

## **EVOLUTION VALUE FUNDS - EVOLUTION Emerging Balanced Fund (before EVOLUTION Classic Fund)**

UCITS according to Liechtenstein law  
in the legal form of a trusteeship

### **Annual report**

31 March 2016

### **CAIAC Fund Management AG**

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## General information

### Organisation

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<b>Management company</b>	CAIAC Fund Management AG Haus Atzig Industriestrasse 2 FL-9487 Bendern
<b>Asset manager</b>	International Capital Management AG Industriestrasse 56 FL-9491 Ruggell
<b>Custodian bank</b>	Raiffeisen Privatbank Liechtenstein Austrasse 51 FL-9490 Vaduz
<b>Distributor</b>	Jung DMS & Cie. GmbH Schönbrunner Strasse 297/4. OG AT-1120 Wien  E&S Investments Poland sp.z o.o. Królewska 16 PL-00-103 Warszawa  E&S Investments Slovakia s.r.o. Prievozská 4/D SK-82109 Bratislava  E&S Investments Czech Republic Krizikova 3009/72a CZ-6200 Brno
<b>Statutory auditor</b>	ReviTrust Grant Thornton AG Bahnhofstrasse 15 FL-9494 Schaan
<b>Information agent</b>	in Poland: Matczuk Wieczorek i Wspolnicy Kancelaria Adwokatów i Radców Prawnych Spółka Jawna ul. Czeczota 6 02-607 Warszawa
<b>Paying agent</b>	in Austria: Erste Bank der österreichischen Sparkassen AG Graben 21 AT-1010 Wien  in Poland: Raiffeisen Polbank Ul. Pikna 20 00-549 Warszawa  in Slovakia: Tatra banka a.s. Hodzovo nam. 3 SK-850 05 Bratislava  in Czech Republic: Raiffeisenbank a.s. Hvzdova 1716/2b CZ 140 78 Praha 4
<b>Tax representative</b>	in Austria: BDO Austria GmbH Kohlmarkt 8-10 AT-1010 Wien
<b>Valuation interval</b>	Daily
<b>Issue and redemption day</b>	Every day
<b>Unit transaction cut-off time, issue</b>	Valuation date, 4 p.m.
<b>Unit transaction cut-off time, redemption</b>	Valuation date, 4 p.m.
<b>Cut-off time unit transaction</b>	Every day
<b>Account currency</b>	EUR
<b>Use of proceeds</b>	Reinvested

<b>Closing of fiscal year</b>	31 March
<b>Domicile of fund</b>	Bendern, Liechtenstein
<b>Fund type</b>	OGAW (UCITS IV)
<b>Legal status</b>	UCITS in the legal form of a trusteeship ("collective trusteeship")
<b>Legislative basis</b>	Law of June 28, 2011 regarding Undertakings for Collective Investment in Transferable Securities (UCITSG)
<b>Publication medium</b>	Web-Site of the Liechtenstein Investment Fund Association <a href="http://www.lafv.li">www.lafv.li</a>

## Fund data

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<b>ISIN</b>	LI0224596382 EVOLUTION Emerging Balanced Fund - Class institutional LI0210946161 EVOLUTION Emerging Balanced Fund - CZK Class LI0210946146 EVOLUTION Emerging Balanced Fund - EUR Class LI0217030019 EVOLUTION Emerging Balanced Fund - PLN Class
<b>Conversion charge</b>	None
<b>Custodian bank fee</b>	max. 0.175 % p.a.
<b>Administration and processing unit registry</b>	max. 0.25 % p.a. add. EUR 40.- p.a. per unit account
<b>Distributor's fee</b>	1.40 % p.a. (none for Class institutional)
<b>Risk Management and Administration fee</b>	<u>For the first EUR 50 Mio.:</u> 0.20 % p.a. add. max. CHF 40'000.- p.a. add. per currency-class max. CHF 2'500.- p.a. <u>For the amount in excess of EUR 50 Mio. until EUR 100 Mio.:</u> 0.15% p.a. <u>For the amount in excess of EUR 100 Mio.:</u> 0.10 % p.a.
<b>Investment decisions</b>	0.90 % p.a.
<b>Performance Fee</b>	20 % p.a. (10 % p.a. Class institutional) with High Watermark
<b>Issuing commission</b>	max. 5 %
<b>Redemption commission</b>	0 % (Class institutionell max. 5%)

