhp Billiton Finance FRN 19/Oct/75	3,173,455	USD	3,168,458	0.41
BNP Paribas FRN 29/Dec/49	3,324,066	USD	3,379,469	0.44
Car Inc. 6.00% 11/Feb/21	7,991,487	USD	8,588,672	1.11
Central China Real Estat 6.50% 04/Jun/18	3,329,241	USD	3,871,143	0.50
Central Plaza Development Limited FRN 02/Dec/49	6,351,330	USD	6,834,055	0.88
Century Limited 10.25% 12/Nov/19	3,032,090	USD	2,978,582	0.38
China Aoyuan Property Group Limited 10.88% 26/May/18	12,911,758	USD	14,583,475	1.88
China Aoyuan Property Group Limited 11.25% 17/Jan/19	20,239,817	USD	22,812,831	2.95
China Hongqiao Group Limited 7.63% 26/Jun/17	1,586,548	USD	1,639,712	0.21
China SCE Property Holdings Limited 10.00% 02/Jul/20	11,332,218	USD	12,128,927	1.57
China SCE Property Holdings Limited 11.50% 14/Nov/17	29,005,844	USD	30,925,002	3.99
China South City Holdings Limited 8.25% 29/Jan/19	2,469,031	USD	2,435,154	0.31
Cifi Holdings Group Company Limited 7.75% 05/Jun/20	7,410,231	USD	7,919,806	1.02
Cifi Holdings Group Company Limited 12.25% 15/Apr/18	27,586,966	USD	28,572,498	3.69
Country Garden Holdings Company Limited 7.25% 04/Apr/21	3,227,596	USD	3,428,507	0.44
Country Garden Holdings Company Limited 7.50% 09/Mar/20	1,568,883	USD	1,751,885	0.23
Country Garden Holdings Company Limited 7.50% 10/Jan/23	3,107,455	USD	3,405,400	0.44
Credit Agricole SA FRN 23/Sep/44	4,570,331	USD	4,853,906	0.63
Ehi Car Services Limited 7.50% 08/Dec/18	3,201,214	USD	3,274,464	0.42
Esun International Finance Limited 8.38% 24/Jun/18	3,000,000	CNY	2,938,470	0.38
Evergrande Real Estate Group Limited 8.75% 30/Oct/18	4,612,088	USD	5,015,700	0.65
Fantasia Holdings 7.88% 27/May/16	2,861,250	CNY	2,966,805	0.38
Fantasia Holdings 10.63% 23/Jan/19	1,570,163	USD	1,637,963	0.21
Fantasia Holdings Group Company Limited 13.75% 27/Sep/17	3,108,821	USD	3,450,053	0.45
Future Land Develo 6.25% 12/Nov/17	16,410,496	USD	16,976,660	2.19
Future Land Development Holdings Limited 10.25% 21/Jul/19	25,602,159	USD	30,272,850	3.91
GCX Limited 7.00% 01/Aug/19	6,238,774	USD	6,183,103	0.80
Golden Eagle Retail Group Limited 4.63% 21/May/23	3,853,875	USD	3,748,005	0.48
Golden Legacy Pte Limited 9.00% 24/Apr/19	4,591,487	USD	4,799,047	0.62
Golden Wheel Tiandi 9.50% 08/Dec/17	6,416,156	USD	6,504,818	0.84
Greenko Dutch BV 8.00% 01/Aug/19	4,383,682	USD	5,186,953	0.67
HNA Group International Company Limited 8.00% 13/Nov/17	1,945,000	CNY	1,929,120	0.25
Hopson Development 9.88% 16/Jan/18	1,585,054	USD	1,690,178	0.22
Hsin Chong Construction Group Limited 8.75% 18/May/18	4,644,825	USD	5,098,690	0.66
ING Groep NV FRN 29/Dec/49	3,093,772	USD	3,290,805	0.43
Jababeka International 7.50% 24/Sep/19	4,675,845	USD	4,686,348	0.61
Jingrui Holdings Limited 13.63% 08/Aug/19	1,525,229	USD	1,613,182	0.21
Kwg Property Holding Limited 8.98% 14/Jan/19	3,135,665	USD	3,478,546	0.45
KWG Property Holding Limited 8.25% 05/Aug/19	2,063,049	USD	2,388,218	0.31
KWG Property Holding Limited 8.63% 05/Feb/20	8,805,587	USD	9,896,711	1.28
Lai Fung Holdings Limited 6.88% 25/Apr/18	2,898,750	CNY	2,853,405	0.37
Lloyds Banking Group plc FRN 30/Apr/49	3,253,677	USD	3,514,659	0.45
Lodha Developers International Limited 12.00% 13/Mar/20	4,631,990	USD	4,284,549	0.55
Logan Property Holdings Company Limited 9.75% 08/Dec/17	6,938,659	USD	7,247,284	0.94

