

**ALKEN FUND****I. ALKEN FUND – European Opportunities**

**Important Information** This section I of the simplified prospectus contains key information about ALKEN FUND – European Opportunities (the "Sub-Fund"). For more information before investing, investors should consult the full prospectus of ALKEN FUND (the "Company") currently in force.

The rights and duties of the investor as well as the legal relationship with the Company are laid down in the full prospectus currently in force (the "Prospectus"). The Prospectus and the periodical reports may be obtained free of charge from the Company.

**Investment objective** To provide capital growth and to enable investors to benefit from growth in the European equity market, primarily through dynamic investment in a growth/value style biased portfolio of equity securities of undervalued European companies with a high growth potential. This Sub-Fund is a relative return fund implying a medium tolerance to risk, with the objective to realise a relative net performance over the Dow Jones STOXX 600 EUR (Return) Index.

**Investment policy** The Sub-Fund will invest at least 75% of its total assets in equity and equity related securities issued by companies that are headquartered in Europe or conduct the preponderant part of their activity in Europe.

The portfolio will contain a limited selection of securities considered as offering the greatest potential. Selection will comprise a mixture of "growth" and "value" stocks believed to have the potential to provide enhanced returns relative to the market. Growth stocks are those whose earnings are expected to grow faster than the average for the market, whereas value stocks, on the other hand, are inexpensive compared with the earnings or assets of the companies that issue them, often because they are in a mature or depressed industry, or because the company has suffered a setback. The Sub-Fund will be managed on a bottom up basis, whereby overweight and underweight positions in securities of a given country, sector and stock will be determined through the application of analytical techniques to such countries, sectors and stocks; furthermore, the Sub-Fund will endeavour to benefit from the regular movements of stock exchanges by investing according to geographical, sectorial and thematic trends.

The Sub-Fund will hold a diversified portfolio composed of securities in listed companies. These securities may consist of ordinary or preferred shares, convertible bonds, and to a lesser extent, warrants on transferable securities and options. The Sub-Fund may also invest up to 10% of its net assets in units of UCITS or up to 5% of its net assets in units of UCIs.

On an ancillary basis, the Sub-Fund may also hold liquid assets and money-market instruments.

Within the limits set out in the investment restrictions in the main body of the Prospectus, the Sub-Fund may use derivative techniques and instruments for hedging or other purposes, in order to improve the returns of the Sub-Fund.

In particular, the Sub-Fund may use call or put options and/or futures and/or forward contracts on transferable securities, interest rates, indices and other financial instruments, such as swaps agreements, traded on Regulated Markets or over-the-counter.

Investments in debt securities, within the meaning of Council Directive 2003/48/EC ("EU Savings Directive") on the taxation of savings income, will be limited to 15% of the Sub-Fund's net assets; in exceptional circumstances only, when market conditions so



command, such limit may be exceeded but, in any event, investments of this kind will then not exceed 40% (to be reduced to 25% as of 01.01.2011) of the Sub-Fund's net assets. It is therefore presently expected that capital gains realised by Shareholders on the disposal of Shares in the Sub-Fund will not be subject to the reporting or withholding requirements imposed by the EU Savings Directive.

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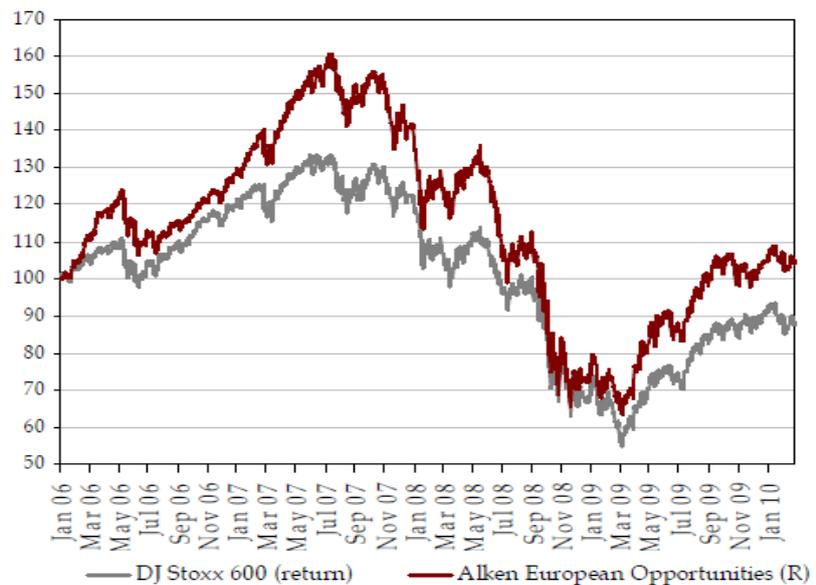
### Sub-Fund's risk profile