## Capital account

as at 31.03.2016

	<b>EUR</b>
Bank balance, thereof	728'254.40
Cash	728'254.40
Time Deposits	0.00
Securities	36'692'895.07
Derivative financial instruments	0.00
(Precious) Metals	0.00
Life insurance policy	0.00
Other assets, thereof	28'775.65
interest, dividend	0.00
<b>Total assets</b>	<b>37'449'925.12</b>
Liabilities, thereof	-339'897.43
Bank Credit	0.00
Custodian fee	-16'219.94
Administration fee	-102'789.97
Asset management fee	-220'887.52
Performance fee	0.00
Travel and advertising costs	0.00
Audit costs	0.00
<b>Net assets</b>	<b>37'110'027.69</b>
EVOLUTION Emerging Balanced Fund - Class institutional	163'661.00
EVOLUTION Emerging Balanced Fund - CZK Class	24'666'973.12
EVOLUTION Emerging Balanced Fund - EUR Class	12'133'252.09
EVOLUTION Emerging Balanced Fund - PLN Class	146'141.48
<b>Number of units in circulation</b>	
EVOLUTION Emerging Balanced Fund Class institutional	1'861.0505
EVOLUTION Emerging Balanced Fund CZK Class	7'670'095.3754
EVOLUTION Emerging Balanced Fund EUR Class	1'438'948.7572
EVOLUTION Emerging Balanced Fund PLN Class	7'191.0375
<b>Net asset value by unit</b>	
EVOLUTION Emerging Balanced Fund - Class institutional	<b>EUR =</b> 87.9401
EVOLUTION Emerging Balanced Fund - CZK Class	<b>CZK =</b> 86.9370
EVOLUTION Emerging Balanced Fund - EUR Class	<b>EUR =</b> 8.4320
EVOLUTION Emerging Balanced Fund - PLN Class	<b>PLN =</b> 86.1791

## Consolidated profit and loss statement

01.04.2015 - 31.03.2016

	EUR
Income from bank balance	0.00
Income from securities, thereof	0.83
Bonds, convertible bonds, warrant bonds	0.00
Shares and other equities, incl. Income from bonus shares	0.00
Income from units from other investment companies/funds	0.83
Other income, thereof	16'696.89
Income from securities lending and repurchase agreements	0.00
Current income from the issue of new units	-717'399.82
<b>Total Income</b>	<b>-700'702.10</b>
Interest paid	0.00
Audit expenses	12'154.31
Statutory remuneration to administration	1'618'995.56
Statutory remuneration to custodian bank	64'759.78
Other expenses	114'328.29
Travel and advertising costs	0.00
Distribution of current income on the redemption of units	-253'099.37
<b>Total expenses</b>	<b>1'557'138.57</b>
<b>Net income</b>	<b>-2'257'840.67</b>
Realised capital gains and capital losses	18'429.14
<b>Realised profit/loss</b>	<b>-2'239'411.53</b>
Non-realised capital gains and capital losses	-6'072'469.36
<b>Total profit/loss</b>	<b>-8'311'880.89</b>

## Off-balance-sheet transactions

No off-balance-sheet positions as at 31.03.2016, i.e. no contracts with derivative financial instruments. No securities lending took place within the period.

## Utilisation of profit

	EUR
Net income from fiscal year	-2'257'840.67
Capital gains for fiscal year held for distribution	0.00
Capital gains for previous fiscal years held for distribution	0.00
Balance from previous year	0.00
<b>Profit available for distribution</b>	<b>-2'257'840.67</b>
Profit held for distribution to the investors	0.00
Profit retained for reinvestment	-2'257'840.67
<b>Carried forward to new account</b>	<b>0.00</b>

## Change in net assets

01.04.2015 - 31.03.2016

<b>Net assets at the beginning of the reporting period</b>	<b>33'503'927.68</b>
Balance from unit dealings	11'917'980.90
Total profit/loss	-8'311'880.89
<b>Net assets at the end of the reporting period</b>	<b>37'110'027.69</b>