**Schedule of Investments (continued)**

As at 31 December 2015

## BOCHK RMB High Yield Bond Fund

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Transferable securities and money market instruments admitted to an official exchange listing (continued)</b>				
<b>Bonds (continued)</b>				
Logan Property Holdings Company Limited 11.25% 04/Jun/19	25,245,239	USD	28,826,849	3.72
Longfor Properties 6.75% 29/Jan/23	3,190,196	USD	3,396,105	0.44
Maoye International Holdings Limited 7.75% 19/May/17	3,327,230	USD	3,477,933	0.45
Marquee Land Pte Limited 9.75% 05/Aug/19	3,257,856	USD	3,014,990	0.39
Mitra Pinasthika Mustika Tbk PT 6.75% 19/Sep/19	2,972,812	USD	3,084,621	0.40
Modern Land China Company Limited 11.00% 22/Jan/17	4,837,500	CNY	4,928,825	0.64
Modern Land China Company Limited 12.75% 31/Jul/19	2,910,200	USD	3,367,153	0.43
Modern Land China Company Limited 13.88% 04/Nov/18	6,054,334	USD	6,940,275	0.90
Moon Wise Global Limited FRN 29/Jan/49	9,651,113	USD	10,999,959	1.42
Oceanwide Real Estate International Holdings Company Limited 11.75% 08/Sep/19	12,313,623	USD	13,920,767	1.80
Pacific Emerald PTE 9.75% 25/Jul/18	3,312,794	USD	3,132,197	0.40
Pakuwon Prima Pte Limited 7.13% 02/Jul/19	4,696,969	USD	4,940,346	0.64
Parkson Retail Group 4.50% 03/May/18	1,459,278	USD	1,468,065	0.19
Powerlong Real Estate 7.63% 26/Nov/18	6,354,372	USD	6,486,557	0.84
Powerlong Real Estate 10.75% 18/Sep/17	10,462,615	CNY	10,524,793	1.36
Powerlong Real Estate 11.25% 25/Jan/18	2,730,593	USD	2,828,171	0.37
Pratama Agung Pte Limited 6.25% 24/Feb/20	1,561,017	USD	1,594,279	0.21
Redco Properties Group Limited 13.75% 01/Aug/19	2,992,916	USD	3,433,828	0.44
Reliance Companycommunication 6.50% 06/Nov/20	3,154,960	USD	3,391,638	0.44
Road King Infrastructure Finance 9.88% 18/Sep/17	6,535,321	USD	6,880,662	0.89
Royal Bank of Scotland FRN 29/Dec/49	3,140,059	USD	3,411,460	0.44
RWE AG FRN 30/Jul/75	3,129,991	USD	3,083,702	0.40
Shimao Property Holdings Limited 8.13% 22/Jan/21	14,807,016	USD	16,264,049	2.10
Shimao Property Holdings Limited 8.38% 10/Feb/22	6,357,603	USD	7,075,924	0.91
Shui on Development Holding Limited 9.63% 10/Jun/19	18,571,104	USD	21,023,609	2.72
Shui on Development Holding Limited FRN 10/Dec/49	4,792,708	USD	5,175,671	0.67
SMC Global Power 6.75% 29/Dec/49	1,542,000	USD	1,556,262	0.20
Societe Generale FRN 31/Dec/49	5,890,704	USD	6,223,732	0.79
Soho China Limited 7.13% 07/Nov/22	3,164,564	USD	3,470,170	0.45
Standard Chartered plc FRN 29/Dec/49	1,566,848	USD	1,590,313	0.21
Star Energy Geothermal 6.13% 27/Mar/20	1,484,405	USD	1,566,747	0.20
Stats ChipPAC Limited 8.50% 24/Nov/20	6,413,916	USD	6,342,959	0.82
Studio City Finance Limited 8.50% 01/Dec/20	6,312,334	USD	6,383,752	0.82
Sunac China Holdings Limited 8.75% 05/Dec/19	9,382,089	USD	10,378,931	1.34
Sunac China Holdings Limited 9.38% 05/Apr/18	12,725,924	USD	13,843,435	1.79
Texhong Textile Group 6.50% 18/Jan/19	3,062,987	USD	3,363,868	0.43
Theta Capital Pte Limited 7.00% 11/Apr/22	3,184,417	USD	3,110,602	0.40
Times Property Holdings Limited 11.45% 05/Mar/20	13,121,846	USD	14,292,424	1.85
Times Property Holdings Limited 12.63% 21/Mar/19	19,788,610	USD	21,791,981	2.82
Trade & Development Bank of Mongolia LLC 9.38% 19/May/20	2,793,816	USD	2,851,021	0.37
Trillion Chance Limited 8.50% 10/Jan/19	19,762,965	USD	22,184,525	2.87
UBS AG 7.13% 29/Dec/49	3,255,733	USD	3,447,130	0.45
Unicredit SpA FRN 03/Apr/49	1,561,130	USD	1,560,934	0.20
Vingroup JSC 11.63% 07/May/18	1,665,077	USD	1,764,210	0.23
VII International Inc. 7.38% 18/Jun/22	6,318,401	USD	6,891,238	0.89
West China Cement Limited 6.50% 11/Sep/19	9,427,166	USD	10,741,446	1.39
Yanlord Land Group Limited 10.63% 29/Mar/18	12,917,207	USD	13,738,989	1.77
Yingde Gases Investment 8.13% 22/Apr/18	1,459,045	USD	1,426,114	0.18
Yuzhou Properties Company Limited 8.63% 24/Jan/19	9,158,965	USD	10,204,475	1.32
Yuzhou Properties Company Limited 8.75% 04/Oct/18	27,932,911	USD	30,898,092	3.98
<b>Total Bonds</b>			<b>747,240,341</b>	<b>96.53</b>
<b>Mortgage and Asset Backed Securities</b>				
China Automation Group Limited 7.75% 20/Apr/16	984,136	USD	1,242,581	0.16
<b>Total Mortgage and Asset Backed Securities</b>			<b>1,242,581</b>	<b>0.16</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>			<b>748,482,922</b>	<b>96.69</b>

**Schedule of Investments (continued)**

As at 31 December 2015

BOCHK RMB High Yield Bond Fund

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>				
<b>Bonds</b>				
Virgin Australia Holdings Limited 8.50% 15/Nov/19	3,243,009	USD	3,303,368	0.43
<b>Total Bonds</b>			<b>3,303,368</b>	<b>0.43</b>
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>			<b>3,303,368</b>	<b>0.43</b>
<b>Other transferable securities and money market instruments</b>				
<b>Bonds</b>				
Intesa Sanpaolo SpA FRN 29/Dec/49	3,231,244	USD	3,336,656	0.43
<b>Total Bonds</b>			<b>3,336,656</b>	<b>0.43</b>
<b>Total Other transferable securities and money market instruments</b>			<b>3,336,656</b>	<b>0.43</b>
<b>Total Investments at market value</b>			<b>755,122,946</b>	<b>97.55</b>

**Schedule of Investments (continued)**

As at 31 December 2015

Absolute Return Dynamic Protection Fund <sup>1</sup>

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Undertakings for collective investments in transferable securities</b>				
<b>Funds</b>				
Alken Fund Absolute Return Europe	1,668,540	USD	1,667,806	3.43
BlackRock Global Funds - Fixed Income Global				
Opportunities Fund I2 USD	2,456,319	USD	2,436,649	5.01
BlackRock Strategic Funds - European Diversified Equity				
Absolute Return Fund D2 USD Hedged	1,670,927	USD	1,647,067	3.39
DNCA Invest - Eurose - I EUR	1,636,630	EUR	1,578,356	3.25
DNCA Invest Miuri	1,622,465	EUR	1,594,160	3.28
Ethna	1,662,969	USD	1,648,163	3.39
Henderson Horizon Fund - Pan European Alpha Fund	2,494,059	USD	2,479,771	5.10
JPMorgan Investment Funds - Global Income Fund	1,652,646	USD	1,616,445	3.33
Jupiter Global Fund - Jupiter Dynamic Bond	2,449,009	USD	2,439,650	5.02
M&G Dynamic Allocation	3,305,590	EUR	3,128,238	6.44
Nordea 1 Stable Return Fund HBI	3,251,432	USD	3,265,021	6.72
Old Mutual Global Equity Absolute Return Fund	2,417,193	USD	2,515,553	5.18
PIMCO GIS Global Bond Fund	3,257,833	USD	3,246,269	6.68
Standard Life Investments Global SICAV Global Absolute Return Strategies	3,312,645	USD	3,286,231	6.75
<b>Total Funds</b>			<b>32,549,379</b>	<b>66.97</b>
<b>Total Undertakings for collective investments in transferable securities</b>			<b>32,549,379</b>	<b>66.97</b>
<b>Total Investments at market value</b>			<b>32,549,379</b>	<b>66.97</b>

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.