The Sub-Fund is subject to the specific risks linked to investments in equity securities and collective investment schemes as well as to market volatility linked to the investment in derivative instruments and warrants. Furthermore, a risk of illiquidity of the Sub-Fund may not be excluded. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.

For full details of the risks applicable to investing in this Sub-Fund, Shareholders are advised to refer to "Risk Considerations" in the Prospectus.

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### Performance of the Sub-Fund



The performance of the Sub-Fund is +41.19% for the year 2009.

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### Performance disclaimer

Past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of shares and the income from them, as applicable, may fall as well as rise. Please note that the performance data set out above does not take account of any commissions and costs incurred on the issue and redemption of Shares.

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### Profile of the typical investor

This Sub-Fund is a medium risk vehicle aiming to provide capital growth. It may be suitable for investors who are more concerned with maximising long term returns than minimising possible short term losses.

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### Treatment of income

This Sub-Fund pursues a policy of achieving capital growth and reinvests income earned; as a result, it is not the Company's intention to pay out dividends on Class A, Class H, Class R and Class Z1 Shares. Nevertheless, the general meeting of Shareholders may decide each year on proposals made by the Directors on this matter.

It is the Company's intention that Class U and Class Z2 Shares shall receive at least one annual distribution, normally payable no later than 6 months after the end of the accounting year to which such dividends relate, comprising the income of the Sub-Fund attributable to these Classes net of revenue expenses or, if greater, such amount as to enable these Classes to attain the HM Revenue & Customs distributing fund certification for the relevant accounting year (which for the avoidance of doubt may mean that part of such distribution is made out of capital profits).

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## Share Classes

**ALKEN FUND – European Opportunities Class H** ("Class H"): currently closed to any further subscriptions, either from new or existing Shareholders, until further notice;

**ALKEN FUND – European Opportunities Class R** ("Class R");

**ALKEN FUND – European Opportunities Class U** ("Class U"): Class U Shares will be offered to investors mainly resident in the United Kingdom, the Channels Islands or the Isle of Man;

**ALKEN FUND – European Opportunities Class Z1** ("Class Z1"): Class Z1 Shares will be offered to investors subject to a minimum initial investment per subscriber of at least 10,000,000 Euros. The minimum initial investment in respect of the Class Z1 Shares may be waived or varied at the discretion of the Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Directors and in an equitable manner to all such investors on the same Valuation Day;

**ALKEN FUND – European Opportunities Class Z2** ("Class Z2"): Class Z2 Shares will be offered to investors mainly resident in the United Kingdom, the Channels Islands or the Isle of Man and will be subject to a minimum initial investment per subscriber of at least 10,000,000 Euros. The minimum initial investment in respect of the Class Z2 Shares may be waived or varied at the discretion of the Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Directors and in an equitable manner to all such investors on the same Valuation Day.

**ALKEN FUND – European Opportunities Class A** ("Class A").

### **Initial Offering Period:**

Class A Shares will be launched upon reception of the first subscription order and with the approval of the Board of Directors.

The management fees applying to the Shares are set out below.