## Number of units in circulation

<b>EVOLUTION Emerging Balanced Fund - Class institutional</b>		
Number of units at the beginning of the period		<b>17'897.9230</b>
Units issued		5'208.2012
Units redeemed		-21'245.0737
<b>Number of units at the end of the period</b>		<b>1'861.0505</b>
<b>EVOLUTION Emerging Balanced Fund - CZK Class</b>		
Number of units at the beginning of the period		<b>5'221'161.4648</b>
Units issued		3'141'642.0318
Units redeemed		-692'708.1212
<b>Number of units at the end of the period</b>		<b>7'670'095.3754</b>
<b>EVOLUTION Emerging Balanced Fund - EUR Class</b>		
Number of units at the beginning of the period		<b>1'023'237.8926</b>
Units issued		618'506.6353
Units redeemed		-202'795.7707
<b>Number of units at the end of the period</b>		<b>1'438'948.7572</b>
<b>EVOLUTION Emerging Balanced Fund - PLN Class</b>		
Number of units at the beginning of the period		<b>6'982.9573</b>
Units issued		208.0802
Units redeemed		0.0000
<b>Number of units at the end of the period</b>		<b>7'191.0375</b>

## Development of the net asset value

Date	Net assets	Number of units in circulation	Net asset value per unit	Performance per fiscal year
<b>EVOLUTION Emerging Balanced Fund - Class institutional</b>				
31.03.2014	2'197'230.96 EUR	22'809.4543	96.3298 EUR	-3.67% *
31.03.2015	1'904'505.12 EUR	17'897.9230	106.4093 EUR	10.46%
31.03.2016	163'661.00 EUR	1'861.0505	87.9401 EUR	-17.36%
<b>EVOLUTION Emerging Balanced Fund - CZK Class</b>				
31.03.2014	62'176'673.33 CZK	613'345.3952	101.3730 CZK	1.37% *
31.03.2015	571'690'579.22 CZK	5'221'161.4648	109.4949 CZK	8.01%
31.03.2016	666'815'306.83 CZK	7'670'095.3754	86.9370 CZK	-20.60%
<b>EVOLUTION Emerging Balanced Fund - EUR Class</b>				
31.03.2014	4'392'428.33 EUR	456'031.9718	9.6318 EUR	-3.68% *
31.03.2015	10'674'852.21 EUR	1'023'237.8926	10.4324 EUR	8.31%
31.03.2016	12'133'252.09 EUR	1'438'948.7572	8.4320 EUR	-19.17%
<b>EVOLUTION Emerging Balanced Fund - PLN Class</b>				
01.10.2014	659'299.98 PLN	6'593.0000	100.0000 PLN	
31.03.2015	710'818.93 PLN	6'982.9573	101.7934 PLN	1.79% *
31.03.2016	619'716.83 PLN	7'191.0375	86.1791 PLN	-15.34%

The historic performance is no indicator for current or future performance. Issuing and redemption commissions are not included in the performance data.

\* Performance is for less than a year.

## Depositories as at 31.03.2016

The financial instruments were deposited with the following depositories on the closing day:

Raiffeisen Bank International AG  
Am Stadtpark 9  
AT-1030 Wien

## Currency table

as at 31.03.2016

EUR

Polish Zloty	PLN	100.00=	23.5820
Swiss Franc	CHF	1.00=	0.9137
Czech Crown	CZK	100.00 =	3.6992
US-Dollar	USD	1.00 =	0.8789

## Total Expense Ratio (TER)

as at 31.03.2016

### EVOLUTION Emerging Balanced - Class institutional

TER ongoing ordinary fees and extraordinary disposition fees*	2.47% p.a.
TER ongoing ordinary fees and extraordinary disposition fees with performance fee**	3.14% p.a.
synthetic TER ***	3.57% p.a.
thereof unit register fee in %	0.85% p.a.

### EVOLUTION Emerging Balanced - CZK Class

TER ongoing ordinary fees and extraordinary disposition fees*	4.08% p.a.
TER ongoing ordinary fees and extraordinary disposition fees with performance fee**	4.93% p.a.
synthetic TER ***	5.18% p.a.
thereof unit register fee in %	0.86% p.a.