**Schedule of Investments (continued)**

As at 31 December 2015

Absolute Return Opportunities Fund <sup>2</sup>

Description	Cost	Currency	Market Value in Sub-Fund Currency	% of Net Assets
<b>Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>				
<b>Supranationals, Governments and Local Public Authorities, Debt Instruments</b>				
United States Treasury Bill 0.00% 07/Jan/16	4,049,644	USD	4,049,982	9.40
United States Treasury Bill 0.00% 14/Jan/16	3,999,528	USD	3,999,875	9.28
United States Treasury Bill 0.00% 21/Jan/16	3,999,517	USD	3,999,787	9.27
United States Treasury Bill 0.00% 28/Jan/16	3,999,440	USD	3,999,673	9.27
United States Treasury Bill 0.00% 04/Feb/16	3,998,992	USD	3,999,750	9.27
United States Treasury Bill 0.00% 11/Feb/16	3,998,856	USD	3,999,567	9.27
United States Treasury Bill 0.00% 18/Feb/16	3,998,757	USD	3,999,512	9.27
United States Treasury Bill 0.00% 25/Feb/16	3,998,443	USD	3,999,523	9.27
United States Treasury Bill 0.00% 03/Mar/16	3,998,169	USD	3,999,394	9.27
United States Treasury Bill 0.00% 10/Mar/16	6,187,024	USD	6,188,781	14.36
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			<b>42,235,844</b>	<b>97.93</b>
<b>Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities</b>			<b>42,235,844</b>	<b>97.93</b>
<b>Total Investments at market value</b>			<b>42,235,844</b>	<b>97.93</b>

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

**Notes to the financial statements**

As at 31 December 2015

**1. General Information**

Red Arc Global Investments (Luxembourg) SICAV, formerly Copia Investments SICAV, has been incorporated for an unlimited period of time on 5 November 2013 under Luxembourg law as a "société d'investissement à capital variable" (SICAV), in the form of an Umbrella-fund. The Company is set up in accordance with Part I of the Luxembourg Law of 17 December 2010, as amended, relating to undertakings for collective investment (the "2010 Law").

The Company's Articles of Incorporation have been deposited with the Luxembourg Register for Trade and Companies and have been published in the Mémorial on 3 December 2013. The Company is registered with the Luxembourg Register for Trade and Companies under number B 181.888.

Following an Extraordinary General Meeting on 5 June 2015, the name of the Company was changed from Copia Investments SICAV to Red Arc Global Investments (Luxembourg) SICAV.

The Company offers shareholders the opportunity to invest in separate sub-funds. Each sub-fund has a different investment objective and is a separate portfolio of assets represented by separate securities. Each sub-fund may have one or more classes of shares related to it. The Company is a single legal entity. However, if more than one sub-fund is offered, the rights of shareholders and of creditors concerning a sub-fund or which have arisen in connection with the creation, operation or liquidation of a sub-fund are limited to the assets of that sub-fund. For the purpose of the relations between shareholders, each sub-fund is deemed a separate entity.

As at 31 December 2015, the Company is comprised of the following active sub-funds and classes:

Sub-fund	Classes	Base currency
Volatility Arbitrage Fund	Share Class A USD	USD
	Share Class I USD	USD
	Share Class I hedged EUR	USD
	Share Class I hedged CHF	USD
	Share Class ID EUR	USD
European Equity Absolute Return Fund	Share Class C EUR	EUR
BOCHK RMB High Yield Bond Fund	Share Class AD RMB	CNH
	Share Class C EUR	CNH
	Share Class CD HKD	CNH
	Share Class CD RMB	CNH
	Share Class CD USD	CNH
	Share Class ID EUR	CNH
Absolute Return Dynamic Protection Fund	Share class AD USD	USD
Absolute Return Opportunities Fund	Share classes C USD	USD
	Share classes CD USD	USD

The Board of Directors may in the future create new sub-funds and new share classes.

**Volatility Arbitrage Fund**

The principal investment objective of the sub-fund is to achieve capital growth by pursuing investment opportunities that arise from differences between the implied and realised volatility of the US equity market as represented by the Standard & Poor's 500® Index (the "S&P 500"). 'Volatility' is a measurement of the daily fluctuations in value of an asset. Implied volatility refers to the expected future fluctuations in value of an asset, whereas realised volatility refers to the actual historic value fluctuations. The sub-fund is not tied to a benchmark.

**European Equity Absolute Return Fund**

The principal investment objective of the sub-fund is to achieve capital growth by pursuing a mean reversion trading strategy applied to the European equity market as represented by the Eurostoxx 50 Index (the "Index"). 'Mean reversion' is the concept that is observed when the price of an asset over time tends to revert to an average of its recent prices. An investment in the sub-fund is fundamentally different in nature to an investment which aims to track the Index.

**BOCHK RMB High Yield Bond Fund**

The principal investment objective of the sub-fund is to generate long-term capital growth and income in Renminbi terms by investing mainly in debt securities issued by companies and special purpose vehicles ("SPVs"). Investments can be denominated in Renminbi, hedged to this currency or have other exposure to this currency. Renminbi is the official currency of the People's Republic of China ("PRC"). The currency is traded both onshore in the PRC and offshore (outside the PRC). The sub-fund is not tied to a benchmark.

**Absolute Return Dynamic Protection Fund**

The principal investment objective of the sub-fund is to achieve capital growth and absolute returns, regardless of market conditions. The sub-fund aims to provide (1) partial capital protection equal to 85% of the highest price achieved by this share class over the most recent four quarter-year ends (the "Protected Amount"); and (2) volatility control. Volatility is a measure of the daily fluctuations in the value of an asset. The sub-fund obtains exposure to (1) an active portfolio and (2) a reserve portfolio.

**Notes to the financial statements (continued)**

As at 31 December 2015

The active portfolio consists mainly of shares in UCITS funds, giving a broadly balanced exposure to a variety of asset classes, including bonds, commodities, equities and real estate. The reserve portfolio generates a cash-like interest rate return. The sub-fund will use derivatives and efficient portfolio management transactions to achieve an exposure to the active portfolio and the reserve portfolio. The sub-fund is not tied to a benchmark.