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## Sub-Fund Expenses

The Sub-Fund will pay out of its assets **management fees** to the Management Company which may amount up to 0.90% in respect of Class H, up to 1.50% in respect of Class R, Class U, Class Z1, Class Z2 and up to 2.25% in respect of Class A, payable quarterly on the basis of the total average net assets of each Class.

The Sub-Fund will also pay, on a quarterly basis, **custody and administration fees** which in aggregate will not exceed 0.50% per annum of the net asset value of the shares during the relevant quarter.

Furthermore, the Sub-Fund will pay out of its assets, in respect of Class H, Class R, Class U, Class Z1, Class Z2 and Class A Shares, a **performance fee**, payable quarterly, to the Management Company, which may be levied only in case there is a difference in favour of the investor between the relative evolution of the Net Asset Value and the Dow Jones STOXX 600 EUR (Return) Index (i.e. an outperformance). The performance fee by Share outstanding will be equivalent to 10 per cent of the positive excess of the net return of the Sub-Fund over the Benchmark Index (i.e. the outperformance) since the last performance fee payment or the end of the preceding calendar year, whichever is most recent.

The Sub-Fund also pays brokerage fees, the Luxembourg *taxe d'abonnement* and legal and auditor fees and any other fees incurred in the Sub-Fund.

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**Shareholders expenses**

Sales charges

Up to 3% of the net asset value per share\*,  
For Class A shares, no sales commission  
will be charged.

Redemption charges

Up to 3% of the net asset value per share\*

Conversion charges

Up to 1% of the net asset value per share\*

When marketing the Sub-Fund abroad, regulations in certain jurisdictions may require the presence of a local paying agent. In such cases, investors domiciled in these jurisdictions may be required to pay any fees and charges deducted by the local paying agent.

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\* Furthermore, a dilution levy of up to 2% of the net assets per share may be applied under the circumstances described in the full Prospectus.

## ALKEN FUND

### II. ALKEN FUND – Small Cap Europe

#### Important Information

This section II of the simplified prospectus contains key information about ALKEN FUND – Small Cap Europe (the "Sub-Fund"). For more information before investing, investors should consult the full prospectus of ALKEN FUND (the "Company") currently in force.

The rights and duties of the investor as well as the legal relationship with the Company are laid down in the full prospectus currently in force (the "Prospectus"). The Prospectus and the periodical reports may be obtained free of charge from the Company.

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#### Investment objective

To provide capital growth and to enable investors to benefit from growth in the European equity market, primarily through dynamic investment in a growth/value style biased portfolio of equity securities of undervalued European companies with a high growth potential focusing albeit not exclusively on small caps being companies with a capitalisation of less than 3 billion Euros, and mid caps being companies with a market capitalisation of around more than 3 billion Euros but less than 10 billion Euros. This Sub-Fund is a relative return fund implying a medium tolerance to risk, with the objective to realise a relative net performance over the Dow Jones TMI Small Cap EUR (Return) Index.

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#### Investment policy

The Sub-Fund will invest at least 75% of its total assets in equity and equity related securities issued by companies that are headquartered in Europe, or conduct the preponderant part of their activity in Europe which are small and mid caps (as defined above).

The portfolio will contain a limited selection of securities considered as offering the greatest potential. Selection will comprise a mixture of "growth" and "value" stocks believed to have the potential to provide enhanced returns relative to the market. Growth stocks are those whose earnings are expected to grow faster than the average for the market, whereas value stocks, on the other hand, are inexpensive compared with the earnings or assets of the companies that issue them, often because they are in a mature or depressed industry, or because the company has suffered a setback. The Sub-Fund will be managed on a bottom up basis, whereby overweight and underweight positions in securities of a given country, sector and stock will be determined through the application of analytical techniques to such countries, sectors and stocks; furthermore, the Sub-Fund will endeavour to benefit from the regular movements of stock exchanges by investing according to geographical, sectorial and thematic trends.

The Sub-Fund will hold a diversified portfolio composed of securities in listed companies. These securities may consist of ordinary or preferred shares, convertible bonds, and to a lesser extent, warrants on transferable securities and options. The Sub-Fund may also invest up to 10% of its net assets in units of UCITS or up to 5% of its net assets in units of UCIs.