### EVOLUTION Emerging Balanced - EUR Class

TER ongoing ordinary fees and extraordinary disposition fees*	4.08% p.a.
TER ongoing ordinary fees and extraordinary disposition fees with performance fee**	5.11% p.a.
synthetic TER ***	5.18% p.a.
thereof unit register fee in %	0.86% p.a.

### EVOLUTION Emerging Balanced - PLN Class

TER ongoing ordinary fees and extraordinary disposition fees*	4.07% p.a.
TER ongoing ordinary fees and extraordinary disposition fees with performance fee**	4.58% p.a.
synthetic TER ***	5.17% p.a.
thereof unit register fee in %	0.85% p.a.

\* Without performance fee and with unit register

\*\* With unit register

\*\*\* Whithout performance fee, with unit register, with costs, which accrue on stage of the targeted funds

## Transaction costs

01.04.2015 - 31.03.2016

EUR

Charges	54'216.12
Brokerage	9'833.37

Transaction costs are charged directly to the purchase - or sales value of the investment concerned. Therefore, these costs are not included in the TER-calculation.

## Asset Holdings as at 31.03.2016

Sales and Purchases 01.04.2015 - 31.03.2016

Name	Holdings 01.04.2015	Purchase 1)	Sale 2)	Holdings 31.03.2016	Fair value EUR	Share in %
<b>Investment Funds</b>						
<b>France</b>						
Amundi ETF MSCI Em Asia UCITS ETF FCP EUR	145'900.00	281'019.00	306'419.00	120'500.00	2'514'798.85	6.72%
Amundi ETF MSCI Emerging Markets UCITS ETF FCP	735'000.00	1'118'000.00	785'000.00	1'068'000.00	3'259'856.40	8.70%
Lyxor UCITS ETF Daily Short X2 FCP - C-	0.00	130'000.00	130'000.00	0.00	0.00	0.00%
Lyxor UCITS ETF Euro Cash FCP	0.00	78'000.00	78'000.00	0.00	0.00	0.00%
<b>Total France</b>					<b>5'774'655.25</b>	<b>15.42%</b>
<b>Great Britain</b>						
First State Inv ICVC - First State Asia Pacific Leaders Fund	1'500'000.00	14'388.12	0.00	1'514'388.12	2'051'541.59	5.48%
<b>Total Great Britain</b>					<b>2'051'541.59</b>	<b>5.48%</b>
<b>Ireland</b>						
Heptagon PLC Harvest China A Sh. Equity F. Cl.C USD	0.00	11'700.00	0.00	11'700.00	1'150'692.45	3.07%
HSBC MSCI Russia Capped UCITS ETF She German Cert.	95'000.00	0.00	95'000.00	0.00	0.00	0.00%
iShares III Emerging M. Local Government Bond UCITS ETF	30'000.00	0.00	30'000.00	0.00	0.00	0.00%
PCP Sel. UCITS PLC - Linden Core Fund 2X C USD	1'026.09	814.00	0.00	1'840.09	1'540'901.27	4.11%
PIMCO Euro Short Maturity Source UCITS ETF	0.00	44.00	44.00	0.00	0.00	0.00%
Sys Qbas All Tr Class -AI- EUR	0.00	250'000.00	0.00	250'000.00	2'535'025.00	6.77%
<b>Summe Ireland</b>					<b>5'226'618.72</b>	<b>13.96%</b>
<b>Liechtenstein</b>						
AIM Equity TR Klasse I Fund	0.00	1'840.00	0.00	1'840.00	1'826'328.80	4.88%
Principal Asia Convertible Bond Fund B	850.00	650.00	0.00	1'500.00	1'861'880.40	4.97%
<b>Total Liechtenstein</b>					<b>3'688'209.20</b>	<b>9.85%</b>
<b>Luxembourg</b>						
Bellevue Funds (Lux) SICAV - BB African Opportunities	5'080.00	0.00	5'080.00	0.00	0.00	0.00%
Berenberg Renminbi Bond Opportunities UI FC	8'600.00	0.00	8'600.00	0.00	0.00	0.00%
BGF Eu Sp S D2C	0.00	60'000.00	0.00	60'000.00	2'311'200.00	6.17%
ComS MSCI J100 -I- C	0.00	122'000.00	0.00	122'000.00	1'677'902.60	4.48%
db x-trackers II SICAV - EONIA Total Return Index ETF	0.00	40'000.00	40'000.00	0.00	0.00	0.00%
dbxt USD C ETF -1C-	0.00	9'000.00	9'000.00	0.00	0.00	0.00%
Franklin Templeton Inv. Funds SICAV - Mena Fund - I -	0.00	500'000.00	500'000.00	0.00	0.00	0.00%
Goldman Sachs Funds SICAV - N- 11SM Equity Portfolio	47'000.00	0.00	47'000.00	0.00	0.00	0.00%
GS Gr&EM B Eq IC	0.00	220'000.00	0.00	220'000.00	2'695'376.60	7.20%
Hen Hor GI HYB I2 Cap	0.00	55'000.00	0.00	55'000.00	5'301'326.25	14.16%
Hend Hor Em CB I2C	0.00	24'300.00	0.00	24'300.00	2'261'492.86	6.04%
MFS Meridian SICAV - Global Total Return	220'000.00	210'000.00	330'000.00	100'000.00	1'767'000.00	4.72%
N1 GI St Eq U BIC	0.00	261'000.00	261'000.00	0.00	0.00	0.00%
Nordea 1 SICAV - Stable Emerging Markets Equity Fund	82'500.00	30'000.00	82'500.00	30'000.00	1'654'200.00	4.42%
Pion EM Bd S-T IC	0.00	2'500.00	2'500.00	0.00	0.00	0.00%