**Absolute Return Opportunities Fund**

The principal investment objective of the sub-fund is to achieve a positive return and capital growth through taking exposure to a diversified selection of market-neutral strategies and indices. These strategies and indices adopt different investment styles in order to capture positive premiums linked to the persistence of structural or behavioural anomalies from across multiple asset classes. The strategies and indices use non-discretionary and algorithmic approaches which have been developed and provided by only Citigroup Global Markets Limited and Citibank, N.A (together, "Citi"). In addition, the sub-fund aims to provide volatility control. Volatility is a measure of the daily fluctuations in the value of an asset. The sub-fund is not tied to a benchmark.

The accounting year of the Company ends on 31 December of each year.

**2. Significant Accounting Policies**

These financial statements are prepared in accordance with generally accepted accounting principles for Investment Funds in the Grand Duchy of Luxembourg.

**a) Security valuation**

Securities listed on a recognised stock exchange or dealt on any other regulated market are valued at their latest available prices, or, in the event that there should be several such markets, on the basis of their latest available prices on the main market for the relevant security.

Securities not listed or traded on a stock exchange or not dealt on another regulated market are valued on the basis of the probable sales proceeds determined prudently and in good faith by the Directors.

Securities with a short term maturity date (i.e. maturity of less than three months) may be valued by using an amortised cost method. This involves valuing an investment at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investments. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortisation cost, is higher or lower than the price the relevant sub-fund would receive if it sold the investment.

The Directors continually assess this method of valuation and recommend changes, where necessary, to ensure that each sub-fund's investments are valued at their fair value as determined in good faith by the Directors.

If the Directors believe that a deviation from the amortised cost per share may result in material dilution or other unfair results to shareholders, the Directors shall take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

Each sub-fund shall, in principle, keep in their portfolio the investments determined by the amortisation cost method until their respective maturity date.

In the event that the latest available price does not, in the opinion of the Directors, truly reflect the fair market value of the relevant securities or exchange traded Financial Derivative Instruments, the value of such securities or exchange traded Financial Derivative Instruments will be defined by the Directors based on the reasonably foreseeable sales proceeds determined prudently and in good faith.

**b) Investment transactions**

Securities transactions are accounted for on a trade date basis.

Realised gains or losses on sales of investments have been determined on the basis of the average cost method.

**c) Cash and cash equivalent**

The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends, interest declared or accrued and not yet received, all of which are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

**d) Foreign currency translation**

The financial statements and accounting records of each sub-fund are expressed in the reference currency of the relevant sub-fund.

Transactions in currencies other than each sub-fund's reference currency are translated into each sub-fund's reference currency at the exchange rate ruling at the date of the transactions.

Assets and liabilities denominated in currencies other than each sub-fund's reference currency are translated into the sub-fund's reference currency at the exchange rate on the Statement of Net Assets date.

**Notes to the financial statements (continued)**

As at 31 December 2015

Main exchange rates used as of 31 December 2015:

1 EUR = 1.086300 USD  
 1 EUR = 1.087386 CHF  
 1 EUR = 7.135866 CNY  
 1 EUR = 8.418972 HKD

**e) Interest income**

Interest income includes interest accrued on bonds and interest related to bank accounts. It is accrued on a daily basis.

**f) Formation expenses**

The costs of establishing the Company, obtaining authorisation from any authority, filing fees, the preparation and printing of this Prospectus, the fees and costs of all professionals relating to it, are borne by Citigroup Global Markets Limited.

The costs of establishing further sub-funds may be charged to the relevant sub-fund. Such costs may be amortised in accordance with the applicable accounting rules as indicated in the prospectus.

**g) Forward foreign exchange contracts**

Unrealised gains and losses on outstanding forward foreign exchange contracts are valued by reference to the forward rate of exchange applicable to the outstanding life of the contract and are included in the Statement of Net Assets.

The realised and unrealised gain/(loss) on forward foreign exchange contracts are disclosed separately in the Statement of Operations and Changes in Net Assets.

As of 31 December 2015, the Company had open forward foreign exchange contracts as detailed in note 11.

**h) Swap Agreements**

Swap agreements are priced based on the close of business or last available settlement price.

The unrealised appreciation or depreciation on swap agreements is included in the statement of net assets under the heading "Unrealised appreciation on swaps" and/or "Unrealised depreciation on swaps".

The realised gain or loss on swap agreements is disclosed in the statement of operations and changes in net assets under the heading "Net gain/(loss) realised on swaps".

As of 31 December 2015, the Company had open swap contracts as detailed in note 10.

**i) Combined Net Assets**

The combined statement of net assets and combined statement of operations and changes in net assets are the sum of the statement of net assets and statement of operations and changes in net assets of each sub-fund and are presented in Euro based on the exchange rates ruling at the date of the statement of net assets.

Please refer to note 2 d) for foreign exchange rates used as of 31 December 2015 for Combined Net Assets.

**3. Management Company**

Pursuant to a management company agreement, the Company has appointed Assenagon Asset Management S.A. as its management company (the "Management Company") in accordance with the provisions of the UCI Law.

Under this agreement, the Management Company, subject to the overall supervision and control of the Board of Directors of the SICAV, is responsible for investment management services for the sub-funds, including risk management; administrative agency, corporate and domiciliary agency, registrar and transfer agency services; and marketing, distribution and sales and private placement services where applicable.

Assenagon Asset Management S.A. outsourced the Investment Management for the BOCHK RMB High Yield Bond Fund to BOCHK Asset Management Limited.

**4. Portfolio Advisor and Investment Manager, Signal Provider, Methodology Licensor**

In some cases the Management Company works with third parties whereby these third parties provide investment advice and recommendations in respect of the investment portfolio of the relevant sub-fund.

For Volatility Arbitrage Fund, the Management Company has appointed Citigroup Global Markets Limited under a Signal Provision Agreement to assist in determining the timing of purchases and sales of variance swaps, and the terms on which it should seek to enter into variance swaps. Citigroup Global Markets Limited provides technical trading signals to the Management Company which are designed with the aim of identifying potential arbitrage opportunities arising from differences between the one-month implied volatility of the SPX Index and the one-month realized volatility of the SPX Index over time.

**Notes to the financial statements (continued)**

As at 31 December 2015

For European Equity Absolute Return Fund, the Management Company has acquired a license from Citigroup Global Markets Limited in order to make use of a proprietary methodology (the "Mean Reversion Methodology") developed by Citigroup Global Markets Limited. Under the Methodology License Agreement, Citigroup Global Markets Limited assists in determining the timing of changes in the direction and extent of the exposure of the sub-fund to the Reference Index.

For Absolute Return Opportunities Fund, the Management Company has appointed BlackRock Financial Management, Inc. (the "Portfolio Advisor") under an Investment Advisory Agreement to advise on the allocation of the sub-fund's assets across selected Strategies and Indices. The Portfolio Advisor provides non-binding recommendations based on economic theory, empirical data and its own experience managing systematic trading strategies.