On an ancillary basis, the Sub-Fund may also hold liquid assets and money-market instruments.

Within the limits set out in the investment restrictions in the main body of the Prospectus, the Sub-Fund may use derivative techniques and instruments for hedging or other purposes, in order to improve the returns of the Sub-Fund.

In particular, the Sub-Fund may use call or put options and/or futures and/or forward contracts on transferable securities, interest rates, indices and other financial instruments, such as swaps agreements, traded on Regulated Markets or over-the-counter.

Investments in debt securities, within the meaning of Council Directive 2003/48/EC

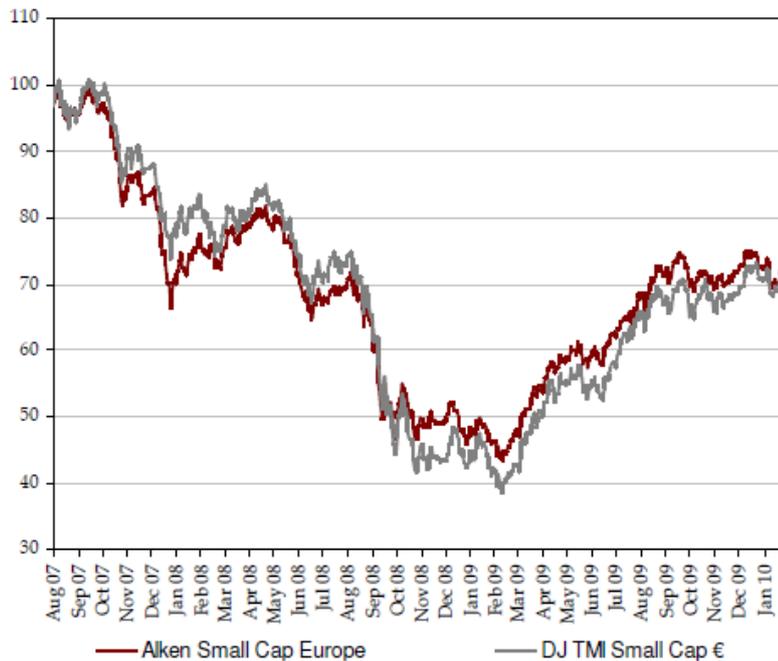
("EU Savings Directive") on the taxation of savings income, will be limited to 15% of the Sub-Fund's net assets; in exceptional circumstances only, when market conditions so command, such limit may be exceeded but, in any event, investments of this kind will then not exceed 40% (to be reduced to 25% as of 01.01.2011) of the Sub-Fund's net assets. It is therefore presently expected that capital gains realised by Shareholders on the disposal of Shares in the Sub-Fund will not be subject to the reporting or withholding requirements imposed by the EU Savings Directive.

### Sub-Fund's risk profile

The Sub-Fund is subject to the specific risks linked to investments in equity securities and collective investment schemes as well as to market volatility linked to the investment in derivative instruments and warrants. Furthermore, a risk of illiquidity of the Sub-Fund may not be excluded. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.

For full details of the risks applicable to investing in this Sub-Fund, Shareholders are advised to refer to "Risk Considerations" in the Prospectus.

### Performance of the Sub-Fund



The performance of the Sub-Fund is +44.31% for the year 2009.

### Performance disclaimer

Past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of shares and the income from them, as applicable, may fall as well as rise. Please note that the performance data set out above does not take account of any commissions and costs incurred on the issue and redemption of Shares

### Profile of the typical investor

This Sub-Fund is a medium risk vehicle aiming to provide capital growth. It may be suitable for investors who are more concerned with maximising long term returns than minimising possible short term losses.

### Treatment of income

This Sub-Fund pursues a policy of achieving capital growth and reinvests income earned; as a result, it is not the Company's intention to pay out dividends on Class A, Class R and Class Z1 Shares. Nevertheless, the general meeting of Shareholders may decide each year on proposals made by the Directors on this matter.