## Asset Holdings as at 31.03.2016

Sales and Purchases 01.04.2015 - 31.03.2016

Name	Holdings	Purchase	Sale	Holdings	Fair value	Share
	01.04.2015	1)	2)	31.03.2016	EUR	in %
PION EM C HY Bd HC	1'700.00	2'760.00	2'660.00	1'800.00	2'283'372.00	6.10%
Pioneer Funds FCP - Emerging Markets Bond Units H Cap.	1'100.00	1'940.00	3'040.00	0.00	0.00	0.00%
Schroder Int. Seleccion Funds - Frontier Markets	12'400.00	0.00	12'400.00	0.00	0.00	0.00%
Schroder Int. Seleccion Fund - Asian Total Return	5'270.00	0.00	5'270.00	0.00	0.00	0.00%
<b>Total Luxembourg</b>					<b>19'951'870.31</b>	<b>53.28%</b>
<b>Total Investment Funds</b>					<b>36'692'895.07</b>	<b>97.98%</b>
<b>Bank deposits</b>						
Cash					728'254.40	1.94%
Time deposits					0.00	0.00%
<b>Total Bank deposits</b>					<b>728'254.40</b>	<b>1.94%</b>
<b>Other Assets</b>					<b>28'775.65</b>	<b>0.08%</b>
<b>Total Assets</b>					<b>37'449'925.12</b>	<b>100.00%</b>
<b>Liabilities</b>					<b>-339'897.43</b>	<b>-0.91%</b>
<b>Net Assets</b>					<b>37'110'027.69</b>	<b>99.09%</b>

1) Purchase includes transactions such as: free shares / purchases / conversions / name changes / "splits" / stock dividends / elected dividends / securities split / transfer / reclassification due to redenomination in EUR / exchange between companies / allocation due to purchase rights or option rights / allocation of purchase rights from base securities

2) Sale includes transactions such as: drawing by lot / write-off due to expiration / deletion of purchase rights or option rights / reverse splits / transfer / reclassification due to the redenomination in fund currency / exchange between companies / sale / repayment

# Annual report from the Asset Manager

## Activity report

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At the start of the reporting period, the reference index MSCI Emerging Markets USD slumped by as much as 20.34% between 28 April and 29 September 2015. Translated into euros, this rate goes up even further to 24.11%. Despite a short recovery period, the reference index was barely able to reduce these losses until 31 March 2016. The MSCI Emerging Markets lost 19.06% in euros during the reporting period. This development has numerous reasons.