**5. Global Distributor**

Pursuant to the global distribution agreement, the Management Company has expressly delegated to Citigroup Global Markets Limited as global distributor (the "Global Distributor") the marketing, distribution and promotion of the shares of each sub-fund.

The Global Distributor may decide to appoint distributors for the purpose of assisting in the distribution of the shares of sub-funds in certain countries.

**6. Management Fee**

The Company on behalf of a specific sub-fund pays in respect of each class a management fee (the "Management Fee") out of the assets of such sub-fund attributable to such class.

The Management Fee covers the Management Company's own fees and expenses, as well as those of the Investment Advisor, the Signal Provider, the Methodology Licensor, the Global Distributor and/or any other Distributors and any other delegates and service providers appointed by the Management Company.

The Management Fee is deducted from the prevailing Net Asset Value of each share of each class, and is paid monthly in arrears.

	<b>Volatility Arbitrage Fund</b>	<b>European Equity Absolute Return Fund</b>	<b>BOCHK RMB High Yield Bond Fund*</b>	<b>Absolute Return Dynamic Protection Fund</b>	<b>Absolute Return Opportunities Fund</b>
<b>Class A</b>	1.50%	0.75%	1.40%	0.90%	-
<b>Class AD</b>	-	0.75%	1.40%	-	-
<b>Class D</b>	1.00%	-	0.95%	-	-
<b>Class DD</b>	1.00%	-	0.95%	-	-
<b>Class C</b>	1.25%	0.50%	1.15%	-	1.15%
<b>Class CD</b>	1.25%	0.50%	1.15%	-	1.15%
<b>Class I</b>	0.75%	0.25%	0.85%	-	0.75%
<b>Class ID</b>	0.75%	0.25%	0.85%	-	0.75%
<b>Class X</b>	-	-	0.55%	-	-
<b>Class XD</b>	-	-	0.55%	-	-
<b>Class Z</b>	0.00%	-	0.15%	-	-
<b>Class ZD</b>	0.00%	-	0.15%	-	-

\*The Management Fee described for the BOCHK RMB High Yield Bond Fund is the sum of the Investment Management and the General Management Fee. Please refer to the Company Prospectus for further details of how the amount is calculated.

Any shortfall between the Management Fee and the actual fees and expenses to be covered will be paid by the Global Distributor (as agreed upon between the Global Distributor, the Company and the Management Company). Such reimbursement is disclosed in the Statement of Operations and Changes in Net Assets under the item "Expense reimbursement".

**7. Other Expenses**

The Company on behalf of a specific sub-fund also pays, in respect of each class, other expenses (the "Other Expenses") out of the assets of such sub-fund attributable to such class. The Other Expenses cover the expenses incurred by the Company in setting up and maintaining such sub-fund, the fees and expenses of the Domiciliary Agent and any of its delegates, the listing agent (if any), the Directors, the Global Distributor (if applicable), the auditors, tax

**Notes to the financial statements (continued)**

As at 31 December 2015

and legal advisers, attorneys and/or any permanent representatives in the places of registration of the Company or the sub-fund.

The Company on behalf of the sub-funds pays in respect of each Class up to 0.25% p.a. of the Net Asset Value of such class in Other Costs and Expenses.

Any shortfall between the "Other Cost and Expenses" (which includes inter alia the "Other Expenses" as defined above as well as the Depositary Fee, the Administration Fee, Subscription Tax and the actual costs and expenses to be covered will be reimbursed by the Global Distributor to the Company (as agreed upon between the Global Distributor, the Company and the Management Company). Such reimbursement is disclosed in the Statement of Operations and Changes in Net Assets under the item "Expense reimbursement".

**8. Swaps Costs**

Swap costs vary from 0% to 0.95% per annum of the notional size of each swap and depending on the underlying asset that is exchanged under the swap. In addition, some swaps incur entry/exit costs of up to 0.05%.

**9. Taxation**

Under present Luxembourg law and administrative practice, neither a Luxembourg SICAV nor any of its sub-funds is liable for any Luxembourg corporate income tax, municipal business tax, and net worth tax.

A Luxembourg SICAV (or each sub-fund in case of SICAV with multiple sub-funds) is however liable in Luxembourg to a subscription tax of in principle 0.05% per annum computed on its net assets, such tax being payable quarterly on the basis of the value of the aggregate assets of such SICAV (or sub-fund) at the end of the relevant calendar quarter. The rate of the subscription tax can be reduced to 0.01 % for sub-funds of a Luxembourg SICAV as well as for individual classes of shares issued within such SICAV or within a sub-fund of the latter provided that the shares of such sub-funds or classes of shares are reserved to Institutional Investors.

**10. Swaps**

A variance swap is an agreement between two parties to exchange cash flows based on the measured variance of a reference entity. Each variance swap consists of two legs, one of which is based on the realised volatility of the underlying, and a second which is a fixed amount (known as the "variance strike price"). At the time the trade is originated, the agreed upon variance strike price is generally set so that the market value of the swap is near zero. At maturity, a net cash flow is exchanged between the parties based on the difference between the final realised variance price of the swap and the variance strike price multiplied by the notional, or vega amount.

As of 31 December 2015, the Volatility Arbitrage Fund had the following variance swaps:

Description	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised appreciation in USD
S&P 500 Index Variance Swap	21,760,000	USD	08/Jan/2016	Citigroup Global Markets Limited	618,454
S&P 500 Index Variance Swap	4,265,500	USD	22/Jan/2016	Citigroup Global Markets Limited	1,369
<b>Unrealised appreciation on swaps</b>					<b>619,823</b>

Description	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised (depreciation) in USD
S&P 500 Index Variance Swap	18,337,300	USD	31/Dec/2016	Citigroup Global Markets Limited	(133,823)
S&P 500 Index Variance Swap	3,368,600	USD	15/Jan/2016	Citigroup Global Markets Limited	(77,661)
<b>Unrealised depreciation on swaps</b>					<b>(211,484)</b>

A fully funded swap was entered into by the Company and Citigroup Global Markets Limited (the "Counterparty"). Where the swap is entered on a funded basis, the notional amount is paid to the counterparty on inception of the swap and to the Company upon the termination.

As of 31 December 2015, the European Equity Absolute Return Fund had the following fully funded swap:

Description	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised appreciation in EUR
EURO STOXX 50 Index fully funded swap	3,811,229	EUR	01/Apr/2016	Citigroup Global Markets Limited	114,910
<b>Unrealised appreciation on swaps</b>					<b>114,910</b>

This type of swap agreement results in a "receivable due from swap counterparty" shown in the statement of net assets and reflecting the notional value.