It is the Company's intention that Class U and Class Z2 Shares shall receive at least one annual distribution, normally payable no later than 6 months after the end of the accounting year to which such dividends relate, comprising the income of the Sub-Fund attributable to these Classes net of revenue expenses or, if greater, such amount as to

enable these Classes to attain the HM Revenue & Customs distributing fund certification for the relevant accountings year (which for the avoidance of doubt may mean that part of such distribution is made out of capital profits).

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## Share Classes

**ALKEN FUND – Small Cap Europe Class R** ("Class R");

**ALKEN FUND – Small Cap Europe Class U** ("Class U"): Class U Shares are offered to investors, mainly to those resident in the United Kingdom, the Channels Islands and the Isle of Man; **ALKEN FUND – Small Cap Europe Class Z1** ("Class Z1"): Class Z1 Shares will be offered to investors subject to a minimum initial investment per subscriber of at least 10,000,000 Euros. The minimum initial investment in respect of the Class Z1 Shares may be waived or varied at the discretion of the Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Directors and in an equitable manner to all such investors on the same Valuation Day.

Class Z1 Shares are currently not offered to investors;

**ALKEN FUND – Small Cap Europe Class Z2** ("Class Z2"): Class Z2 Shares will be offered to investors mainly resident in the United Kingdom, the Channels Islands or the Isle of Man and will be subject to a minimum initial investment per subscriber of at least 10,000,000 Euros. The minimum initial investment in respect of the Class Z2 Shares may be waived or varied at the discretion of the Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Directors and in an equitable manner to all such investors on the same Valuation Day.

Class Z2 Shares are currently not offered to investors.

**ALKEN FUND – Small Cap Europe Class A** ("Class A").

### **Initial Offering Period:**

Class A Shares will be launched upon reception of the first subscription order and with the approval of the Board of Directors.

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## Sub-Fund Expenses

The Sub-Fund will pay out of its assets **management fees** to the Management Company which may amount up to 1.75% in respect of Class R, Class U, Class Z1, Class Z2 and up to 2.25% in respect of Class A, payable quarterly on the basis of the total average net assets of each Class.

The Sub-Fund will also pay, on a quarterly basis, **custody and administration fees** which in aggregate will not exceed 0.50% per annum of the net asset value of the shares during the relevant quarter.

Furthermore, the Sub-Fund will pay out of its assets, in respect of the Class R, Class U, Class Z1, Class Z2 and Class A Shares, a **performance fee**, payable quarterly, to the Management Company, which may be levied only in case there is a difference in favour of the investor between the relative evolution of the Net Asset Value and the Dow Jones STOXX TMI Small EUR (Return) Index (i.e. an outperformance). The performance fee by Share outstanding will be equivalent to 10 per cent of the positive excess of the net return of the Sub-Fund over the Benchmark Index (i.e. the outperformance) since the last performance fee payment or the end of the preceding calendar year, whichever is most recent.

The Sub-Fund also pays brokerage fees, the Luxembourg *taxe d'abonnement* and legal and auditor fees and any other fees incurred in the Sub-Fund.

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<b>Shareholders expenses</b>	Sales charges	Up to 3% of the net asset value per share*, for Class A shares, no sales commission will be charged.
	Redemption charges	Up to 3% of the net asset value per share*
	Conversion charges	Up to 1% of the net asset value per share*

When marketing the Sub-Fund abroad, regulations in certain jurisdictions may require the presence of a local paying agent. In such cases, investors domiciled in these jurisdictions may be required to pay any fees and charges deducted by the local paying agent.

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\* Furthermore, a dilution levy of up to 2% of the net assets per share may be applied under the circumstances described in the full Prospectus.