The crisis in the emerging markets was triggered by China. For the first time since the global financial crisis in 2009, economic growth dropped below 7%. The economy is currently going through significant changes. Due to rising wages, an ageing society and more favourably priced competition from South East Asia and Africa, the "old" business model no longer functions. Comprehensive economic measures have to be implemented to get China ready for the changed conditions.

The heavy-weights Russia and Brazil also failed to perform. Russia is going through an economic crisis triggered by the Ukraine conflict and international sanctions. The country has gone into recession. But Brazil is also suffering. The country is seeking for an economic model, led by a president involved in a corruption scandal. The economy has been stagnating for four years and the rate of inflation is rocketing.

On the bond side losses had to be also accepted. The JP Morgan Emerging Market's sovereign index lost 4.46% (EUR). In September 15 and January 2016 partly even to just 10%. In the suction of the US interest rate policy and the questions of the currency development the emerging market bonds were strongly punished. Investments with a consistent and positive risk yield relation became rarer and rarer and, besides, investors have drawn off more and more means from bonds. The high price volatility have led to the fact that we reacted actively to market situations. The whole rate of the bonds swayed between 22 – 36% of the whole portfolio. Our loan investments are strongly diversified on enterprise and state loans in local and hard currencies.

The emerging markets are generally suffering from a lack of trust. It therefore comes as no surprise that international investors withdrew several hundred billion dollars in 2015. However, the US interest rate policy also plays a part in it all. Due to the start of the cycle of interest rate hikes, investments in the USA are becoming increasingly attractive for investors, which is adding extra pressure for the emerging markets. Compared with the Asia crisis, however, the emerging markets are in a better position today to cope with the withdrawal of capital. This rings particularly true when considering the currency reserves accrued by these countries after their experiences at the end of the 1990s. They hold a total of around USD 8,000 billion, a reassuring safety buffer for now, even though it is distributed unevenly between the emerging countries and China alone owns around USD 3,500 billion. This buffer enables the emerging countries to purchase their own currencies and thus slow down, at least to a degree, their devaluation resulting from the mass withdrawal of capital.

To top all this off, the raw materials prices are weak. Particularly the crude oil price suffered severe fluctuations. However, favourable raw materials prices are positive for many countries as they are net importers.

Even though the reporting period was generally an unsuccessful investment year, there are many indicators pointing at a positive future. A great number of countries are fundamentally solid and have low public debt and little debt dynamics. The currency reserves and mostly flexible exchange rate processes speak for themselves. China will meet its growth expectations and not see any great devaluation. This is indicated, in particular, by the enormous growth in the service sector. The emerging markets have a narrow exchange rate/profit margin and catch-up potential compared with the developed markets.

## Information on issues of particular economic or legal significance

### Valuation date

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The business report as at 31.03.2016 is based on the last NAV of the reporting period.  
This was calculated as at 31.03.2016.

### Calculation

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Possible discrepancies in the totals are due to rounding differences.

### Announcement to the Investors of 20.10.2015

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Unitholders were informed about following changes in the prospectus:  
Change of name of the statutory auditor of the UCITS as well as the change of the statutory auditor of the management company, changes of the redemption of units and changes of the ongoing fees (total expense ratio).  
Furthermore the maximum of the redemption commission and adjustment of the investment principles has changed.  
The sales agents of the countries has been added.

### Announcement to the Investors of 20.11.2015

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Information about special regulation of NAV calculation in the period of 22<sup>nd</sup> December 2015 and 7<sup>th</sup> January 2016.

### Announcement to the Investors of 04.03.2016

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With this information the unitholders were informed about following change of name of the subfunds:  
EVOLUTION Dynamic Fund in EVOLUTION Emerging Dynamic Fund  
EVOLUTION Classic Fund in EVOLUTION Emerging Balanced Fund

Furthermore 2 new subfunds were founded:  
EVOLUTION Global Dynamic Fund and EVOLUTION Balanced Fund

Furthermore the investment advisor fee was deleted, an option for a suspension was added and the information that securities lending and repurchase agreements are not permitted, has been added.  
For the riskmanagement and administration fee a graduation of the fees was made.  
The distributor's fee has been reduced from 1.60% to 1.40%.