**Notes to the financial statements (continued)**

As at 31 December 2015

As of 31 December 2015, the Absolute Return Dynamic Protection Fund <sup>1</sup> had the following fully funded swaps:

Description	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised appreciation in USD
TRS fully funded swap	33,151,285	USD	28/Jul/2020	Citigroup Global Markets Limited	118,317
Tipp strategy accrued coupon swap	48,894,065	USD	28/Jul/2020	Citigroup Global Markets Limited	36,474
Tipp strategy fully funded swap	15,742,779	USD	28/Jul/2020	Citigroup Global Markets Limited	15,690,467
<b>Unrealised appreciation on swaps</b>					<b>15,845,258</b>

Description	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised (depreciation) in USD
Tipp strategy unfunded swap	33,151,285	USD	28/Jul/2020	Citigroup Global Markets Limited	(216,583)
<b>Unrealised depreciation on swaps</b>					<b>(216,583)</b>

As of 31 December 2015, the Absolute Return Opportunities Fund <sup>2</sup> had the following total return swaps:

Description	Asset Class	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised (depreciation) in USD
CitiFX G10 Trend	Foreign Exchange	3,700,000	USD	15/Dec/2016	Citigroup Global Markets Limited	18,083
CitiFX EM Trend	Foreign Exchange	3,280,000	USD	15/Dec/2016	Citigroup Global Markets Limited	2,565
CitiFX Alpha - Enhanced G10 Value - Economic Factor Model	Foreign Exchange	4,685,000	USD	15/Dec/2016	Citigroup Global Markets Limited	12,590
Citi Pure Earnings Momentum Europe Long Short	Equities	6,374,571	EUR	17/Dec/2016	Citigroup Global Markets Limited	14,545
Citi Pure Inverse Size Europe Long Short	Equities	6,004,850	EUR	17/Dec/2016	Citigroup Global Markets Limited	17,293
Citi Pure Price Momentum US Long Short Net TR	Equities	7,489,624	USD	17/Dec/2016	Citigroup Global Markets Limited	11,376
Citi Multi-VIBE Long/Short USD Spread	Equities	7,720,007	USD	17/Dec/2016	Citigroup Global Markets Limited	3,559
<b>Unrealised appreciation on swaps</b>						<b>80,011</b>

Description	Asset Class	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised (depreciation) in USD
Citi Commodities Curve Composite (BCOM Weighted) Balanced Alpha	Commodities	180,000	USD	16/Dec/2016	Citigroup Global Markets Limited	(236)
Citi Commodities Congestion/Liquidity Navigator Index	Commodities	185,000	USD	16/Dec/2016	Citigroup Global Markets Limited	(311)
Citi Pure Price Momentum Europe Long Short	Equities	6,380,821	EUR	17/Dec/2016	Citigroup Global Markets Limited	(36,540)
Citi Commodities Curve Composite (BCOM Weighted) Balanced Alpha	Commodities	265,000	USD	17/Dec/2016	Citigroup Global Markets Limited	(448)
Citi Commodities Congestion/Liquidity Navigator Index	Commodities	270,000	USD	17/Dec/2016	Citigroup Global Markets Limited	(428)
Citi Pure Earnings Momentum US Long Short Net TR	Equities	16,319,585	USD	17/Dec/2016	Citigroup Global Markets Limited	(2,358)
Citi Pure Quality US Long Short Net TR	Equities	12,451,431	USD	17/Dec/2016	Citigroup Global Markets Limited	(119,223)
Citi Pure Inverse Size US Long Short Net TR	Equities	5,140,326	USD	17/Dec/2016	Citigroup Global Markets Limited	(17,314)
Citi Pure Value US Long Short Net TR	Equities	9,309,414	USD	17/Dec/2016	Citigroup Global Markets Limited	(29,578)
Citi Pure Quality Europe Long Short	Equities	12,800,499	EUR	17/Dec/2016	Citigroup Global Markets Limited	(41,717)
<b>Unrealised depreciation on swaps</b>						<b>(248,153)</b>

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

**Notes to the financial statements (continued)**  
As at 31 December 2015

As of 31 December 2015, the Absolute Return Opportunities Fund <sup>2</sup> had the following equity return swaps:

Description	Asset Class	Notional/ Commitment	Currency	Maturity	Counterparty	Unrealised (depreciation) in USD
Citi Commodities Congestion/Liquidity Navigator Index	Commodities	16,015,000	USD	15-Dec-16	Citigroup Global Markets Limited	(27,411)
Citi Commodities Curve Composite (BCOM Weighted) Balanced Alpha	Commodities	15,880,000	USD	15-Dec-16	Citigroup Global Markets Limited	(37,853)
Citi Commodities Congestion/Liquidity Navigator Index	Commodities	685,000	USD	17-Dec-16	Citigroup Global Markets Limited	(1,145)
Citi Commodities Curve Composite (BCOM Weighted) Balanced Alpha	Commodities	680,000	USD	17-Dec-16	Citigroup Global Markets Limited	(1,015)
<b>Unrealised depreciation on swaps</b>						<b>(67,424)</b>

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

**Notes to the financial statements (continued)**

As at 31 December 2015

**11. Forward Foreign Exchange Contracts**

As of 31 December 2015, the Volatility Arbitrage Fund had the following outstanding forward foreign exchange contracts:

Currency purchased	Amount bought	Currency Sold	Amount sold	Maturity date	Counterparty	Unrealised appreciation in USD
USD	99,755	EUR	91,271	29-Jan-16	Citibank N.A.	534
USD	83,283	EUR	76,200	29-Jan-16	Citibank N.A.	446
<b>Unrealised appreciation on forward foreign exchange contracts</b>						<b>980</b>

Currency purchased	Amount bought	Currency Sold	Amount sold	Maturity date	Counterparty	Unrealised (depreciation) in USD
CHF	207,701	USD	209,719	29-Jan-16	Citibank N.A.	(1,955)
EUR	9,546,932	USD	10,433,603	29-Jan-16	Citibank N.A.	(55,114)
EUR	11,359,377	USD	12,414,379	29-Jan-16	Citibank N.A.	(65,578)
EUR	75,854	USD	82,617	29-Jan-16	Citibank N.A.	(156)
EUR	53,977	USD	59,274	29-Jan-16	Citibank N.A.	(596)
<b>Unrealised depreciation on forward foreign exchange contracts</b>						<b>(123,399)</b>

As of 31 December 2015, the BOCHK High Yield Bond Fund had the following outstanding forward foreign exchange contracts:

Currency purchased	Amount bought	Currency Sold	Amount sold	Maturity date	Counterparty	Unrealised appreciation in CNH
USD	13,811,716	CNY	87,000,000	21-Jan-16	Citibank N.A.	4,066,661
<b>Unrealised appreciation on forward foreign exchange contracts</b>						<b>4,066,661</b>