## ALKEN FUND

### III. General Information

#### Taxation of the Company and of the Shareholders

The Company is not subject to any taxes in Luxembourg on income or capital gains. The only tax to which the Company is subject is the "taxe d'abonnement" at a rate of 0.05% per annum based on the net asset value of the Company. In respect of any class of Shares which comprises only institutional investors (within the meaning of article 129 of the Law of 20<sup>th</sup> December 2002), the tax levied will be at the rate of 0.01% per annum. This tax is not applicable for the portion of the assets of a Sub-Fund invested in other Luxembourg undertakings for collective investment already subject to "taxe d'abonnement".

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the countries of origin. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

Shareholders are not normally subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in Luxembourg except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg, and except for certain former residents of Luxembourg and non-residents if owning more than 10% of the share capital of the Company, disposing of it in whole or part within six months of acquisition.

**However, it is incumbent upon any purchasers of Shares in the Company to inform themselves about the relevant legislation and tax regulations applicable to the acquisition, holding and sale of Shares with regard to their residence qualifications and nationality.**

#### Price publication

The net asset value of each Class of Share of each Sub-Fund shall be calculated on every day on which banks are normally open for business in Luxembourg, or such other day as the Directors may decide from time to time (each a "Valuation Day") and is available at the registered offices of Pictet & Cie (Europe) S.A.

#### How to buy/sell/convert shares

Shares can be bought, sold and converted via Pictet & Cie (Europe) S.A.

In order to be dealt with on a specific Valuation Day, any requests for subscriptions, redemptions and conversion needs to be received by Pictet & Cie (Europe) S.A. prior to 4.00 p.m. Luxembourg time on the business day preceding the applicable Valuation Day. Such request will be dealt with at the net asset value per share determined on that Valuation Day.

For any request for subscription, redemption or conversion received by Pictet & Cie (Europe) S.A. after the deadline of 4.00 p.m. on the last working day before Valuation Day, the net asset value applicable will be calculated on the following Valuation Day thereafter.

#### Additional information

##### **Legal structure:**

ALKEN FUND – European Opportunities and ALKEN FUND – Small Cap Europe are the Sub-Funds of ALKEN FUND. The Company is a Luxembourg investment company with multiple sub-funds organised as a "société anonyme" incorporated on 16<sup>th</sup> November 2005. The Company is organised under Part I (UCITS) of the Luxembourg law of 20<sup>th</sup> December 2002 on undertakings for collective investment as a "*Société d'Investissement à Capital Variable*", for an unlimited period. It currently comprises two Sub-Funds in operation.

The Company has appointed Alken Luxembourg Sàrl, a Luxembourg "*Société à responsabilité limitée*", to serve as its designated management company. The Management

Company provides investment management, administrative and marketing services to the Company, subject to the overall supervision and control of the Directors. The Management Company is in charge of the day-to-day operations of the Company. In fulfilling its responsibilities, it is permitted to delegate all or a part of its functions and duties to third parties, provided that it retains responsibility and oversight over such delegates. The Management Company has delegated the following functions to third parties: investment management and central administration.

**Management Company:**

Alken Luxembourg Sàrl  
19, rue de Bitbourg, L-1273 Luxembourg

**Custodian and Central Administration:**

Pictet & Cie (Europe) S.A.  
1, boulevard Royal, L-2449 Luxembourg

**Investment Manager:**

Alken Asset Management LLP  
61 Conduit Street, London W1S 2GB, UK

**Auditors:**

Deloitte S.A.  
560, route de Neudorf, L-2220, Luxembourg

**Promoter:**

Alken Luxembourg Sàrl  
19, rue de Bitbourg, L-1273 Luxembourg

**Supervisory Authority:**

Commission de Surveillance du Secteur Financier, Luxembourg

**Swiss Representative:**

Pictet Funds SA  
60 route des Acacias  
CH-1211 Genève 73  
Switzerland

**Swiss Paying Agent:**

Pictet & Cie  
60 route des Acacias  
CH-1211 Genève 73  
Switzerland.

**Facility Service Agent:**

Alken Asset Management LLP  
61 Conduit Street London W1S 2GB, UK

**Further information**

For further information, investors are invited to contact Alken Luxembourg Sàrl 19, rue de Bitbourg, L-1273 Luxembourg