Currency purchased	Amount bought	Currency Sold	Amount sold	Maturity date	Counterparty	Unrealised (depreciation) in CNH
CNY	251,860,000	USD	40,000,000	21-Jan-16	Citibank N.A.	(11,833,340)
CNY	280,721,320	USD	44,600,000	27-Jan-16	Citibank N.A.	(13,565,606)
CNY	204,575,200	USD	31,000,000	29-Jan-16	Citibank N.A.	(84,016)
CNY	27,500,000	USD	4,359,336	16-Feb-16	Citibank N.A.	(1,344,428)
<b>Unrealised depreciation on forward foreign exchange contracts</b>						<b>(26,827,390)</b>

**Notes to the financial statements (continued)**

As at 31 December 2015

**12. Collaterals**

As part of its investments in derivatives the sub-funds may pledge or receive collateral either in the form of cash and cash equivalents or securities

As at 31 December 2015, the collateral pledged/ received was as follows:

Sub-fund	Collateral received/paid	Type of collateral	Currency	Collateral Name	Collateral amount
European Equity Absolute Return Fund	Received	Bond	EUR	Austria (Govt of) 4.35% 15/Mar/19	630,163
European Equity Absolute Return Fund	Received	Bond	EUR	Finland (Govt of) 0.75% 15/Apr/31	548,820
European Equity Absolute Return Fund	Received	Bond	EUR	France (Govt of) 1.75% 25/Nov/24	137,300
European Equity Absolute Return Fund	Received	Bond	EUR	France (Govt of) 1.50% 25/May/31	496,450
European Equity Absolute Return Fund	Received	Bond	GBP	United Kingdom Gilt 4.25% 7/Dec/55	442,457
European Equity Absolute Return Fund	Received	Bond	EUR	Netherlands (Govt of) 0.25% 15/Jul/25	656,087
European Equity Absolute Return Fund	Received	Bond	EUR	Belgium (Govt of) 4.00% 28/Mar/18	555,976
European Equity Absolute Return Fund	Received	Bond	EUR	Germany (Govt of) 1.50% 15/Apr/16	96,834
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	Belgium (Govt of) 4.00% 28/Mar/18	1,178,845
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	Belgium (Govt of) 3.00% 22/Jun/34	1,678,355
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	Germany (Govt of) 0.50% 15/Apr/30	2,286,369
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	Finland (Govt of) 1.75% 15/Apr/16	2,409,490
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	Finland (Govt of) 3.50% 15/Apr/21	389,235
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	France (Govt of) 1.75% 25/Nov/24	299,465
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	France (Govt of) 0.00% 25/Feb/18	267,490
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	GBP	United Kingdom Gilt 4.25% 7/Dec/55	1,249,799
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	EUR	France (Govt of) 1.75% 25/May/23	1,445,262
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Bond	GBP	United Kingdom Gilt 4.25% 7/Dec/40	616,920
Volatility Arbitrage Fund	Paid	Bond	USD	United States of America (Govt) 0% 4/Feb/2016	676,946
Volatility Arbitrage Fund	Received	Cash	USD	-	788,000
European Equity Absolute Return Fund	Received	Cash	EUR	-	279,924
Absolute Return Dynamic Protection Fund <sup>1</sup>	Received	Cash	USD	-	2,246,000
Absolute Return Opportunities Fund <sup>2</sup>	Paid	Cash	USD	-	282,000

**13. Changes In the Investment Portfolio**

The details of the changes in investment portfolio composition are held at the disposal of the shareholders at the registered office of the Company and are available upon request free of charge.

**14. Transaction Costs**

Transaction costs include broker commission fees and taxes related to the purchase and sale of securities.

Investments held by Volatility Arbitrage Fund, BOCHK RMB High Yield Bond Fund and Absolute Return Opportunities Fund during the period are principally made on fixed income security markets where brokerage commissions are included in the spread. As a consequence, these brokerage commissions are included in the cost of investments purchased and sold.

**15. Important Events**

Pursuant to the Extraordinary General Meeting of shareholders dated 5 June 2015, the shareholders approved to change the name of the Company from Copia Investments SICAV to Red Arc Global Investments (Luxembourg) SICAV.

The presentation of the Statement of Operations and Changes in Net Assets slightly differs from last year's annual report. This was done in order to maintain transparency for the investors while accommodating the growing complexity of the Fund.

The role of the Platform Advisor was eliminated during the reporting period.

**16. Subsequent Event**

On 7 April 2016, the Board resolved to approve in principle the Closure of the European Equity Absolute Return Fund.

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

**Risk Exposure (unaudited)**  
As at 31 December 2015

The Company employs a Risk Management Policy, established in accordance with article 42 of the UCI Law and compliant with CSSF Circular Letter 11/512 and ESMA Guidelines 2012/832, produced by the Management Company, which enables it to assess the exposure of the Company to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Company.

**1. Volatility Arbitrage Fund**

The Management Company determines and monitors the global exposure of the sub-fund in accordance with the absolute Value at Risk approach. The absolute VaR of the sub-fund so determined shall not exceed 17.5% of its Net Asset Value, where such absolute VaR is determined daily on the basis of a 99% confidence interval and a holding period of one month.

The sub-fund may incur additional leverage through the use of Financial Derivative Instruments. Leverage is calculated by reference to the sum of the notional amounts of the Financial Derivative Instruments entered into by the Company on behalf of the sub-fund. The amount of leverage used by the sub-fund will vary from time to time, according to the economic terms of the Variance Swaps and other derivatives, is expected to be no greater than 400% of the Net Asset Value of the sub-fund. Under certain circumstances the leverage can be higher.

**2. European Equity Absolute Return Fund**

The Management Company determines and monitors the global exposure of the sub-fund in accordance with the relative VaR ("value at risk") approach. The derivative-free benchmark for this purpose is the Eurostoxx 50 Index (BBG Ticker SX5E Index).

The sub-fund may incur additional leverage through the use of Financial Derivative Instruments. Leverage is calculated by reference to the sum of the notional amounts of the Financial Derivative Instruments entered into by the Company on behalf of the sub-fund. The amount of leverage incurred by the sub-fund through the Swap or Swaps (as relevant) will vary from time to time, according to the economic terms of the Swaps and is expected to be no greater than 100% of the Net Asset Value of the sub-fund, determined daily on the basis of a 99% confidence interval and a holding period of one month.

The use of FX Contracts in respect of Hedged Classes of Shares may result in the leverage incurred in respect the Hedged Classes of Shares exceeding 100% of the Net Asset Value of the Hedged Classes of Shares.

**3. BOCHK RMB High Yield Bond Fund**

The Management Company determines and monitors the global exposure of the sub-fund in accordance with the absolute Value at Risk approach. The absolute VaR of the sub-fund so determined shall not exceed 20% of its Net Asset Value and is not expected to exceed 17.5% of its Net Asset Value, where such absolute VaR is determined daily on the basis of a 99% confidence interval and a holding period of one month.

Leverage is calculated by reference to the sum of the notional amounts of the Financial Derivative Instruments entered into by the Company on behalf of the sub-fund. The amount of leverage used by the sub-fund will vary from time to time, according to the economic terms of the derivatives used and is expected to be no greater than 300% of the Net Asset Value of the sub-fund. Under certain circumstances this economic leverage can be higher.

The use of FX Contracts in respect of Hedged Classes of Shares may result in the leverage incurred in respect the Hedged Classes of Shares exceeding 100% of the Net Asset Value of the Hedged Classes of Shares.

**4. Absolute Return Dynamic Protection Fund**

The Management Company determines and monitors the global exposure of the sub-fund in accordance with the absolute Value at Risk approach. The absolute VaR of the sub-fund so determined shall not exceed 12.5% of its Net Asset Value, where such absolute VaR is determined on the basis of a 99% confidence interval and a holding period of one month.

The sub-fund may incur additional leverage through the use of Financial Derivative Instruments. The amount of leverage will vary from time to time, according to the economic terms of the Swaps. Leverage is calculated by reference to the sum of the notional amounts of the Financial Derivative Instruments entered into by the sub-fund, and is expected to be no greater than 250% of the Net Asset Value of the sub-fund, although the leverage incurred by the sub-fund could exceed this percentage under special circumstances.

**Risk Exposure (unaudited)**  
As at 31 December 2015

**5. Absolute Return Opportunities Fund**

The Management Company determines and monitors the global exposure of the sub-fund in accordance with the absolute Value at Risk approach. The absolute VaR of the sub-fund so determined shall not exceed 12.5% of its Net Asset Value, where such absolute VaR is determined on the basis of a 99% confidence interval and a holding period of one month.

The sub-fund may incur additional leverage through the use of Financial Derivative Instruments and/or through the short exposures and implicit leverage assumed by the Strategies and Indices, as described under the headings "Investment Policy" within the Prospectus. Leverage is calculated by reference to the sum of the notional amounts of the Financial Derivative Instruments entered into by the Company on behalf of the sub-fund. The amount of leverage will vary from time to time, according to the economic terms of the Swaps and the leverage employed by the underlying Indices and Strategies, and is expected to be no greater than 800% of the Net Asset Value of the sub-fund. Under certain circumstances the leverage of the sub-fund can be higher.

The use of FX Contracts in respect of Hedged Classes of Shares may result in the leverage incurred in respect the Hedged Classes of Shares exceeding 100% of the Net Asset Value of the Hedged Classes of Shares.

	<b>Volatility Arbitrage Fund</b>	<b>European Equity Absolute Return Fund</b>	<b>BOCHK RMB High Yield Bond Fund</b>	<b>Absolute Return Opportunities Fund</b>	<b>Absolute Return Dynamic Protection</b>
<b>Usage of the VaR Limit <sup>1</sup></b>					
Minimum <sup>2</sup>	0.12%	0.00%	14.55%	14.98%	3.73%
Maximum <sup>2</sup>	153.01%	60.37%	36.90%	15.57%	37.25%
Average <sup>2</sup>	<b>21.09%</b>	<b>25.13%</b>	<b>28.11%</b>	<b>15.16%</b>	<b>17.53%</b>
<b>Level of Leverage (Sum of Notionals Approach)</b>					
Average <sup>2</sup>	<b>82.15%</b>	<b>35.33%</b>	<b>93.43%</b>	<b>607.19%</b>	<b>172.46%</b>

<sup>1</sup> Value at Risk is determined daily using historical simulation on the basis of a 99% confidence interval and a holding period of 1 month as determined in the prospectus and the Management Company's Risk Management Policy.

The VaR Limit for funds using the relative VaR approach is two times the VaR of the derivative-free benchmark.

<sup>2</sup> Minimum, Maximum and Average during the relevant reporting period.

**Average Net Assets Information (unaudited)**  
As at 31 December 2015

***Average Net Assets (unaudited)***

<b>Sub-Fund</b>	<b>Sub-Fund Currency</b>	<b>NAV Average</b>
Volatility Arbitrage Fund	USD	110,902,524
European Equity Absolute Return Fund	EUR	10,539,092
BOCHK RMB High Yield Bond Fund	CNH	863,369,596
Absolute Return Dynamic Protection Fund <sup>1</sup>	USD	48,935,768
Absolute Return Opportunities Fund <sup>2</sup>	USD	42,371,021

<sup>1</sup> The Sub-Fund commenced operations on 28/07/2015.

<sup>2</sup> The Sub-Fund commenced operations on 11/12/2015.

**Total Expense Ratio (TER) (unaudited)**  
As at 31 December 2015

**Total Expense Ratio (TER)**

This index expresses all fees and expenses charged on an ongoing basis against the sub-fund's assets (operating expenses) retrospectively as a percentage of the sub-fund's assets. The calculation method is based on Swiss regulations.

Calculation of the Total Expense Ratio (TER)

$$\text{TER \%} = \frac{\text{TOTAL OPERATING EXPENSES}}{\text{AVERAGE NET ASSETS}}$$

TER for the period ending 31 December 2015:

Sub-fund	Classes	Base currency	Total TER
Volatility Arbitrage Fund	Share Class A USD	USD	1.70%
	Share Class I USD	USD	0.95%
	Share Class I hedged EUR	USD	0.94%
	Share Class I hedged CHF	USD	0.95%
European Equity Absolute Return Fund	Share Class ID EUR	USD	0.95%
	Share Class C EUR	EUR	0.69%
	Share Class AD RMB	CNH	1.65%
BOCHK RMB High Yield Bond Fund	Share Class C EUR	CNH	1.39%
	Share Class CD HKD	CNH	1.40%
	Share Class CD RMB	CNH	1.40%
	Share Class CD USD	CNH	1.40%
	Share Class ID EUR	CNH	1.10%
Absolute Return Dynamic Protection Fund	Share class AD USD	USD	0.91%
Absolute Return Opportunities Fund	Share classes C USD	USD	1.49%
	Share classes CD USD	USD	1.50%

**Information for Investors in Switzerland (unaudited)**

The Company is established as a SICAV under Luxembourg law and the sub-funds are compliant with Swiss law for distribution to qualified investors in or from Switzerland.

The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. Investors in Switzerland can obtain the documents of the Company, such as the Prospectus (Edition for Switzerland), the KIIDs, the Articles of Incorporation and the semi-annual and annual reports, and further information free of charge from the Swiss representative.

This document may only be issued, circulated or distributed so as not to constitute an offering to non-qualified investors in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative.