Annual Report

2020

castle
ALTERNATIVE INVEST

Contents

Further information
Periodic updates of elements of this annual report and supplementary information can be retrieved from the Company's website **www.castleai.com**

Publication date
This report was released for publication on 31 March 2021.
The subsequent event note in the financial statements has been updated to 31 March 2021.
Amounts in the report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Alternative Invest AG in 2020

		December 2020	December 2019
Net asset value up 4.7 per cent	Castle Alternative Invest AG's ("Castle", "CAI" or the "Company") net asset value ("NAV") increased by 4.7 per cent in 2020 to USD 16.01. The annualised NAV return in dollars since inception is +5.1 per cent.	USD 16.01 per share TUSD 80,741	USD 15.29 per share TUSD 77,914
Cancellation of shares and capital reduction	The Annual General Meeting ("the AGM") of the company, on 13 May 2020, approved a share capital reduction by way of cancellation of 1,253,440 shares. The cancellation process was completed by 10 August 2020 and the shares duly cancelled. Accordingly, the share capital of Castle AI has been reduced to 5,043,659 shares.	5,043,659 shares in issue	6,297,099 shares in issue
Share price decreased by 7.1 per cent in CHF	The CHF share price decreased 7.1 per cent on the SIX-Swiss Exchange during the year, from CHF 14.00 per share to CHF 13.00 per share. The discount to the NAV of the CHF shares increased to 8.26 per cent in December 2020, compared to 5.28 per cent in December 2019.	CHF 13.00 per share	CHF 14.00 per share

Chairman's statement

Dear Shareholders,

2020 was, of course, dominated by the pandemic. Public equity markets fell sharply in Q1 by over 30 per cent but then rallied during the rest of the year, with particularly strong performance from technology stocks, with NASDAQ rising 87 per cent from the March low, driven by the trend towards online shopping, working from home, online education and so on.

The global response to the pandemic included a concerted effort by central banks to provide ample liquidity, as well as governments providing financial assistance to companies and employees affected by the economic impact of the pandemic. Towards the end of 2020, markets were excited by the prospect of vaccines to combat the Covid virus, as well as the defeat in the US Presidential election of Donald Trump by Joe Biden.

By the end of 2020, the NAV of the underlying Castle Alternative Invest (CAI) portfolio had risen to USD 16.01 per share, an increase of 4.7 per cent for the year, well below the rise of 16.5 per cent in the MSCI World Index. The discretionary managers, who are expected to generate excess returns based on proven skills, delivered in general a positive result. Long/short equity managers achieved a 10.1 per cent performance and contributed 4.7 per cent to the overall result. The excess returns were based on good stock selection and tactical trading skills. All relative value managers closed the year with aggregate positive results of 15.9 per cent and moderate volatility, contributing 3.5 per cent to the overall performance. The event driven managers reported a variety of different outcomes and, as a group, they were positive with 5.9 per cent, contributing 0.5 per cent to the overall performance.. With regard to systematic strategies, trend followers were successful due to astute positioning, while systematic macro managers had a more challenging year.

On 7 February 2020, the share buyback program on a second trading line at SIX Swiss Exchange, which started on 1 July 2019, was terminated. With the end of the programme the maximum number of registered shares approved by shareholders at the AGM in 2019 was reached. As previously, these share buybacks were done for cancellation purposes. Consequently, CAI announced the cancellation of 1,253,440 shares which was approved at the 13 May 2020 annual general meeting of shareholders. The cancellation became effective as of 12 August 2020. CAI's issued share capital now amounts to 5,043,659 registered shares with a par value of CHF 0.05 each.

Since 2010, CAI has launched regular share buyback programs at market price and by issuing tradeable put options. During the past eleven years, CAI has successfully completed twenty share buyback programs which have helped significantly to narrow the discount from 26.2 per cent at the end of 2010 to just 8.3 per cent at the end of 2020.

Castle Alternative Invest AG welcomes shareholders’ participation in the 12 May 2021 Annual General Meeting of Shareholders. Following the Federal Council’s current Ordinance on Measures to fight Covid-19, it invites all shareholders to give voting instructions to the independent proxy holder. Shareholders may also have the possibility to use electronic authorisations and instructions via https://investor.sherpany.com/start/#login It will not possible to participate at the Annual General Meeting in person.

Finally, as your Chairman, I would like to thank you for your continuing support for the Company.

Yours sincerely,

Tim Steel
Chairman of the board of directors

Investment manager's report

Financial markets and hedge fund strategies

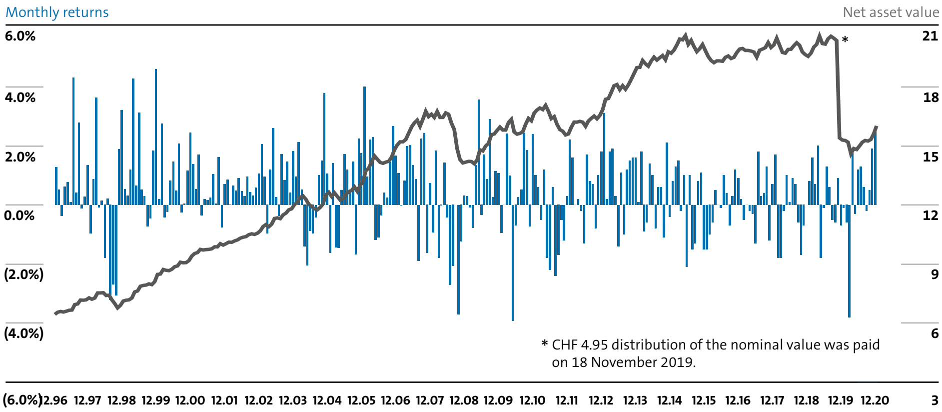
Macro backdrop

The year 2020 will go down in history as the time when the COVID-19 pandemic confounded our social and business life. The worldwide spread of COVID-19 and the associated lockdowns also violently upended the decade-long bull market. Starting in February and accelerating in March, capital markets plunged and equities lost around a third of their value on the heels of what was perceived as a deep recessionary shock to the world economy.

The swift and resolute rescue and stimulus measures from policy makers then ushered in an equally fast recovery, first in financial markets and then in the real economy. The recovery was uneven however, separating winners such as technology or health sciences from structural losers in the new normal of social distancing, notably businesses in travel and leisure. China's equity market fared better, for instance, as the country was the first to successfully stop the outbreak. Meanwhile, other emerging markets struggled to contain the virus and to provide adequate financial support.

On the global political stage, US elections in November introduced an element of discontinuity as the Trump administration wasn't confirmed in power and most countries welcome the possibility of a reset in strained relations with the world's biggest economy and military power. From an economic perspective the newly formed US government under President Biden will need to keep expansive policies in place to reflate the economy and lower unemployment.

Development NAV Castle Alternative Invest AG in USD[1)]



[1)] Before September 1999, CAI (Overseas) Ltd. pro-forma performance numbers (real numbers adjusted for currency hedging, net of management fee and performance fee but gross of cost on CAI AG level).

Markets

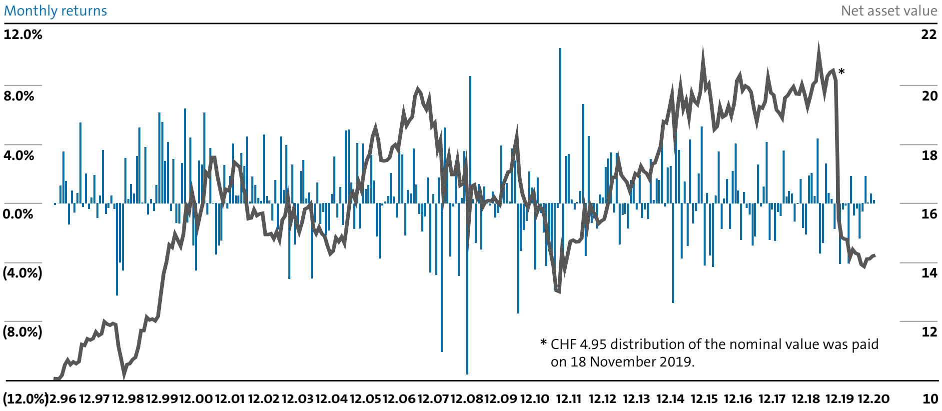
Equity markets experienced extreme volatility levels: the S&P 500, as an example, plummeted into its fastest-ever bear market in the first quarter but the recovery was also very fast and the index surged almost 65 per cent since its March low. This pattern could be observed – with differences in the magnitude of the loss, recovery and speed of events – across most markets globally, which also managed to finish the year in positive territory.

Within fixed income, credit spreads jumped during the market panic but later came back down, mostly because central banks expanded their support by purchasing more investment grade and even high yield bonds on the open market. Government bonds did provide a safe haven during the turmoil, albeit less so than in the past as yields were already near zero at the start of the year.

The US dollar lost ground during 2020 on the back of the rising US twin deficits and the loss of most of its carry advantage as the Federal Reserve lowered short-term rates effectively to zero. The pound – after a strong start into the year driven by the optimism on a quick trade deal with the EU – suffered a sell-off during the pandemic crisis, stabilised during Q2 and ticked higher again during the summer.

Growth sensitive commodities took a hit during the pandemic shock, with WTI oil writing history as prices for the expiring futures contracts briefly went negative in April. Gold, on the other hand, shone bright as precious metals were sought after on the back of negative real interest rates and rising tail risks.

Development NAV Castle Alternative Invest AG in CHF



Castle Alternative Invest AG

Hedge fund strategies

Event Driven added 0.5 per cent to Castle's returns. Event Driven strategies suffered from the heightened market volatility during Q1 but could recoup all the losses in the subsequent months ending the year with high single digits results.

Systematic strategies as a group deducted approximately 0.4 per cent from Castle's returns. CTAs ended the year in positive territory driven mostly by trend-following strategies, while quant macro managers had mixed results and quantitative equity strategies deducted albeit marginally. Trend following strategies offered tangible diversification benefits in Q1 2020 as they could capitalize on some strong trends e.g. in commodities and in currencies and counterbalance the losses from equities exposure.

Long/short equity strategies added 4.7 per cent to Castle's returns, with an aggregate performance just above 10 per cent. The managers were able to offer an effective downside protection in Q1 at the peak of the pandemic shock and captured a good portion of the subsequent market recovery. Some managers even achieved a YTD result in excess of 20 per cent with relevant contributions also from the short side, thus highlighting their stock selection capabilities.

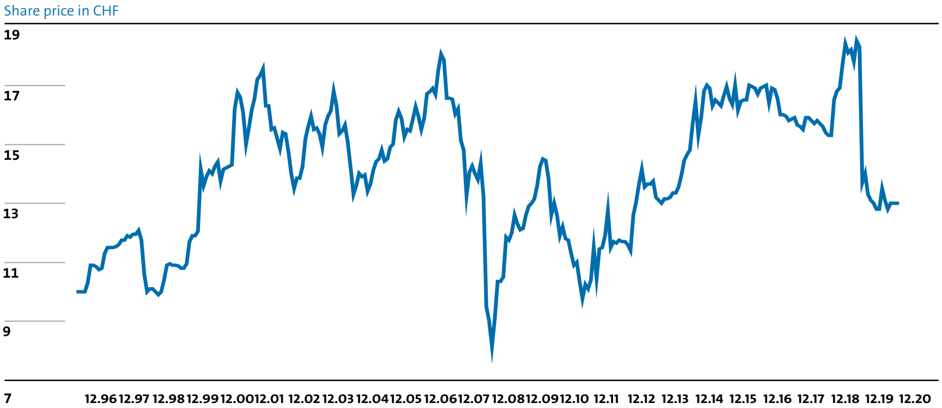
The **relative value** allocation contributed 3.5 per cent to the portfolio and all the managers ended the year in positive territory. A long-standing manager with a strategy focusing on convertible arbitrage posted the best performance, at 26.7 per cent, across all the managers in the portfolio.

Alternative investment industry and outlook

The non-investable HFRI Fund Weighted Composite Index returned a gain of +11.6 per cent in 2020.

The industry assets recorded an outflow of USD 29.6 billion, while overall assets stand at USD 3.6 trillion. The total number of hedge funds and fund of funds as of year-end stood at 9,167, which represents a slight decrease versus the end of 2019 level.

Share price of Castle Alternative Invest AG in CHF



Investment policy

Investment objective

The Company's investment objective is to provide shareholders with long term capital growth through investment in a well diversified and actively managed portfolio of hedge funds, managed accounts and other investment vehicles.

Investment policy

The Company invests through the Cayman Subsidiary (which is wholly owned by the Company) into Castle Alternative Invest (International) Plc ("CAI Ireland"). Accordingly, the investment policy of the Company is consistent with CAI Ireland. Any change to the investment objective or any material change to the investment policies of CAI Ireland requires approval of its shareholders by ordinary resolution or unanimous consent. In the event that a change to the investment policy is approved by an ordinary resolution, a reasonable notification period will be given to investors in CAI Ireland to allow them to redeem their shares prior to the implementation of such a change. In the event that CAI Ireland changes its investment policy the Company will take such action to ensure that the Company is not in breach of any applicable regulation.

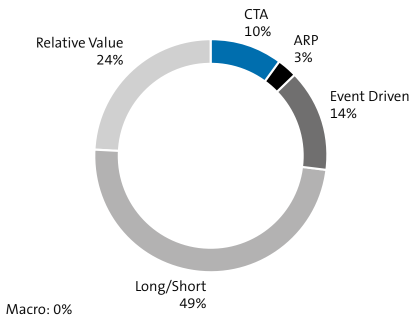
CAI Ireland invests in a diversified global portfolio of hedge funds, managed accounts and other investment vehicles that employ various non-traditional investment strategies that usually belong to the following broadly defined main strategy classes:

Long/short equity
Long/short equity strategies represent the classic hedge fund investment style, taking both long and short positions in equity securities and derivatives thereof with various levels of gross and net exposure. The strategies mainly depend on stock picking, trading skills and portfolio risk management. The strategies may rely on fundamental, macro and sector analysis along with both bottom-up and top-down research.

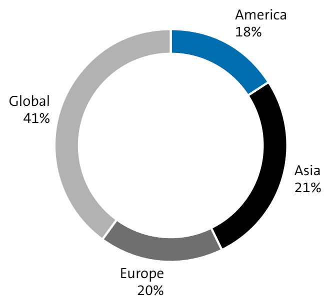
Event driven
Event driven strategies are designed to benefit from the consummation (or non-consummation) of various corporate events such as re-organisations, mergers or acquisitions, bankruptcies or various other situations. The strategies may be executed using a wide range of instruments, including common stock and debt instruments as well as various derivative instruments, with various levels of leverage.

Portfolio
Per December 2020

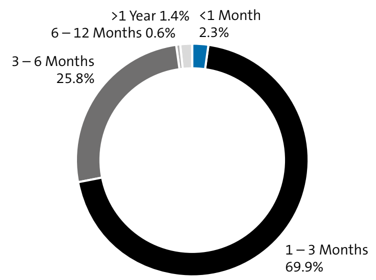
Style allocation



Geographical focus



Liquidity of investment



Top and bottom money makers 2020

Fund	Style	Date of initial investment	Performance for 2020	2020 gain/(loss) in TUSD
Crown/Linden Segregated Portfolio	Relative Value	July 2009	26.7%	1,323
Crown/Greenvale Segregated Portfolio	L/S Equity	November 2018	22.6%	1,200
Sylebra Capital Parc Offshore Fund	L/S Equity	November 2020	20.5%	544
CC&L Q Global Equity Market Neutral Fund	Systematic	February 2019	(0.92%)	(35)
Crown Managed Futures Master Segregated Portfolio	CTA	April 2006	(9.32%)	(542)
Crown/Lomas Segregated Portfolio	L/S Equity	October 2016	(18.17%)	(961)

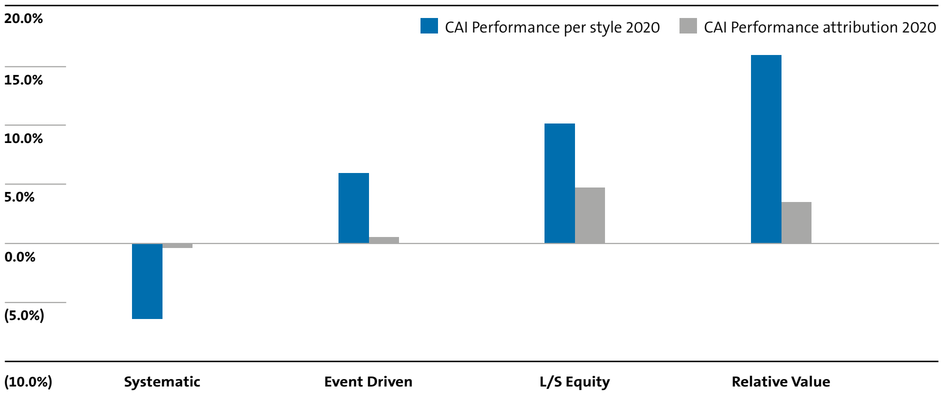
Ten largest holdings

Fund	Style	USD million 31 December 2020	% of investments
Crown/Greenvale Segregated Portfolio	L/S Equity	6.5	9.4%
Crown/Zebedee Segregated Portfolio	L/S Equity	6.3	9.1%
Crown/Linden Segregated Portfolio	Relative Value	5.8	8.3%
Crown/Astignes Segregated Portfolio	Relative Value	5.5	7.9%
Crown/PW Segregated Portfolio	Event Driven	5.4	7.8%
Segantii Asia-Pacific Equity Multi-Strategy Fund (The)	Relative Value	5.2	7.5%
LGT Crown Systematic Trading Sub-Fund	Systematic	5.2	7.5%
Crown/Optimas Segregated Portfolio	L/S Equity	5.1	7.3%
Crown/Capeview Segregated Portfolio	L/S Equity	4.5	6.5%
Aventail Energy Offshore Fund Ltd.	L/S Equity	3.6	5.2%
Subtotal of ten largest holdings		**53.1**	**76.5%**
All other investments		16.3	23.5%
Total net assets		**69.4**	**100.0%**

Style performance attribution

Per December 2020

Estimated performance of styles before cost in USD



Relative value
Relative value strategies are designed to exploit observed differentials across related market prices. Managers execute individual trades – at times through sophisticated structures – based on expectations that such differentials will probably narrow (or widen) and/or embedded options, futures etc. may be re-priced. The strategies may be applied across various instruments, including derivatives and over-the-counter instruments, with various levels of leverage.

CTA/macro
CTA/macro strategies mostly attempt opportunistically or systematically to exploit pricing trends in global markets, including interest rates, equities, currencies and commodities. The strategies rely on macro-economic assessment or systematic trading models that may apply various methodologies. The strategies are primarily executed through listed financial and commodity futures, options or swaps as well as currency instruments with various levels of leverage.

Asset allocation
Whilst the Company aims to invest into the four main strategy classes in a balanced proportion over the long term, the assets invested in any particular strategy class (determined on a look-through basis to the investment at fund level) may vary from time to time but will not in any event exceed 50 per cent of the value of its assets at the time the investment is made without prior shareholder approval.

The Company will invest and manage its assets in a way which is consistent with its objective of spreading investment risk.

The Company may invest through investment entities managed or advised by the investment manager (or any of its affiliates) to optimise its access to and/or returns from certain investment strategies as long as the investment manager (or any of its affiliates) waives, or compensates the Company for, any additional management and/or performance fees on the management of such vehicles.

The Company investments may include limited partnership interests, shares, warrants, certificates, bonds, subordinated loans and various derivative instruments.

The Company may invest unused cash in short-term (less than 12 months to maturity) and medium-term (not greater than five years to maturity) debt instruments or hold cash with reputable banks. Where it considers appropriate, the Company may enter into various derivative transactions, for example in seeking to manage its exposure to interest rate and currency fluctuations through the use of interest rate and currency hedging arrangements, or when implementing systematic or discretionary overlay strategies for the purposes of efficient portfolio management.

Borrowings
There are no borrowing limits in the Articles, but the directors have determined that borrowings shall not exceed 30 per cent of the value of the Company's assets at the time any borrowings are made. The Company will also be geared indirectly to the extent that the funds or other entities or investments in which the Company invests are themselves geared. Borrowings may be used at any time for short-term or temporary purposes, to facilitate share repurchases (where applicable) or to meet ongoing expenses. The Company may also borrow for investment purposes if doing so is deemed to be in the best interests of the Company. Such borrowings will be made on a short to medium term time horizon and the Company does not intend to leverage its investments on a longer term basis.

CAI Ireland is permitted to borrow up to 30 per cent of CAI Ireland's net asset value on a temporary basis including for settlement facilities or in order to meet temporary shortages of liquidity.

Investment restrictions

The Company may not invest more than 15 per cent of its net assets in any single manager and no more than 10 per cent of the Company's net assets in any single investment, at the time the investment is made. A single investment shall be determined on a look-through basis to the investment at fund level or as otherwise determined by the investment manager in good faith to be a single investment.

CAI Ireland shall not take or seek to take legal or management control of any underlying security in which it invests.

CAI Ireland may enter into OTC derivative transactions and other arrangements with counterparties and where assets are transferred to a counterparty the following rules as set out in Article 20 of the AIFMD Level 2 Regulation apply:

(i) When selecting and appointing counterparties and prime brokers, AIFMs shall exercise due skill, care and diligence before entering into an agreement and on an ongoing basis thereafter taking into account the full range and quality of their services.

(ii) When selecting prime brokers or counterparties of an AIFM or an AIF in an OTC derivatives transaction, in a securities lending or in a repurchase agreement, AIFMs shall ensure that those prime brokers and counterparties fulfil all of the following conditions:

(a) they are subject to ongoing supervision by a public authority;
(b) they are financially sound;
(c) they have the necessary organisational structure and resources for performing the services which are to be provided by them to the AIFM or the AIF.

(iii) When appraising the financial soundness referred to in paragraph (ii)(b), the AIFM shall take into account whether or not the prime broker or counterparty is subject to prudential regulation, including sufficient capital requirements, and effective supervision.

(iv) The list of selected prime brokers shall be approved by the AIFM's senior management. In exceptional cases prime brokers not included in the list may be appointed provided that they fulfil the requirements laid down in paragraph (ii) and subject to approval by senior management. The AIFM shall be able to demonstrate the reasons for such a choice and the due diligence that it exercised in selecting and monitoring the prime brokers which had not been listed.

Report of the statutory auditor

to the General Meeting of Castle Alternative Invest AG

Pfäffikon SZ

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Castle Alternative Invest AG and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020 and the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 20 to 62) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

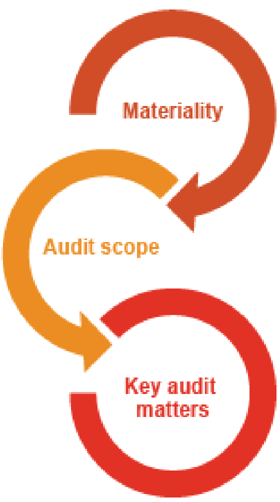
Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: USD 0.8 million

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

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

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

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

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Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

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

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

Overall Group materiality	USD 0.8 milllion
How we determined it	1% of total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because, in our view, it is the most relevant benchmark for investors, and is a generally accepted benchmark for investment companies.

Audit scope

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

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

Key audit matters

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

Valuation of hedge fund investments

Key audit matter	How our audit addressed the key audit matter
The investment portfolio comprises investments in alternative investment funds covering a wide range of hedge fund strategies. All of the Group's investments are unquoted. We focused on this area because of the significance of the hedge fund investments in the consolidated financial statements and determining the valuation methodology and the inputs require estimates and judgement to be applied by the investment manager and the board of directors.	The investment valuations are prepared by the investment manager applying the valuation methods disclosed in note 2 h) (iii). We attended the meeting of the board of directors where these investment valuations were reviewed to observe this process. We tested the design and implementation of the controls around the review and ongoing monitoring of unquoted hedge fund investments at the investment manager, to determine whether appropriate controls are in place and are operating effectively.

Investments at fair value through profit or loss amount to USD 69.4 million or 84% of total assets. Refer to notes 3 (Critical accounting estimates) and 21 e) (Fair value estimation) for further disclosures and note 2 h) (iii) (Summary of accounting policies) for the valuation methods applied.	In addition, we reviewed the results of tests of controls performed at the Irish Subsidiary's administrator, which were made available to us in their type 2 ISAE 3402 report. This enabled us to assess the design and implementation of the controls around the valuation of unquoted hedge fund investments, and to determine whether appropriate controls were in place and operating effectively throughout the reporting period. This included controls to ensure that the valuation and ownership of unquoted hedge fund investments are supported by appropriate information provided by administrators of the target hedge funds. We obtained information on the latest available valuation directly from the administrators or managers of the target hedge funds and corroborated the valuations applied by the board of directors to these latest valuations. While the valuation as provided by the target hedge fund administrators is the primary source for valuation, we have selected a sample of the unquoted hedge fund investments that we identified as having a higher risk of valuation error in the fair value check process described in note 2 h) (iii) for testing. We challenged the assumptions applied by the investment manager, including the adequacy of the inputs used as set out in note 21 e), focusing particular attention on unquoted hedge fund investments with suspended or prolonged redemption terms. We obtained sufficient audit evidence to conclude that the inputs, estimates and methodologies used for the valuation of the unquoted hedge fund investments are within a reasonable range and that the valuation policies were consistently applied by the investment manager.

Ownership of hedge fund investments

Key audit matter	How our audit addressed the key audit matter
The hedge fund investments are safeguarded by an independent custodian. There is a risk that the Group may not have sufficient legal entitlement to the hedge fund investments. We consider this area to be a key audit matter because of the significant value of the hedge fund investments in the consolidated financial statements.	We confirmed investment holdings with the independent custodian. In addition, we confirmed investment holdings directly with the administrators of the underlying funds (covering 99.8% of the portfolio by fair value). For the remaining investments we agreed the investment holdings to underlying administrator reports as at 31 December 2020. We therefore obtained sufficient audit evidence to verify the existence and legal ownership of hedge fund investments.

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Other information in the annual report

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

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

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

Responsibilities of the board of directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

PricewaterhouseCoopers AG

Daniel Pajer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 31 March 2021

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Consolidated statement of comprehensive income

For the year ended 31 December 2020 (All amounts in USD thousands unless otherwise stated)

	Note	2020	2019
Income			
Net gain on investments at fair value through profit or loss	5	**5,397**	**8,603**
Income from current assets:			
Gain on foreign exchange, net		334	264
Interest income	6	12	123
Other income		126	245
Total gain from current assets		**472**	**632**
Total income		**5,869**	**9,235**
Expenses			
Management and performance fees	7	(1,468)	(1,861)
Other operating expenses	8	(876)	(1,240)
Total operating expenses		**(2,344)**	**(3,101)**
Operating profit		**3,525**	**6,134**
Finance costs	9	(1)	(48)
Profit for the year		**3,524**	**6,086**
Total comprehensive income for the year		**3,524**	**6,086**
Profit attributable to:			
Shareholders		3,574	6,352
Non-controlling interest	2 (e)	(50)	(266)
		3,524	**6,086**
Total comprehensive income attributable to:			
Shareholders		3,574	6,352
Non-controlling interest	2 (e)	(50)	(266)
		3,524	**6,086**
Earnings per share (USD) attributable to equity holders	2 (n)		
Weighted average number of shares outstanding during the year		5,046,422	6,054,781
Basic and diluted profit per share		USD 0.71	USD 1.05

The accompanying notes on pages 24 to 62 form an integral part of these consolidated financial statements.

Consolidated balance sheet

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

	Note	2020	2019
Assets			
Current assets:			
Cash and cash equivalents	11	11,485	11,415
Accrued income and other receivables	12	2,018	27
Total current assets		**13,503**	**11,442**
Non-current assets:			
Investments at fair value through profit or loss	13	69,420	68,917
Total non-current assets		**69,420**	**68,917**
Total assets		**82,923**	**80,359**
Liabilities			
Current liabilities:			
Accrued expenses and other payables	15	850	613
Total current liabilities		**850**	**613**
Equity			
Shareholders' equity:			
Share capital	16	260	323
Additional paid-in capital		23,947	27,855
Less treasury shares at cost (bought for cancellation)	16	—	(23,731)
Retained earnings		56,534	73,467
Total shareholders' equity before non-controlling interest		**80,741**	**77,914**
Non-controlling interest	16	1,332	1,832
Total equity		**82,073**	**79,746**
Total liabilities and equity		**82,923**	**80,359**
Net asset value per share (in USD)	2 (n)		
Number of shares issued as at the year end		5,043,659	6,297,099
Number of treasury shares (bought for cancellation) as at the year end	16	—	(1,201,030)
Number of shares outstanding net of treasury shares as at the year end		**5,043,659**	**5,096,069**
Net asset value per share		**16.01**	**15.29**

The accompanying notes on pages 24 to 62 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020 (All amounts in USD thousands unless otherwise stated)

	Note	2020	2019
Cash flows from/(used in) operating activities:			
Purchase of investments		(20,500)	(38,275)
Proceeds from sales of investments		25,393	112,190
Interest received	6	12	123
Operating expenses paid	7,8	(3,818)	(2,416)
Net cash from operating activities		**1,087**	**71,622**
Cash flows from/(used in) financing activities:			
Finance costs	9	(1)	(48)
Repayments of bank borrowings	14	—	(7,000)
Return of capital to non-controlling interest	16	(450)	(220)
Return of capital to controlling interest		—	(28,591)
Purchase of treasury shares (bought for cancellation)		(899)	(29,229)
Net cash used in financing activities		**(1,350)**	**(65,088)**
Net (decrease)/increase in cash and cash equivalents		**(263)**	**6,534**
Cash and cash equivalents, beginning of the year		**11,415**	**4,617**
Net (decrease)/increase in cash and cash equivalents		(263)	6,534
Net gain on foreign exchange on cash and cash equivalents		333	264
Cash and cash equivalents, end of the year		**11,485**	**11,415**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks	11	11,485	11,415
Total		**11,485**	**11,415**

The accompanying notes on pages 24 to 62 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2020 (All amounts in USD thousands unless otherwise stated)

	Note	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interest	Total equity
1 January 2019		**27,926**	**59,693**	**(21,342)**	**63,105**	**2,318**	**131,700**
Total comprehensive income for the year		—	—	—	6,352	(266)	6,086
Purchase of treasury shares (bought for cancellation)	16	—	—	(29,229)	—	—	(29,229)
Cancellation of treasury shares	16	(8,039)	—	26,840	(18,801)	—	—
Transfer of capital contribution reserves into accumulated surplus		—	(2,493)	—	2,493	—	—
Transfer of other legal reserves into accumulated surplus		—	(32,770)	—	32,770	—	—
Nominal capital reduction		(19,564)	3,425	—	(12,452)	—	(28,590)
Return of capital to non-controlling interest		—	—	—	—	(220)	(220)
31 December 2019		**323**	**27,855**	**(23,731)**	**73,467**	**1,832**	**79,746**
1 January 2020		**323**	**27,855**	**(23,731)**	**73,467**	**1,832**	**79,746**
Total comprehensive income for the year		—	—	—	3,574	(50)	3,524
Purchase of treasury shares (bought for cancellation)	16	—	—	(747)	—	—	(747)
Cancellation of treasury shares	16	(63)	(483)	24,478	(23,932)	—	—
Transfer of legal reserves into accumulated surplus		—	(3,425)	—	3,425	—	—
Return of capital to non-controlling interest		—	—	—	—	(450)	(450)
31 December 2020		**260**	**23,947**	**—**	**56,534**	**1,332**	**82,073**

The accompanying notes on pages 24 to 62 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2020
(All amounts in USD thousands unless otherwise stated)

1 Organisation and business activity

Castle Alternative Invest AG, Pfäffikon ("the Company"), is a joint stock corporation established for an indefinite period in the Canton of Schwyz, Switzerland, by deed dated 24 July 1996. The Company was registered in the Commercial Register of the Canton of Schwyz on 30 July 1996. The Company's business is principally conducted through two subsidiaries ("the Subsidiaries"); Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary"). Since 10 April 1997, the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange.

The Castle Alternative Invest Group ("the Group") currently consists of the Company, the Cayman Subsidiary and the Ireland Subsidiary.

Castle Alternative Invest (Overseas) Ltd., Grand Cayman, was incorporated on 31 July 1996 as an exempted company under the laws of the Cayman Islands. The authorised share capital of USD 31,870 is divided into voting non-participating redeemable ordinary shares and voting participating redeemable ordinary shares. The Group consolidates the Cayman Subsidiary in compliance with IFRS 10.

Castle Alternative Invest (International) plc, Dublin, was established as an open-ended investment company with variable capital and limited liability under the laws of Ireland on 19 February 2001. At 31 December 2020, its capital amounts to TUSD 72,262 (2019: TUSD 71,758) and it is a subsidiary of the Cayman Subsidiary. The Ireland Subsidiary became active on 19 December 2001 after receiving authorisation from the Central Bank of Ireland. The share capital is divided into management shares and participating shares. The management shares are held by LGT Capital Partners (Ireland) Ltd., Dublin, LGT Bank Ltd., Dublin Branch and LGT Fund Managers (Ireland) Ltd.

Swiss Life AG holds a side pocket share class for illiquid assets (Class RI) in the Ireland Subsidiary. The side pocket share classes will pay out proceeds as their assets are realised. As of 31 December 2020 Swiss Life AG's holding in the remaining Class RI shares comprised 1.84 per cent (2019: 2.55 per cent) of the net asset value of the Ireland Subsidiary.

As of 31 December 2020, the Cayman Subsidiary's holding in Class O shares and Class RO shares comprised 98.16 per cent of the net asset value of the Ireland Subsidiary (2019: 97.45 per cent). The Company controls the Ireland Subsidiary and consolidates it in compliance with IFRS 10. Swiss Life AG's holding in the Ireland Subsidiary are shown as non-controlling interests in the Group's consolidated financial statements.

The Group regards shareholders' equity as the capital it manages. The Group's investment objective is to maximise the long-term returns to shareholders by investing, through its Subsidiaries or through such other subsidiaries as the Company may establish from time to time, in a diversified portfolio of non-traditional investments. Non-traditional investments mean and include investment funds and other investment structures (together the "Investment Vehicles") which aim for absolute returns and use a broad range of investment strategies including short sales and leverage. The Group offers the essential benefits of hedge fund investing in a well-diversified and actively managed global portfolio of high quality hedge funds: absolute performance, low volatility, and low correlation to traditional assets.

The Group targets to generate absolute returns net to investors independently of major market cycles. In order to reach its investment objectives, the Group features an optimally balanced portfolio across all major hedge fund strategies: long/short, relative value, event driven and macro/CTA. The alternative investment fund manager ("AIFM") of the Group's Ireland Subsidiary provides active portfolio management, thorough due diligence and risk management. The strategy relies on the AIFM's experience and access to excellent hedge fund managers worldwide. No assurance can be given that the Group's investment objective will be achieved and investment results may vary substantially over time.

The consolidated financial statements are presented in US Dollar which is the Group's entities' functional currency and the Group's presentation currency.

As of 31 December 2020 and 31 December 2019 the Group did not employ any employees.

2 Summary of accounting policies for the consolidated financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The accompanying consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Reporting (DFR) for investment companies.

The consolidated financial statements of the Group have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The board of directors considers the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group's performance, business model and strategy.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2020

- Amendments to IFRS 3, "Business Combinations", definition of a business (1 January 2020);
- Amendments to IAS 1 and IAS 8, "Presentation of Financial Statements" and "Accounting Policies, Changes in Accounting Estimates and Errors", definition of material (1 January 2020);
- Amendments to IFRS 7 and IFRS 9, "Financial Instruments: Disclosures" and "Financial Instruments", pre-replacement issues in the context of the IBOR reform (1 January 2020); and
- Amendments to References to the Conceptual Framework in IFRS Standards (1 January 2020).

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

b) Standards and amendments to published standards effective after 1 January 2020 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these could have a significant effect on the consolidated financial statements.

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

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

c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. See also note 2 h), (iii).

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

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

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

- The board of directors of the Company is responsible for the organisation of the Company's main

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

The management shares of the Ireland Subsidiary are not entitled to receive dividends and are only entitled to a repayment of par value upon redemption. The investor in the Ireland Subsidiary that has the ability to direct the activities that most significantly affect the returns of the Ireland Subsidiary is the holder of the participating shares, which is the Cayman Subsidiary and ultimately, the Company (see also note 1). Therefore, the board of directors of the Company concluded that the Company controls the Ireland Subsidiary.

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

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

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

d) Basis of consolidation

The consolidated financial statements are based on the financial statements of the individual Group companies prepared using uniform accounting principles and drawn up in accordance with the regulations governing the rendering of accounts in terms of the Listing Regulations of the SIX Swiss Exchange and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The consolidated financial statements include all assets and liabilities of the Company and its direct and indirect subsidiaries:
- Castle Alternative Invest (Overseas) Ltd., Grand Cayman; and
- Castle Alternative Invest (International) plc, Dublin.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. See also note 2 c) in relation to judgments taken in regards to consolidation.

Non-controlling interests are disclosed separately in the consolidated financial statements.

Intercompany transactions, balances, unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Non-controlling interest holders

Non-controlling interest holders in the consolidated financial statements are presented as a component of equity. The profit or loss for the period and the total comprehensive income are allocated in the consolidated statement of comprehensive income to the amounts attributable to non-controlling interest holders and to the shareholders.

f) Foreign currency

The functional currency of the Group's entities is US Dollar. The US Dollar as the functional currency stems from the fact that the Group is investing in assets whose base currency is predominately in US Dollar. The Group has also used the US Dollar as its presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into US Dollar at the exchange rates prevailing at the balance sheet date. Unrealised exchange gains and losses resulting from the revaluation of investments at fair value through profit or loss and denominated in foreign currency are recognised in the consolidated statement of comprehensive income. Other exchange gains and losses are also included in the consolidated statement of comprehensive income.

g) Cash and cash equivalents

Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments with an original maturity of three months or less, net of bank overdrafts on demand. Cash and cash equivalents are recorded at nominal value.

h) Financial assets and liabilities at fair value through profit or loss

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

(i) Recognition and derecognition
The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

A regular way purchase of financial assets held for trading is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. A regular way purchase of financial assets at fair value through profit or loss is recognised using settlement date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised until the entity becomes party to the contractual provisions of the instrument.

(ii) Measurement
Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the consolidated statement of comprehensive income.

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

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

(iii) Fair value measurement principles and estimation
Fund investments for which market quotations are not readily available are valued at their fair values as described in the process below. Fund investments are normally valued at the underlying net asset value as advised by the managers/administrators of these funds, unless the directors are aware of further information to indicate why such a valuation would not be the most appropriate indicator of fair value. Such valuations are necessarily dependent upon the reasonableness of the valuations provided by the underlying managers/administrators of such funds and whether the valuation bases used are IFRS and fair value compliant. The responsibility for determining the fair value lies exclusively with the board of directors. The board of directors, under advice from the AIFM, may perform additional procedures on fund investments, including but not limited to underlying manager/administrator due diligence and other analytical procedures. The board of directors together with the AIFM also reviews management information provided by fund investments on a quarterly basis. If the directors are aware of further information to indicate why a particular fund valuation would not be the most appropriate indicator of fair value the directors will work with the underlying manager of that investment in an attempt to obtain more meaningful fair value information.

The board of directors, together with the AIFM, will determine, in good faith, fair value by considering all appropriate and applicable factors relevant to the valuation of fund investments including, but not limited to, the following:

– reference to fund investment reporting information;
– reference to appropriate investment monitoring tools used by the AIFM; and
– reference to ongoing investment and business due diligence.

Notwithstanding the above, the variety of valuation bases that may be adopted, the quality of management information provided by fund investments and the lack of liquid markets for such fund investments means that there are inherent difficulties in determining the fair values of these investments that cannot be fully eliminated. Therefore, the amounts realised on the sale or redemption of fund investments may differ from the fair values reflected in these financial statements and the differences may be significant.

Because fund investments are typically not publicly traded, redemptions can only be made by the Subsidiaries on the redemption dates and subject to the required notice periods specified in the offering documents of each fund investment. The rights of the Subsidiaries to request redemption from fund investments may vary in frequency from monthly to annual redemptions. As a result, the carrying values of such fund investments may not be indicative of the values ultimately realised on redemption. In addition, the Subsidiaries' ability to redeem their investments may ultimately be materially affected by the actions of other investors who have also invested in these fund investments.

(iv) Realised gains
Realised gains on investments and securities are shown on a net basis in the consolidated statement of comprehensive income. Realised gains are recognised as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.

(v) Dividends
Dividends are recognised in the consolidated statement of comprehensive income within realised gains at the time upon the declaration of such dividends.

(vi) Interest income and finance costs
Interest income and finance costs as well as other income and expenses are recognised in the consolidated statement of comprehensive income on an accruals basis.

(vii) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

i) Accrued income and other receivables
Accrued income and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment allowances for such losses at each reporting date.

j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method. Borrowings are shown as current liabilities unless the Group has the unconditional right to defer settlement for at least 12 months after the balance sheet date. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

k) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost.

l) Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange. Treasury shares are treated as a deduction from shareholders' equity. The gains and losses on sales of treasury shares are credited or charged to the retained earnings account. Upon cancellation, resulting differences between the exchange rates from the time of purchase of the treasury shares to the historical rates are also recognised in retained earnings. The FIFO (first in / first out) method is used for de-recognition. The purchase price is booked gross with transaction costs and withholding tax.

m) Share capital

The Company's share capital is divided into 5,043,659 (2019: 6,297,099) registered shares with a par value of CHF 0.05 per share (2019: CHF 0.05 per share). The shares are fully paid in. Each share entitles the holder to participate in any distribution of income and capital.

n) Net asset value per share and earnings per share

The net asset value per share is calculated by dividing the total shareholders' equity before non-controlling interest included in the consolidated balance sheet by the number of participating shares outstanding less treasury shares at the year end.

Basic profit per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the period. Diluted profit per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares.

o) Interest income and expenses

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

p) Taxes

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

Castle Alternative Invest AG, Pfäffikon

For Swiss federal, cantonal and communal tax purposes, an income tax is levied. However, there is a participation exemption on dividend income and capital gains on qualifying participations. The result of the participation exemption relief is that dividend income and capital gains are almost fully excluded from taxation.

Castle Alternative Invest (Overseas) Ltd., Grand Cayman
The activity of the Cayman Subsidiary is not subject to any income, withholding or capital taxes in the Cayman Islands. However it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

Castle Alternative Invest (International) plc, Dublin
The activity of the Ireland Subsidiary is not subject to any income, withholding or capital taxes in Ireland. However, it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

q) Segment reporting
IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The AIFM is considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

The sole operating segment of the Group is investing in hedge funds. The AIFM works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group's performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in hedge funds.

r) Related parties
Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

3 Critical accounting estimates

The board of directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are the fair value of non-quoted investments. The fair value of financial instruments that are not traded in an active market is determined by reference to the published net asset values of such underlying funds, as adjusted where relevant by the board of directors as described in the accounting policies. In the case of such an adjustment, changes in assumptions could affect the reported fair value of these investments. The variety of valuation bases that may be adopted, the quality of management information provided by fund investments and the lack of liquid markets for such fund investments means that there are inherent difficulties in determining the fair values of these investments that cannot be fully eliminated. Therefore, the amounts realised on the sale or redemption of fund investments may differ from the fair values reflected in these financial statements and the differences may be material. As of 31 December 2020 and 31 December 2019, there were no fund investments for which the board of directors made valuation adjustments.

4 Foreign exchange rates

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

Foreign exchange rates		Unit	2020 USD	2019 USD
Swiss Francs	Year-end rates	1 CHF	1.1297	1.0348
Euro	Year-end rates	1 EUR	1.2234	1.1225
Swiss Francs	Average annual rates	1 CHF	1.0696	1.0070
Euro	Average annual rates	1 EUR	1.1475	1.1191

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

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

	2020 TUSD	2019 TUSD
Realised gains/(losses), net on investments:		
Alternative Risk Premia	(28)	(29)
CTA	(36)	1,230
Macro	—	13
Event Driven	190	2,958
Long/Short	1,635	5,062
Relative Value	1,895	3,143
Total realised gain on investments[1]	**3,656**	**12,377**
Unrealised gains/(losses), net on investments:		
Alternative Risk Premia	(6)	(12)
CTA	(172)	(381)
Macro	3	(1)
Event Driven	215	(1,922)
Long/Short	1,401	(680)
Relative Value	300	(778)
Total unrealised gain/(loss) on investments[2]	**1,741**	**(3,774)**
Net gain on investments at fair value through profit or loss	**5,397**	**8,603**

[1] In the above table the realised gains are shown as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.
[2] In the above table the unrealised gains are net of gains realised during the year, which were previously recognised as unrealised.

The net gain/(loss) on investments at fair value through profit or loss was geographically allocated as follows:

	2020 TUSD	2019 TUSD
Realised gains/(losses), net on investments:		
America	474	3,445
Asia	295	417
Europe	699	4,132
Global	2,188	4,383
Total realised gain on investments[1]	**3,656**	**12,377**
Unrealised gains/(losses), net on investments:		
America	(949)	(1,645)
Asia	1,263	978
Europe	870	(2,593)
Global	557	(514)
Total unrealised gain/(loss) on investments[2]	**1,741**	**(3,774)**
Net gain on investments at fair value through profit or loss	**5,397**	**8,603**

[1] In the above table the realised gains are shown as being the difference between the cost value of an investment and the proceeds received upon the sale of the investment in the year that the investment was sold.
[2] In the above table the unrealised gains are net of gains realised during the year, which were previously recognised as unrealised.

6 Interest income

Interest income for the year was earned on:

Interest income	2020 TUSD	2019 TUSD
Cash and cash equivalents:		
Related party	1	1
Third party	11	122
Total	**12**	**123**

7 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2020 TUSD	2019 TUSD
Management fees – related party	1,028	1,722
Performance fees – related party	440	139
Total	**1,468**	**1,861**

8 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2020 TUSD	2019 TUSD
Related party fees:		
Credit facility standby fees	46	46
Administrative fees	53	53
Directors' fees and expenses	203	227
General manager's expenses	77	73
Domicile fees	10	10
Third party fees:		
Administrative fees	32	50
Reporting and publications	30	30
Audit fees	130	127
Custody fees	49	73
Capital taxes (Switzerland)	1	10
Insurance	11	10
Legal fees	31	21
Project expenses (share buyback)	16	235
Stock exchange listing expenses	7	7
Tax advisory fees	82	143
Other expenses	98	125
Total	**876**	**1,240**

9 Finance costs

Interest expense for the year was paid on:

Finance cost	2020 TUSD	2019 TUSD
Due to banks – related party	1	45
Due to banks – third party	—	3
Total	**1**	**48**

10 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Tax expense	**2020 TUSD**	**2019 TUSD**
Profit for the year before income tax	3,524	6,086
Applicable tax rate	7.8%	7.8%
Income tax	275	475
Effect from non-taxable income	(275)	(475)
Total	–	–

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

11 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	**2020 TUSD**	**2019 TUSD**
Cash at banks:		
Related party	347	143
Third party	11,138	11,272
Total	**11,485**	**11,415**

The Group has no cash holdings which are not at its disposal. The carrying amounts of the cash and cash equivalents approximate fair value.

12 Accrued income and other receivables

Accrued income and other receivables are composed of:

Accrued income and other receivables	2020 TUSD	2019 TUSD
Receivable for investments sold	2,000	—
Other receivables	18	27
Total	**2,018**	**27**

13 Investments at fair value through profit or loss

The investments are allocated according to style as follows:

Investments at fair value through profit or loss	2020 TUSD	in %	2019 TUSD	in %
Alternative Risk Premia	2,125	3%	2,959	4%
CTA	6,796	10%	7,099	10%
Macro	78	0%	75	0%
Event Driven	9,847	14%	11,554	17%
Long/Short	33,898	49%	30,162	44%
Relative Value	16,676	24%	17,068	25%
Total	**69,420**	**100%**	**68,917**	**100%**

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

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

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

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

	Geography	Shares as at 1.1.2020	Shares as at 31.12.2020	Total net paid in as at 1.1.2020	Investments 2020	Redemptions 2020	Realised gain/(loss) 2020	Total net paid in as at 31.12.2020	Unrealised gain/(loss) accumulated 2020	Fair value as at 31.12.2020	% of investments
Aventail Energy Offshore Fund Ltd.	America	—	3,500	—	3,500	—	—	3,500	91	3,591	5.2%
Crown/Capeview Segregated Portfolio	Europe	2,712	2,222	2,827	500	(774)	726	2,553	1,970	4,523	6.5%
Crown/Greenvale Segregated Portfolio	Global	4,771	5,260	4,698	500	—	—	5,198	1,340	6,538	9.4%
Crown/Lomas Segregated Portfolio	America	4,155	1,400	4,235	—	(2,719)	81	1,516	(85)	1,431	2.1%
Crown/Optimas Segregated Portfolio	Asia	4,026	4,516	4,000	1,000	(472)	28	4,528	557	5,085	7.3%
Crown/Seligman Segregated Portfolio	Global	4,858	2,309	4,886	1,000	(3,437)	562	2,449	337	2,786	4.0%
Crown/Zebedee Segregated Portfolio	Europe	4,230	4,268	4,361	1,000	(762)	238	4,599	1,729	6,328	9.1%
Galleon Technology Offshore Ltd.	America	57	57	1,278	—	—	—	1,278	(1,251)	27	0.0%
Raptor Private Holdings Ltd.	America	365	365	250	—	—	—	250	(205)	45	0.1%
Sylebra Capital Parc Offshore Fund	Global	—	3,000	—	3,000	—	—	3,000	544	3,544	5.1%
Total Long/Short				**26,535**	**10,500**	**(8,164)**	**1,635**	**28,871**	**5,027**	**33,898**	**48.8%**
Relative Value											
Crown/Astignes Segregated Portfolio	Asia	4,583	4,100	4,626	1,500	(1,733)	267	4,393	1,075	5,468	7.9%
Crown/Linden Segregated Portfolio	Global	2,625	1,858	4,243	1,000	(1,458)	1,542	3,785	1,980	5,765	8.3%
D.E. Shaw Composite International Ltd.	Global	1	1	—	—	—	—	—	42	42	0.1%
D.E. Shaw Composite International Ltd. Side Pocket Series	Global	1	1	—	—	—	86	—	208	208	0.3%
The Segantii Asia Pacific Equity Multi Strategy Fund	Asia	10,106	10,106	4,654	—	—	—	4,654	539	5,193	7.5%
Total Relative Value				**13,523**	**2,500**	**(3,191)**	**1,895**	**12,832**	**3,844**	**16,676**	**24.0%**
Total				**60,459**	**20,500**	**(21,737)**	**3,656**	**59,222**	**10,198**	**69,420**	**100.0%**

[1] Numbers may not fully add up due to rounding.
[2] The Company has made the following commitment to an investment fund:
– Crown Distressed Credit Opportunities plc – USD 16.5 million of which USD 4.1 million is unfunded.

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

As of 31 December 2019 (All amounts in USD thousands unless otherwise stated)

	Geography	Shares as at 1.1.2019	Shares as at 31.12.2019	Total net paid in as at 1.1.2019	Investments 2019	Redemptions 2019	Realised gain/(loss) 2019	Total net paid in as at 31.12.2019	Unrealised gain/(loss) accumulated 2019	Fair value as at 31.12.2019	% of investments
CTA											
Crown A Generix plc – LGT Crown Diversified Trend Sub Fund	Global	—	1,432	—	1,422	—	—	1,422	39	1,461	2.1%
Crown/Diversified Trend Master Segregated Portfolio	Global	2,000	—	2,000	—	(2,000)	(78)	—	—	—	0.0%
Crown Managed Futures Master Segregated Portfolio	Global	3,707	1,851	9,324	—	(4,192)	1,308	5,132	506	5,638	8.2%
Total CTA				**11,324**	**1,422**	**(6,192)**	**1,230**	**6,554**	**545**	**7,099**	**10.3%**
Alternative Risk Premia											
CC&L Q Global Equity Market Neutral Fund Ltd.	Global	—	2,971	—	6,000	(3,029)	(29)	2,971	(12)	2,959	4.3%
Total Alternative Risk Premia				**—**	**6,000**	**(3,029)**	**(29)**	**2,971**	**(12)**	**2,959**	**4.3%**
Marco											
Crown/Koppenberg Segregated Portfolio	Global	—	—	—	5,879	(5,879)	13	—	—	—	0.0%
The Rohatyn Group Global Opportunity Fund Ltd.	Global	1	1	272	—	—	—	272	(197)	75	0.1%
Total Macro				**272**	**5,879**	**(5,879)**	**13**	**272**	**(197)**	**75**	**0.1%**
Event Driven											
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Asia	6,435	4,632	735	—	(206)	(166)	529	(430)	99	0.1%
Crown Distressed Credit Opportunities plc[2)]	Global	5,344	2,731	465	—	(227)	300	238	318	556	0.8%
Crown/GLG Segregated Portfolio	Europe	4,907	145	5,592	—	(5,406)	653	186	(3)	183	0.3%
Crown/Latigo Segregated Portfolio	America	6,989	—	7,198	—	(7,198)	1,393	—	—	—	0.0%
Crown/Oceanwood Segregated Portfolio	Europe	10,459	3,620	10,500	2,500	(9,339)	(39)	3,661	(106)	3,555	5.2%
Crown/PW Segregated Portfolio	America	9,021	5,490	9,000	1,000	(4,531)	469	5,469	1,092	6,561	9.5%
Highland Crusader Fund II Ltd.	America	1	1	—	—	—	348	—	538	538	0.8%
OZ Asia Overseas Fund Ltd.	Asia	1	1	525	—	(83)	—	442	(388)	54	0.1%
OZ Overseas Fund Ltd. Tranche C shares	Global	2	2	125	—	(46)	—	79	(71)	8	0.0%
Winston Partners PE Investment Ltd.	Global	1	1	1	—	—	—	1	(1)	—	0.0%
Total Event Driven				**34,141**	**3,500**	**(27,036)**	**2,958**	**10,605**	**949**	**11,554**	**16.8%**

	Geography	Shares as at 1.1.2019	Shares as at 31.12.2019	Total net paid in as at 1.1.2019	Invest-ments 2019	Redemp-tions 2019	Realised gain/(loss) 2019	Total net paid in as at 31.12.2019	Unrealised gain/(loss) accumulat-ed 2019	Fair value as at 31.12.2019	% of invest-ments
Long/Short											
Crown/Ariose Segregated Portfolio	Asia	—	—	—	8,000	(8,000)	33	—	—	—	0.0%
Crown/BLS Segregated Portfolio	Asia	9,518	—	9,400	—	(9,400)	418	—	—	—	0.0%
Crown/Capeview Segregated Portfolio	Europe	6,719	2,712	6,833	—	(4,006)	2,693	2,827	2,001	4,828	7.0%
Crown/Greenvale Segregated Portfolio	Global	6,623	4,771	6,500	1,500	(3,302)	98	4,698	140	4,838	7.0%
Crown/Helios Segregated Portfolio	Asia	3,112	—	4,223	—	(4,223)	(626)	—	—	—	0.0%
Crown/Lomas Segregated Portfolio	America	8,982	4,155	9,000	—	(4,765)	1,235	4,235	957	5,192	7.5%
Crown/Optimas Segregated Portfolio	Asia	—	4,026	—	4,000	—	—	4,000	55	4,055	5.9%
Crown/Seligman Segregated Portfolio	Global	9,471	4,858	9,500	—	(4,614)	386	4,886	925	5,811	8.4%
Crown/Zebedee Segregated Portfolio	Europe	9,905	4,230	10,036	—	(5,675)	825	4,361	976	5,337	7.7%
Galleon Technology Offshore Ltd.	America	57	57	1,278	—	—	—	1,278	(1,251)	27	0.0%
Raptor Private Holdings Ltd.	America	365	365	250	—	—	—	250	(176)	74	0.1%
Total Long/Short				**57,020**	**13,500**	**(43,985)**	**5,062**	**26,535**	**3,627**	**30,162**	**43.8%**
Relative Value											
Crown/Astignes Segregated Portfolio	Asia	9,209	4,583	9,252	—	(4,626)	674	4,626	702	5,328	7.7%
Crown/Linden Segregated Portfolio	Global	4,104	2,625	5,987	—	(1,744)	1,757	4,243	2,190	6,433	9.3%
D.E. Shaw Composite International Ltd.	Global	1	1	—	—	—	—	—	68	68	0.1%
D.E. Shaw Composite International Ltd. Side Pocket Series	Global	1	1	—	—	—	628	—	372	372	0.5%
The Segantii Asia Pacific Equity Multi Strategy Fund	Asia	8,860	10,106	4,000	7,974	(7,320)	84	4,654	213	4,867	7.1%
Total Relative Value				**19,239**	**7,974**	**(13,690)**	**3,143**	**13,523**	**3,545**	**17,068**	**24.8%**
Total				**121,996**	**38,275**	**(99,811)**	**12,377**	**60,460**	**8,457**	**68,917**	**100.0%**

[1] Numbers may not fully add up due to rounding.
[2] The Company has made the following commitment to an investment fund:
– Crown Distressed Credit Opportunities plc – USD 16.5 million of which USD 4.1 million is unfunded.

14 Borrowings

As of 31 December 2019, the Ireland Subsidiary has a credit line of TUSD 15,000 (31 December 2018: TUSD 15,000). The credit line is granted by LGT Bank Ltd., Dublin Branch and is secured by the participating shares of the Ireland Subsidiary. The pledged assets were deposited with LGT Bank Ltd., Vaduz and pledged in favour of the lender.

As of 31 December 2019, the Ireland Subsidiary had no borrowings from LGT Bank Ltd., Dublin Branch (31 December 2018: TUSD 7,000).

15 Accrued expenses and other payables

Accrued expenses and other payables consist of:

Accrued expenses and other payables	**2020 TUSD**	**2019 TUSD**
Accrued management fee payable – related party		90
Accrued performance fee payable – related party		139
Accrued general manager's expenses payable – related party		—
Accrued credit facility standby fees payable – related party		11
Accrued administrative fee payable – third party		6
Accrued custody fee payable – third party		9
Accrued withholding tax treasury shares 2nd line (bought for cancellation) – third party		152
Other accrued expenses – third party		206
Total		**613**

16 Shareholders' equity

Shareholders' equity

The share capital of the Group at 31 December 2020 amounts to TUSD 260 (31 December 2019: TUSD 323) consisting of 5,043,659 (2019: 6,297,099) issued and fully paid registered shares with a par value of CHF 0.05 (31 December 2019: CHF 0.05).

Each share entitles the holder to participate in any distribution of income and capital. The Group regards shareholders' equity as the capital that it manages. Shareholders' equity, including non-controlling interest holders, amounts to TUSD 82,073 as of 31 December 2020 (2019: TUSD 79,746).

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

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

Treasury shares

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

Movement of treasury shares 2nd line and tradable put options (bought for cancellation)	Number of shares		Cost TUSD
Shares held as of 1 January 2019	**1,240,383**		**21,342**
Additions 2019 via 2nd line	652,110		11,350
Additions 2019 via tradable put options	873,859		17,879
Cancellation on 2 September 2019	(1,565,322)		(26,840)
Shares held as of 31 December 2019	**1,201,030**		**23,731**
Additions 2020 via ordinary and 2nd line	52,410		747
Cancellation on 12 August 2020	(1,253,440)		(24,478)
Shares held as of 31 December 2020	–		–

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

17 Major shareholders

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

Major shareholders	2020	2019
Between 20% and 33 1/3%	LGT Capital Partners (FL) AG, Vaduz, Liechtenstein LGT Capital Partners, Switzerland, on behalf of pension funds Alpine Select AG, Zug, Switzerland	LGT Capital Partners (FL) AG, Vaduz, Liechtenstein LGT Capital Partners, Switzerland, on behalf of pension funds Alpine Select AG, Zug, Switzerland
Between 10% and 20%	–	–
Between 3% and 10%	–	–

18 Significant fee agreements

In relation to its investment and administration activity the Company and/or its Subsidiaries entered into the following agreements:

a) LGT Capital Partners (Ireland) Ltd., Dublin ("LGT CPI"), acts as the AIFM for the Ireland Subsidiary and as the investment manager for the Cayman Subsidiary (together the "Subsidiaries"). In its respective roles for the two Subsidiaries, LGT CPI receives a fee of 1.5 per cent (before deduction of the performance fee) per annum of the total US Dollar net asset value of the respective subsidiary as at the close of business on the final business day of each calendar month. The fee is due monthly in arrears, calculated as 0.125 per cent after the net asset value calculation. LGT CPI also receives a performance fee of 10 per cent of the net new trading gains of the Subsidiaries since the previous payment of such performance fee. This performance fee is payable annually and any previous losses must be recouped before such a performance fee becomes payable ("high water mark"). Performance fees are payable in arrears. Performance fees of shares redeemed during a performance period shall be paid out within 30 days after the date of redemption. The calculated net asset value is net of all accrued fees. LGT CPI will also be reimbursed for all reasonable out-of-pocket expenses, incurred for the benefit of the Subsidiaries. Both of these arrangements can be terminated by either party with 90 days' prior written notice.

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

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

b) LGT Fund Managers (Ireland) Ltd. is appointed as manager of the Ireland Subsidiary and therefore entitled to TEUR 5 for company secretarial services and to TEUR 1.5 for the preparation of the financial statements.

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

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

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

f) BNP Paribas Securities Services, Dublin Branch acts as custodian of the Ireland Subsidiary and receives a custody fee equal to a maximum of 0.02 per cent per annum of the net asset value of the Ireland Subsidiary, subject to a maximum annual fee of TUSD 70. BNP Paribas Securities Services, Dublin Branch receives in addition a depositary fee of 0.03 per cent per annum of the net asset value of the Ireland Subsidiary. The depositary is also entitled to an annual fee of TUSD 7.5 for cash flow monitoring services in addition to custody and depositary fees.

19 Significant transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. In the opinion of the board of directors, the parties referred to in the schedule accompanying this note are related parties as defined by IAS 24 "Related Party Disclosures". All related party transactions have been carried out within the normal course of business, and are disclosed in the table below.

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

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2020 TUSD	2019 TUSD
Castle Alternative Invest AG	LGT Bank Ltd./LGT Group/indirect	Note 11	Cash at banks	252	59
	LGT Group Holding Ltd./ Administrative Services Agreement/direct	Note 8	Administration fee	43	43
	LGT Capital Partners Ltd./ Domicile Agreement/direct	Note 8	Domicile fee	10	10
	LGT Capital Partners Ltd./ Management Expenses Agreement/direct	Note 8	General manager's expenses	77	73
	Directors/direct	Note 8	Directors' fee	195	213
Castle Alternative Invest (Overseas) Ltd.	LGT Capital Partners (Ireland) Ltd./ Investment Management Agreement/direct	Note 7	Investment management fee	4	2
	LGT Group Holding Ltd./ Administrative Services Agreement/direct	Note 8	Administration fee	10	10
	LGT Bank Ltd./	Note 11	Cash at banks	95	84
	Loan Agreement/direct	Note 6	Interest income	1	1
	Directors/indirect	Note 8	Directors' fee	5	5
Castle Alternative Invest (International) plc	LGT Bank Ltd., Dublin Branch/	Note 9	Interest expense	1	45
	Loan Agreement/direct	Note 8	Credit facility standby fee	46	46
		Note 15	Credit facility standby fees payable	11	11
	LGT Capital Partners (Ireland) Ltd./	Note 7	Investment management fee	1,024	1,720
	Alternative Investment Fund	Note 15	Investment management fee payable	91	90
	Management Agreement/direct	Note 7	Performance fee	440	139
		Note 15	Performance fee payable	440	139
	Directors/indirect	Note 8	Directors' fee	3	9

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

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

- Crown A Generix Plc – LGT Crown Systematic Trading Sub Fund
- Crown Distressed Credit Opportunities plc
- Crown/Astignes Segregated Portfolio
- Crown/Capeview Segregated Portfolio
- Crown/GLG Segregated Portfolio
- Crown/Greenvale Segregated Portfolio
- Crown/Linden Segregated Portfolio
- Crown/Lomas Segregated Portfolio
- Crown/Oceanwood Segregated Portfolio
- Crown/Optimas Segregated Portfolio
- Crown/PW Segregated Portfolio
- Crown/Seligman Segregated Portfolio
- Crown/Zebedee Segregated Portfolio

The table below shows the remuneration for the members of the board of directors and member of management in the year 2020 and 2019. In addition, the Company paid a directors' and officers' liability insurance fee of TUSD 11 (2019: TUSD 10). No travel expenses were paid in 2020 (2019: TUSD 32).

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

Remuneration and expenses	**2020 TUSD**	**2019 TUSD**
Chairman	62	58
Deputy chairman	50	46
Committee chairman	48	45
Members	36	33
General manager	77	73
Total	**273**	**255**

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager. His remuneration is further detailed in the remuneration report on pages 80 to 85 of this report.

LGT Group Foundation is the ultimate owner of LGT Capital Partners (Ireland) Ltd. which acts as AIFM/ investment manager to the Group and receives a management fee for these services.

20 Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of hedge fund investments with a view to achieving significant value growth and to help shareholders maximise long-term returns. The following results correspond to the sole operating segment of investing in hedge funds.

The non-current assets are geographically allocated as follows:

	2020 TUSD	in %	2019 TUSD	in %
Non-current assets:				
America	10,968	16%	12,392	18%
Asia	18,414	27%	14,403	21%
Europe	11,747	17%	13,903	20%
Global	28,291	40%	28,219	41%
Total non-current assets	**69,420**	**100%**	**68,917**	**100%**

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

For more information on the largest shareholders see note 17.

21 Financial risk management

The Group is exposed to a variety of financial risks including: market risk, credit risk and liquidity risk. The AIFM attributes great importance to professional risk management, beginning with careful diversifications, the sourcing of access to premier hedge fund investment opportunities, proper understanding and negotiation of appropriate terms and conditions, and active monitoring including ongoing interviews with managers, thorough analysis of reports and financial statements and performance reviews. The Group has investment guidelines that set out its overall business strategies, its investment policy, general investment and risk guidelines, and has established processes for the monitoring of these guidelines. The Ireland Subsidiary's AIFM provides the Irish Subsidiary with investment opportunities that are consistent with the Group's objectives.

a) Market risks

(i) Price risk – The investments held in the portfolio may be realised only after several years and their fair values may change significantly. The AIFM provides the Group with investment opportunities that are consistent with the Group's objectives.

The rights of the Group to request redemption from fund investments may vary in frequency from monthly to annual redemptions. The nature of the Group's fund investments, all being unquoted, means the Group relies on underlying administrator estimates and final net asset values, underlying manager estimates and audited final net asset values at year-ends for determining the fair value of fund investments, adjusted where relevant by the board of directors as described in the accounting policies.

The board of directors reviews and agrees policies with the AIFM for managing its risk exposure. The AIFM makes investment decisions in compliance with the Investment Management agreement and which are consistent with the Group's objectives.

The AIFM makes its decisions, including manager selections, based on a thorough understanding of the risk and performance characteristics of fund investments gained through detailed investigation and critical analysis. The AIFM selects underlying managers which it considers have robust risk controls and mechanisms. The monitoring of such fund investments is a continuous process. The investment portfolio is quarterly reviewed by the board of directors.

While the Group holds a diversified portfolio of underlying fund investments, there are certain general market conditions under which any investment strategies that the Group follows are unlikely to be profitable. Neither the underlying managers of the fund investments nor the AIFM have any ability to control or predict such market conditions. Although, with respect to market risk, the Group's investment approach is designed to achieve broad diversification on a global basis, from time to time, multiple market events could move together against the Group's underlying investments and the Group could suffer losses.

Underlying managers of fund investments may transfer a portion of the Group's investment in that fund into share classes where liquidity terms are directed by the underlying manager in accordance with the respective fund investment's offering memorandum, commonly referred to as side pocket share classes. These side pocket share classes may have restricted liquidity and prohibit the Group from fully liquidating its investments without delay. The Group's AIFM attempts to determine the fund investment's strategy on side pockets prior to making an allocation to such investment through its due diligence process. However, no assurance can be given on whether or not the fund investments will implement side pockets during the investment period. Fund investments may also, at their discretion, suspend redemptions or implement other restrictions on liquidity which could impact the Group. As of 31 December 2020, TUSD 944 or 1.2 per cent of net assets were considered illiquid by the Group due to restrictions implemented by certain fund investments (2019: TUSD 1,315 or 1.6 per cent).

The investment remit is to have an optimally allocated portfolio over: (i) the various investment styles (e.g. CTA/macro, event driven, long/short equity, relative value, etc.); and (ii) geographical regions (e.g. Asia, Emerging Markets, Europe, USA etc.). The investment vehicles and their respective fund managers are selected on quantitative and qualitative research criteria including: (i) risk return prospects of different non-traditional investment strategies; (ii) business structure and team organisation of the fund manager; (iii) risk management procedure and liquidity aspects of the investment vehicles; (iv) amount under management and commitment of the principals of the fund manager; (v) cost structure; (vi) correlation to other fund managers and the entire portfolio; and (vii) historical performance in relation to investment style, expected returns, benchmarks and degree of risk. The Group allocates the majority of its assets at cost to funds with a proven performance record of several years. The objective is to invest into top quality fund managers across the respective investment sectors. A minority part of the assets are invested with new and emerging fund managers. The Group does not allocate more than 15 per cent of the net asset value at cost to one single fund manager or 10 per cent to any one investment vehicle. Under normal circumstances, no allocation to a fund manager will be made prior to a visit by the AIFM to the fund manager's business location. It includes a proper evaluation concerning the fund manager's business structure, its key employees, its track record, its relation with third parties and other relevant aspects. The AIFM carries out a monitoring procedure in order to implement the following risk control parameters: (i) changes in a fund manager's structure and organisation; (ii) major deviations from historical returns; (iii) changes in the correlation of the portfolio; (iv) changes in investment styles; and (v) comparisons of fund manager's performance versus that of their underlying investments.

As of 31 December 2020 and 31 December 2019, the Group's market risk was affected mainly by changes in actual market prices.

Value at Risk

The Group applies value at risk methodology (VaR) to its portfolio as well as to the individual investments in order to estimate the risk of positions held at certain times. The risk analysis refers to a specified time horizon and to a given level of confidence and in this respect derives the potential losses that could occur on these positions as a result of market movements affecting the exposures held by hedge funds and based upon a number of assumptions for hedge fund behaviour and market behaviour. VaR is a statistically based estimate of the potential loss on the program (referring to portfolio composition at a particular point of time) from adverse market movements. It expresses the maximum amount the program might lose, but only to a certain level of confidence (99 per cent). There is therefore a specified statistical probability (1 per cent) that actual losses could be greater than the VaR estimate.

Methods and Assumptions

The risk analysis shows risk with respect to actual year-end allocations in the portfolio. For this analysis the VaR is calculated by deriving the 99th worst percentile of constructed weekly portfolio returns using the last 170 weeks and based on “treated” historical series of hedge funds. The “treatment” is applied because of the different and possible irregular frequencies. The time series is interpolated to produce weekly returns across the portfolio.

Actual outcomes are monitored regularly to test the validity of this VaR calculation. The employment of different methodologies, also with greater forward looking characteristics, generates information about the robustness of the risk figures.

Limitations to this Value at Risk Model

The weaknesses of this approach are reliance on historical observations and the different data availability across funds. Most of the funds provide weekly returns but the data frequencies can differ considerably between styles. Nevertheless, the figures presented should provide an adequate view of histories and reflect turbulent times well.

The methodology employed for this risk illustration is only one type of risk information considered and the complexity of risks analysis for fund of fund portfolios requires the use of various different methodologies.

Value at Risk Summary	2020	2019
As of 31 December	1.00%	0.91%

The performance of the investments and the compilation of the investment portfolio held by the Group is monitored by the AIFM on a monthly basis and reviewed regularly by the board of directors.

(ii) Currency risk – The majority of the Group's assets are denominated in the US Dollar, the functional currency. As a result, the Group is not exposed to a significant amount of currency risk. The Group's policy is not to enter into any currency hedging transactions. The schedule below summarises the Group exposure to currency risks.

In accordance with the Group's policy, the AIFM monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

Currency risk

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

As of 31 December 2019	USD TUSD	CHF TUSD	Total TUSD
Assets			
Cash and cash equivalents	7,357	4,058	11,415
Accrued income and other receivables	27	—	27
Investments at fair value through profit or loss	68,917	—	68,917
Total assets	**76,301**	**4,058**	**80,359**
Liabilities			
Accrued expenses and other payables	392	221	613
Total liabilities	**392**	**221**	**613**

(iii) Interest rate risk – The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The schedule below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

In accordance with the Group's policy, the AIFM monitors the Group's overall interest sensitivity on a monthly basis, and the board of directors reviews it on a regular basis.

Interest rate risk

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

As of 31 December 2019	**Less than 1 month TUSD**	**Non-interest bearing TUSD**	**Total TUSD**
Assets			
Cash and cash equivalents	11,415	—	11,415
Accrued income and other receivables	—	27	27
Investments at fair value through profit or loss	—	68,917	68,917
Total assets	**11,415**	**68,944**	**80,359**
Liabilities			
Accrued expenses and other payables	—	613	613
Total current liabilities	**—**	**613**	**613**

b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The schedule below summarises the Group's exposure to credit risks.

The Group's main credit risk concentration is from redemptions to be received from the hedge funds investments in which the Group is invested. The Group seeks to mitigate its exposure to credit risk by conducting its contractual transactions and placing its short-term funds only with institutions which are reputable and well established.

In accordance with the Group's policy, the AIFM monitors the Group's credit position on a monthly basis and the board of directors reviews it on a regular basis.

The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. At 31 December 2020 and 31 December 2019, all cash is held with banks disclosed in the table below and are due to be settled within 1 week. The management considers the probability of default to be close to zero as counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

Credit risk

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

As of 31 December 2019	Fully performing TUSD	Total TUSD	S&P Rating
Assets			
Cash at LGT Bank Ltd., Vaduz	143	143	A+
Cash at BNP Paribas Securities Services, Dublin Branch	3,199	3,199	A+
Cash at Zuercher Kantonalbank, Zurich	8,073	8,073	AAA
Accrued income and other receivables	27	27	n/a
Total exposure to credit risk	**11,442**	**11,442**	

c) Liquidity risk

The schedule below analyses the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the schedule are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The AIFM carries out a detailed liquidity plan in which all subscriptions and redemptions in the underlying hedge fund investments are taken into account. The goal is to keep a liquidity reserve in cash and cash equivalents to take advantage of investment opportunities which may arise and to cover any future fee payments.

As mentioned in note 14 the Subsidiaries have a credit line of total TUSD 15,000 (2019: TUSD 15,000) granted by LGT Bank Ltd., Dublin Branch, which may be used for bridge financing purposes and helps to mitigate liquidity risk.

Liquidity risk

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

As of 31 December 2019	Less than 1 month TUSD	1 – 3 months TUSD	No stated maturity TUSD	Total TUSD
Liabilities				
Accrued expenses and other payables	254	359	–	613
Total current liabilities	**254**	**359**	–	**613**
Total outstanding commitment amount (note 22)	**4,109**	–	–	**4,109**

Most of the investments which the Group makes are also subject to specific restrictions on transferability and disposal. Consequently, risks exist that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Group's consolidated balance sheet. To help mitigate this risk the Group seeks to invest in investments with redemption periods of no longer than three months. The table below analyses the redemption periods for the investments.

Liquidity risk – redemption periods

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

As of 31 December 2019	Less than 1 month TUSD	1 – 3 months TUSD	3 – 6 months TUSD	More than 6 months TUSD	Un-determined TUSD	Total TUSD
Redemption periods	7,100	36,658	23,289	555	1,315	68,917
Total	**7,100**	**36,658**	**23,289**	**555**	**1,315**	**68,917**

The following investments are not readily realisable due to the terms of the individual investments, various events and/or the illiquid nature of the underlying assets.

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

As of 31 December 2019		**Fair value TUSD**
Fund investment	**Event**	
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Sidepocket	99
D.E. Shaw Composite International Ltd. (side pocket series)	Liquidation/ sidepocket	440
Galleon Technology Offshore Ltd.	Liquidation	27
Highland Crusader Fund II Ltd.	Liquidation	538
OZ Asia Overseas Fund Ltd.	Sidepocket	54
OZ Overseas Fund Ltd. Tranche C shares	Sidepocket	8
Raptor Private Holdings Ltd.	Liquidation	74
The Rohatyn Group Global Opportunity Fund Ltd.	Sidepocket	75
Total		**1,315**

As disclosed in note 1 side pocket share classes were created for illiquid assets. In addition to the evented funds, Crown Distressed Credit Opportunities plc is considered illiquid due to its nature or, as set out in its issuing documents, exhibits longer notice periods and will therefore take longer to redeem. Crown Distressed Credit Opportunities plc was due to expire on 1 July 2016 but was extended to 21 June 2021 and has a fair value of TUSD 409 (2019: TUSD 556).

In accordance with the Group's policy, the AIFM monitors the Group's liquidity position on a monthly basis and the board of directors reviews it on a regular basis.

d) Capital risk management

Discount control – The directors recognise the importance to shareholders of the Company's share price performance in the secondary market. Accordingly, the directors may take steps from time to time with a view to seeking to limit the prevailing discount to net asset value at which the shares trade. In particular, the directors may authorise repurchases of shares for cancellation.

Repurchase of shares for cancellation – The directors may consider repurchasing shares in the market for treasury or for cancellation if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the shares. Pursuant to the Swiss Code of Obligations, the Company is not required to obtain a general authority from shareholders to effect the repurchase of shares for cancellation. Any purchase of shares by the Company for cancellation will only be made through the market at prices (after allowing for costs) below the prevailing net asset value per share and will otherwise be in accordance with the Listing Rules in force at the time and with guidelines established from time to time by the board. Swiss law limits the right of a company to purchase and hold its own shares.

e) Fair value estimation

Fund investments for which market quotations are not readily available are valued at their fair values as described below. Fund investments are normally valued at their net asset value as advised by the underlying managers/administrators of such funds. Such valuations are necessarily dependent upon the reasonableness of the valuations provided by the underlying managers/administrators of such funds and whether the valuation bases used are IFRS and fair value compliant. The responsibility for determining the fair value lies exclusively with the board of directors. The board of directors under advice from the AIFM may perform additional procedures on fund investments, including but not limited to underlying manager/administrator due diligence and other analytical procedures. If the directors are aware of further information to indicate why a particular fund valuation would not be the most appropriate indicator of fair value the directors will work with the underlying manager of that investment in an attempt to obtain more meaningful fair value information. See note 2h) (iii) for further valuation information.

IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the board of directors and the AIFM. The board of directors and the AIFM consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2020 and 31 December 2019.

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

As of 31 December 2019	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets at fair value through profit or loss:				
Investments	–	67,047	1,870	68,917
Total	**–**	**67,047**	**1,870**	**68,917**

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not hold level 1 investments as of 31 December 2020 and 31 December 2019.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations, or alternative pricing sources such as the binding and executable underlying net asset values provided by the managers/administrators of these instruments, supported by observable inputs are classified within level 2. These include listed equities, over-the-counter derivatives and fund investments for which market quotations are not readily available. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. For more information on the valuation of these investments see note 2 h) (iii).

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include hedge fund investments that, due to various events and/or the illiquid nature of the underlying assets, are not readily realisable. See also note 21 c) liquidity risk.

If the value of the level 3 investments (based on year end values) had increased or decreased by 5 per cent with all other variables held constant, the impact on the consolidated statement of comprehensive income and consolidated balance sheet would have been TUSD 68 (2019: TUSD 94). For further sensitivity analysis on the investments please refer to note 21 a) (i).

The following table shows the allocation of the level 3 investments according to geography, in percentage of the total fair value of these investments.

Diversification by geography	**2020** **% of financial assets at fair value through profit or loss**	**2019** **% of financial assets at fair value through profit or loss**
America	39%	34%
Asia	7%	8%
Global	54%	58%
Total	**100%**	**100%**

As of 31 December 2020 and 31 December 2019, the Group had an investment in Highland Crusader Fund II Ltd. ("Highland") for which the valuation is complex as the fund holds a large number of illiquid investments. The Group redeemed its entire position as of 30 June 2008, however, due to the illiquidity of the portfolio and increasing redemption requests, the investment manager of Highland decided to suspend redemption payments. After further losses, the investment manager proposed that the fund be wound up in its entirety making the value of all outstanding balances including prior redemption requests dependent on the realised value of assets as the fund is liquidated. Investors accepted this distribution scheme in 2011 and the investment was therefore classified as a level 3 investment in the 2011 annual report. Since the acceptance of the distribution plan, up to 31 December 2020, the Group had received redemption proceeds amounting to TUSD 12,529.

As of 31 December 2020 and 31 December 2019, the Group had an investment in D.E. Shaw Composite International Ltd. In the case of D.E. Shaw Composite International Ltd. redemptions from this fund during 2011 resulted in a proportion of the redemption proceeds being distributed in the form of side pockets which are illiquid.

As of 31 December 2020 and 31 December 2019, the Group had an investment in Crown Distressed Credit Opportunities plc. Crown Distressed Credit Opportunities plc was reclassified from level 2 to level 3 in the 2011 annual report due to the fact that its liquidity terms imply that it can only be liquidated over a prolonged timeframe due to its private equity like nature. This investment was made at a time when all the assets of the Group belonged to the closed ended listed Company and thus such liquidity terms were deemed compatible with the Group's liquidity requirements.

In 2020 and 2019 no investments were reclassed between level 2 and level 3.

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

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

As of 31 December 2019	**Investments at fair value through profit or loss TUSD**
Assets	
At 1 January	3,989
Net change in unrealised loss	(1,557)
Sales	(562)
At 31 December	**1,870**
Total realised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**1,110**

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

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

The Group has made the following commitments to investment funds as of 31 December:

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

As of 31 December 2019	Commitment in TUSD	Open commitment amount in TUSD
Crown Distressed Credit Opportunities plc	16,500	4,109
Total	**16,500**	**4,109**

The nature of these commitments is that they can be called at the respective investment managers' discretion. The board of directors confirms that there are no other commitments, contingencies or other transactions that could have a material effect upon the financial situation of the Group as of 31 December 2020.

23 Subsequent events

The consolidated financial statements are authorised for issue on 31 March 2021 by the board of directors. The annual general meeting called for 12 May 2021 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2020, there have been no material events that could impair the integrity of the information presented in the consolidated financial statements.

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Report of the statutory auditor

to the General Meeting of Castle Alternative Invest AG

Pfäffikon SZ

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Castle Alternative Invest AG, which comprise the balance sheet as at 31 December 2020, statement of income and accumulated surplus/(deficit) and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 (pages 68 to 78) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

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

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

Our audit approach

Materiality

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

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

Overall materiality	USD 0.8 million
How we determined it	1% of total shareholders' equity
Rationale for the materiality benchmark applied	We chose total shareholders' equity as the benchmark because, in our view, it is the most relevant benchmark for investors and it is generally accepted benchmark for investment companies.

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Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in

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

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

Responsibilities of the board of directors for the financial statements

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

In preparing the financial statements, the board of directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation.

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

PricewaterhouseCoopers AG

Daniel Pajer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 31 March 2021

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Balance sheet

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

	Note	2020 USD	2020 CHF[1]	2019 USD	2019 CHF[1]
Assets					
Current assets:					
Cash and cash equivalents		9,852	8,721	8,131	7,858
Other receivables		7	6	—	—
Total current assets		**9,859**	**8,727**	**8,131**	**7,858**
Non-current assets:					
Participations	3	70,004	61,968	70,004	67,653
Total non-current assets		**70,004**	**61,968**	**70,004**	**67,653**
Total assets		**79,863**	**70,695**	**78,135**	**75,511**
Liabilities					
Current liabilities:					
Other accrued liabilities		132	116	221	214
Total current liabilities		**132**	**116**	**221**	**214**
Equity					
Shareholders' equity:	7				
Share capital		260	252	323	315
Legal reserves					
Reserves from capital contributions		61,057	59,458	64,965	62,841
Accumulated surplus		18,414	16,845	36,357	35,053
Accumulated translation difference		—	(5,976)	—	415
Treasury shares at cost (bought for cancellation)		—	—	(23,731)	(23,327)
Total shareholders' equity		**79,731**	**70,579**	**77,914**	**75,297**
Total liabilities and equity		**79,863**	**70,695**	**78,135**	**75,511**

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

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2020 (All amounts in thousands unless otherwise stated)

	Note	2020 USD	2020 CHF[1]	2019 USD	2019 CHF[1]
Income					
Value adjustments on participations	2 b)	—	—	(55,890)	(55,499)
Dividends from participations		2,870	2,683	62,900	62,460
Other income		1	1	1	1
Gain on foreign exchange, net		331	310	265	263
Total income		**3,202**	**2,994**	**7,276**	**7,225**
Expenses					
Administrative expenses		(593)	(555)	(887)	(880)
Financial expenses		(41)	(38)	(24)	(24)
Interest expenses		—	—	(3)	(3)
Total expenses		**(634)**	**(593)**	**(914)**	**(907)**
Profit before taxes		**2,568**	**2,401**	**6,362**	**6,318**
Taxes	5	(4)	(4)	(10)	(10)
Profit for the year		**2,564**	**2,397**	**6,352**	**6,308**
Accumulated surplus					
Accumulated surplus brought forward		36,357	35,053	13,541	13,277
Profit for the year		2,564	2,397	6,352	6,308
Transfer of reserves into accumulated surplus		3,425	2,927	35,265	34,336
Cancellation of treasury shares		(23,932)	(23,532)	(18,801)	(18,868)
Accumulated surplus carried forward		**18,414**	**16,845**	**36,357**	**35,053**
Proposal of the board of directors for appropriation of accumulated surplus					
To be carried forward		18,414	16,845	36,357	35,053
Total		**18,414**	**16,845**	**36,357**	**35,053**

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

Notes to the company financial statements

For the year ended 31 December 2020
(All amounts in thousands unless otherwise stated)

1 Organisation and business activity

Castle Alternative Invest AG, Pfäffikon ("the Company") was incorporated on 30 July 1996 as a joint stock corporation under Swiss laws. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon.

Since 10 April 1997, the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange.

The main activity of the Company is investing in a diversified portfolio of non-traditional investments, through its two Subsidiaries, Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary").

As of 31 December 2020 and 31 December 2019 the Company did not employ any employees.

2 Accounting principles

These Company financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO).

a) Participations
The participation in the Cayman Subsidiary is stated at acquisition cost or at the lower net realisable value, using the net asset value of the Cayman Subsidiary. Should the net asset value of the Cayman Subsidiary be higher in the current year as compared to the previous year(s) level, no upwards valuation adjustments will be made.

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

From 2018, in accordance with the Swiss Code of Obligations, the Company also presents the Swiss Franc amounts next to the US Dollar presentation currency (identified as Swiss Francs supplementary information). The conversion from the US Dollar to the Swiss Franc supplementary information is conducted as follows:
– all assets and liabilities by applying the year-end exchange rate;
– income and expenses at the average exchange rate for the year; and
– the shareholders' equity at the historical exchange rate.

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

The 2020 and 2019 Swiss Franc amounts presented are for supplementary information only (SCO 958d Para.3).

3 Participations

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

Where a dividend distribution has been approved by a subsidiary, the participation income from the subsidiary is recognised based on an economic standpoint, i.e. at the same time as the corresponding liability is recorded in the subsidiary.

Balance sheet reconciliation of participation carrying value	**2020 TUSD**	**2020 TCHF**	**2019 TUSD**	**2019 TCHF**
1 January	**70,004**	**67,653**	**125,894**	**123,729**
Valuation adjustment on participation	—	—	(55,890)	(55,499)
Foreign exchange translation differences on participation through shareholders' equity	—	(5,685)	—	(577)
31 December	**70,004**	**61,968**	**70,004**	**67,653**

4 Foreign exchange rates

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

Foreign exchange rates		**Unit**	**2020 USD**	**2019 USD**
Swiss Francs	Year-end rates	1 CHF	1.1297	1.0348
Swiss Francs	Average annual rates	1 CHF	1.0696	1.0070

5 Taxes

The Company is taxed as a holding company and is as such liable for cantonal/communal capital taxes (reduced rates) and Swiss federal income taxes. The actual tax expenses cover all taxes through 31 December 2020.

6 Pledged assets

As of 31 December 2020, the Subsidiaries have a credit line of TUSD 15,000 (31 December 2019: TUSD 15,000). The credit line is granted by LGT Bank Ltd., Dublin Branch and is secured by the participating shares of the Ireland Subsidiary as well as the voting participating redeemable ordinary shares of the Cayman Subsidiary, which are directly held by the Company. The pledged assets are deposited with LGT Bank Ltd., Vaduz and pledged in favour of the lender. As of 31 December 2020, the Ireland Subsidiary had no loans borrowed from LGT Bank Ltd., Dublin Branch (2019: none).

7 Shareholders' equity

Shareholders' equity

The share capital of the Company at 31 December 2020 amounts to TUSD 260 (TCHF 252) (31 December 2019: TUSD 323, TCHF 315) consisting of 5,043,659 (2019: 6,297,099) issued and fully paid registered shares with a par value of CHF 0.05 (31 December 2019: CHF 0.05).

Each share entitles the holder to participate in any distribution of income and capital. The Company regards shareholders' equity as the capital that it manages. Shareholders' equity amounts to TUSD 79,731 (TCHF 70,579) as of 31 December 2020 (31 December 2019: TUSD 77,914, TCHF 75,297).

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange.

Share buyback 2nd line (bought for cancellation)

Since 2010, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. These treasury shares are treated as a deduction from shareholders' equity at the average purchase price.

On 11 December 2019, the board of directors decided to extend the current program by a second trading line to buy back shares on the ordinary trading line and at the same time to adjust the purpose of the program so that the shares can also be used for general treasury management purposes. The changes are connected with the entry into force of the Federal Law on Tax Reform and AHV financing on 1 January 2020.

Treasury shares

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

Movement of treasury shares 2nd line and tradable put options (bought for cancellation)	Number of shares			Cost TUSD	Cost TCHF
Shares held as of 1 January 2019	**1,240,383**			**21,342**	**21,194**
Additions 2019 via 2nd line	652,110			11,350	11,297
Additions 2019 via tradable put options	873,859			17,879	17,530
Cancellation on 2 September 2019	(1,565,322)			(26,840)	(26,694)
Shares held as of 31 December 2019	**1,201,030**			**23,731**	**23,327**
Additions 2020 via ordinary and 2nd line	52,410			747	724
Cancellation on 12 August 2020	(1,253,440)			(24,478)	(24,051)
Shares held as of 31 December 2020	—			—	—

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

Allocation of legal reserves from capital contributions

Under Swiss tax law effective 1 January 2011, repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. In order to establish the amount of capital contribution reserves that the Company may be able to repay to shareholders without being subject to the withholding tax deduction that applies to dividends paid out of retained earnings, in the general meeting on 15 May 2019 the board of directors proposed to transfer TUSD 2,494 (TCHF 2,429) of general reserves from capital contributions to accumulated surplus, in order to align the general legal reserves with the standard practice of the Swiss tax authorities. On 15 May 2019 the board of directors proposed to transfer TUSD 32,771 (TCHF 31,907) of other legal reserves to accumulated surplus. With the cancellation of shares on 18 August 2020 the legal reserve from the nominal capital reduction of 2019 in the amount of TUSD 3,425 (TCHF 2,927) was transferred to accumulated surplus.

As at 31 December 2020 the reserves from capital contributions that are available for distribution to shareholders amount to TUSD 60,927 (TCHF 59,332) (31 December 2019: TUSD 64,965, TCHF 62,841).

Shareholders' equity

In 2020 (all amounts in US Dollar thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/ (deficit)	Treasury shares 2nd line at cost (bought for cancellation)	Total
31 December 2019	**323**	**64,965**	**36,357**	**(23,731)**	**77,914**
Gain for the year	—	—	2,564	—	2,564
Purchase of treasury shares ordinary and 2nd line (bought for cancellation)	—	—	—	(747)	(747)
Cancellation of treasury shares ordinary and 2nd line	(63)	(483)	(23,932)	24,478	—
Transfer of legal reserves into accumulated surplus	—	(3,425)	3,425	—	—
31 December 2020	**260**	**61,057**	**18,414**	—	**79,731**

Shareholders' equity (supplementary information)

In 2020 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/ (deficit)	Treasury shares 2nd line at cost (bought for cancellation)	Translation difference	Total
31 December 2019	**315**	**62,841**	**35,053**	**(23,327)**	**415**	**75,297**
Gain for the year	—	—	2,397	—	—	2,397
Translation difference	—	—	—	—	(6,391)	(6,391)
Purchase of treasury shares ordinary and 2nd line (bought for cancellation)	—	—	—	(724)	—	(724)
Cancellation of treasury shares ordinary and 2nd line	(63)	(456)	(23,532)	24,051	—	—
Transfer of legal reserves into accumulated surplus	—	(2,927)	2,927	—	—	—
31 December 2020	**252**	**59,458**	**16,845**	—	**(5,976)**	**70,579**

8 Major shareholders

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

Major shareholders	2020	2019
Between 20% and 33 1/3%	LGT Capital Partners (FL) AG, Vaduz, Liechtenstein LGT Capital Partners, Switzerland, on behalf of pension funds Alpine Select AG, Zug	LGT Capital Partners (FL) AG, Vaduz, Liechtenstein LGT Capital Partners, Switzerland, on behalf of pension funds Alpine Select AG, Zug, Switzerland
Between 10% and 20%	–	–
Between 3% and 10%	–	–

9 Compensation and share ownership

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

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager. His remuneration is further detailed in the remuneration report on pages 80 to 85 of this report.

No further compensation by the Company or its subsidiaries for their activities has been due, nor did directors receive shares, options or loans.

Share ownership	**2020**	**2019**
Castle Alternative Invest AG		
Members of the board of directors		
Dr André Lagger	4,755	4,755
Total	**4,755**	**4,755**

10 Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit fees charged by PricewaterhouseCoopers for the 2020 audit of the Company to TUSD 69 (TCHF 68) (2019: TUSD 69, TCHF 68).

11 Subsequent events

The Company's financial statements are authorised for issue on 31 March 2021 by the board of directors. The annual general meeting called for 12 May 2021 will vote on the final acceptance of the Company's financial statements.

Since the balance sheet date of 31 December 2020, there have been no material events that could impair the integrity of the information presented in the financial statements.

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Report of the statutory auditor

to the General Meeting of Castle Alternative Invest AG

Pfäffikon

We have audited the remuneration report (pages 82 to 85) of Castle Alternative Invest AG for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of Castle Alternative Invest AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Daniel Pajer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 31 March 2021

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

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Remuneration report

The remuneration report contains information about the principles of remuneration, procedures for determining remuneration and components of remuneration for the board of directors and management of Castle Alternative Invest AG. It also details the remuneration awarded in 2019 and 2020 as well as the planned components of remuneration in 2021. It is based on the provisions of the Articles of Incorporation, the transparency requirements set out in Articles 13–16 of the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV) and Article 663b^{bis} of the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

Principles of Remuneration

- Transparency (simplicity, clarity)
- Adherence to market rates of executive pay
  (benchmarking of similar companies, qualifications and experience)

Governance

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

The remuneration committee draws up proposed remuneration guidelines for the board of directors. The members of the board of directors are entitled to reimbursement of their expenses incurred in the interest of the company as well as to compensation corresponding to their activities, as determined by the board of directors.

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

The Company appointed Benedikt Meyer as general manager, in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company. This work for the Company on average takes up approximately 25 per cent of his working time.

Procedures for determining remuneration

The level of remuneration awarded to the board of directors is based on sector and market comparisons. The remuneration committee also consults comparative figures and surveys of listed companies operating in the same sector.

Structure of remuneration

The board of directors is compensated in cash for all of its duties, including expenses for ordinary and extraordinary meetings, committee activities and other extraordinary activities. Neither shares nor options were allocated in the reporting year.

Remuneration policy

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

Remuneration	2020 TCHF	2019 TCHF
Chairman	55	55
Deputy chairman	44	44
Committee chairman	44	44
Member	33	33
General manager	75	75

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

Travel and other expenses related to attendance at board meetings shall be covered by an expense allowance for each meeting in Switzerland, physically attended, as follows:

Travel and other expenses	2020 CHF	2019 TCHF
Switzerland based	250	250
Europe based	1,500	1,500
Overseas based	7,000	7,000

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

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

Remuneration for financial years 2020 and 2019 (Article 14 VegüV)

The following tables show the remuneration for the members of the board of directors in the year 2020 and 2019.

Travel and other expenses	2020 TUSD	2020 TCHF[1]	2019 TUSD	2019 TCHF[1]
Employers contributions to social security	5	5	5	5
Directors and officers liability insurance fee	11	12	10	10
Travel expenses	—	—	32	32

[1] Swiss Francs are shown as supplementary information.

The board of directors remuneration is defined and paid out in Swiss Francs.

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

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

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

	Cash compensation TUSD	Social security payments TUSD	Travel and other expenses TUSD	Total remuneration TUSD
As of 31 December 2019				
Tim Steel, chairman	53	2	5	60
Dr Konrad Bächinger, deputy chairman	43	1	1	45
Reto Koller, committee chairman – audit committee	45	–	21	66
Dr André Lagger, committee chairman – remuneration committee	–	–	–	–
Kevin Mathews, member	33	–	5	38
General manager	73	–	–	73
Total	**247**	**3**	**32**	**282**

	Cash compensation TCHF	Social security payments TCHF	Travel and other expenses TCHF	Total remuneration TCHF
As of 31 December 2019				
Tim Steel, chairman	53	2	5	60
Dr Konrad Bächinger, deputy chairman	43	1	1	45
Reto Koller, committee chairman – audit committee	44	–	21	65
Dr André Lagger, committee chairman – remuneration committee	–	–	–	–
Kevin Mathews, member	33	–	5	38
General manager	75	–	–	75
Total	**248**	**3**	**32**	**283**

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

Loans and credits to board members and the management (Article 15 VegüV)
No further loans or credits by the Company or its subsidiaries for their activities have been granted to members of the board of directors in the financial year 2020.

Compensation, loans and credits to related parties (Article 16 VegüV)
No further compensation, loans or credits by the Company or its subsidiaries for their activities have been granted to any related party in the financial year 2020.

Dr André Lagger   Benedikt Meyer

31 March 2021

Corporate governance

1. Group structure and shareholders

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

1.1 Significant shareholders

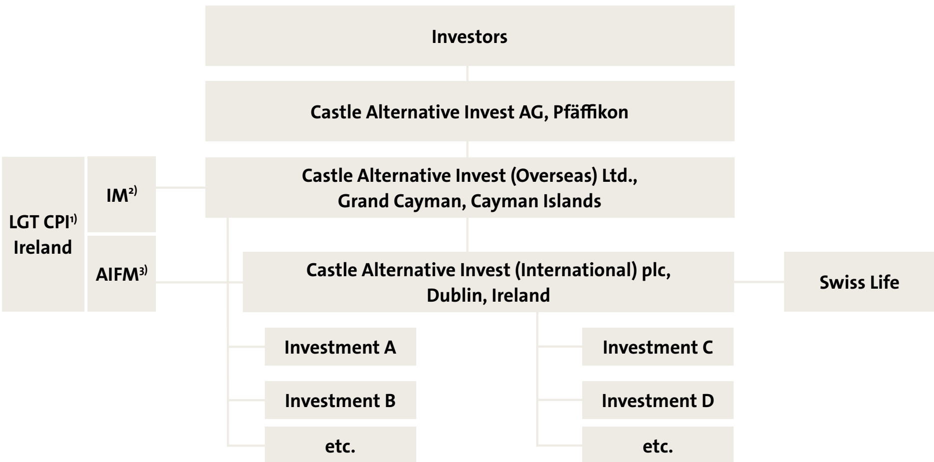
The shareholding structure of the Company as of 31 December 2020 is shown below:

- LGT Capital Partners (FL) AG, Liechtenstein, reported a holding of 24.52 per cent.
- LGT Capital Partners AG, Switzerland (as asset manager of LGT's pension foundations), reported a holding of 25.61 per cent.
- Alpine Select AG, Zug, reported a holding of 29.31 per cent.

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

The Group has not entered into any cross-shareholdings that exceed 5 per cent of the capital shareholding as voting rights on either side.

1.2 Group structure



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

2. Capital structure

2.1 Capital

The Company's share capital consists of 5,043,659 registered shares with a par value of CHF 0.05 each. The shares are listed in Swiss Franc at the SIX Swiss Exchange in Zurich with ISIN CH0005092751 and valor number 509275.

Since 2010, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. These shares are treated as a deduction from shareholders' equity using cost values.

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

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

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

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

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

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

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

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

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

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

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

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

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

The buybacks mentioned above were all done for cancellation purposes.

The Company does not have conditional and authorised share capital. The Company has not issued any participation certificates (Partizipationsscheine), preference shares (Vorzugsaktien) or profit sharing certificates (Genussscheine). Shares of the subsidiaries are not listed.

A detailed overview of the capital structure is shown in note 7 of the Company financial statements. Changes in capital within the last two financial years can be seen from the consolidated statements of changes in shareholders' equity on page 23 of the 2019 annual report.

Share capital	**2018**	**2019**	**2020**
Outstanding shares	7,862,421	6,297,099	5,043,659
Nominal per share in CHF	5.00	0.05	0.05

The market capitalisation of the Company (ISIN: CH0005092751/Valor: 509275) per year end 2020 amounted to approx. TCHF 65,568. There are no outstanding convertible bonds or options issued by the Company or any of its subsidiaries on the Company's securities.

2.2 Voting rights, share registration

Each share confers the right to one vote. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares in their own name and for their own account and comply with the disclosure requirements of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act).

Entry of registered shares with voting rights may be refused in the following situations:
Persons not expressly declaring themselves as holding shares for their own account (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 1.5 per cent of the outstanding share capital available at the time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question

discloses the name, address and shareholding of such persons for whose account the nominee is holding 0.3 per cent or more of the outstanding share capital at the time and provided that the disclosure requirements stipulated by the Stock Exchange Act are complied with. The board of directors has the right to enter into agreements with nominees concerning their disclosure requirements.

Legal entities, partnerships, other associations or joint ownership arrangements which are linked through capital ownership, voting rights, common management or similar, as well as individuals, legal entities or partnerships (especially syndicates) which act in collaboration with intent to evade the entry restrictions are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above regulations. After due consultation with the person concerned, the Company is further authorised to remove the shareholder from the share register as a shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information required.

No agreements with nominees were entered into, nor were exceptions to the above regulations granted in 2020.

3. Board of directors

As of 31 December 2020, all members of the board of directors are non-executive. None of the members have been members of management of the Company or one of its subsidiaries over the last three years. Dr Andre Lagger is affiliated with LGT Group Foundation, which owns the investment manager that manages the Group’s investments.

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

The board is composed of the following members:

Board of directors

The board considers that it is well represented with the balance and blend of skills, experience and expertise of its directors.

Tim Steel, chairman

Tim Steel (British Citizen, 1952) was educated at Eton (Oppidan Scholar) and Trinity College, Cambridge (Philosophy and Law). He joined Robert Fleming as an analyst and was then a pension fund manager from 1974 to 1979. He joined Cazenove & Co in 1980 as an equity salesman and became Partner in 1982. Tim Steel ran the New York office from 1983 before returning to London in 1989 when he was made Head of UK Sales. He was appointed as managing director of Cazenove Capital Management Limited in 2000 and retired as vice chairman at the end of 2009. Since 2013 he has been Chairman of Committed Capital and since 2014 a non-Executive Director of WH Ireland Limited, becoming Chairman in 2016, and retiring from that role in 2020.

Tim Steel was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2020 for a term ending at the 2021 annual shareholder meeting.

Dr Konrad Bächinger, deputy chairman and remuneration committee member

Dr Konrad Bächinger (Swiss citizen, born 1950) received a Ph.D. in law from the University of Zurich. He was admitted to the bar in 1977. He acted subsequently as legal counsel for the St. Gallische Creditanstalt and as head of legal department of Adolph Saurer AG. In 1984, he joined LGT Bank in Liechtenstein as general counsel. In 1989 he was appointed managing director and head of legal matters and project department. In 1990 he became member of the executive board of the bank, heading commercial banking and legal matters. In 1998 he became chief executive officer of LGT Capital Management. Dr Bächinger was member of the Group executive committee of Liechtenstein Global Trust (now known as LGT Group Foundation) between 2001 and 2006, subsequently becoming a senior advisor of LGT Group Foundation until his retirement in 2010. Dr Bächinger is also deputy chairman of the board of directors of Castle Private Equity AG and serves on the board of several LGT-managed or affiliated investment and management companies, including LGT Capital Partners Ltd.

Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held on May 2020 for a term ending at the 2021 annual shareholder meeting.

Dr André Lagger, director and remuneration committee chairman

Dr. André Lagger, Swiss citizen, born 1962 received a Ph.D. in business administration from the University of Berne and completed studies at the Swiss Banking School. He began his career at Union Bank of Switzerland in Zurich, moving to UBS London in 1994 as head of corporate development of UBS London. In 1997, he joined LGT Services in Zurich as head of corporate controlling. Subsequently, he became member of the executive board and chief financial officer of LGT Capital Management in Vaduz in 1998 and chief executive officer of LGT Financial Services in 2001. Since October 2006, he has been CEO of the business unit operations & technology of LGT Group Foundation.

André Lagger was elected to the board of directors in 2011 and was re-elected at the general meeting held on May 2020 for a term ending at the 2021 annual shareholder meeting.

Reto Koller, director and audit committee chairman

Reto Koller (Swiss and US citizen, 1955) received M.Sc. degrees in business administration, finance and accounting from the University of St. Gallen in 1980 and the London School of Economics in 1981. He joined Winterthur Insurance's strategic planning division in 1981. He moved to Winterthur Reinsurance Corp. in New York in 1984, where he was vice president – fixed income investments and operations manager until 1989. In 1990, he took over as president and chief investment officer, North America for Winterthur Investment Management Corp. in New York. He resigned from Winterthur North America in 2007. Since 2008 he has been principal of Hale International LLC, New Canaan, CT, USA, an investment consulting firm.

Reto Koller was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2020 for a term ending at the 2021 annual shareholder meeting.

Kevin Mathews, director and audit committee member

Kevin Mathews (Irish citizen, 1960) received a diploma in financial services from the Institute of Bankers at University College Dublin in 1995 and is a Qualified Financial Adviser (QFA). He joined the Irish Department of Labour in Dublin prior to working in key account management for Svenska Handelsbanken in Luxemburg between 1986 and 1995. He was managing director of LGT Bank (Ireland) between 1995 and 2006. He is currently providing consultancy and advisory services to banking, investment funds, local government and charitable organisations, including acting as director of a number of private equity and hedge funds.

Kevin Mathews was elected at the general meeting held on 29 October 2008 and was re-elected at the general meeting held in May 2020 for a term ending at the 2021 annual shareholder meeting.

3.1 Responsibilities

The principal responsibilities of the board of directors as defined in the Swiss Code of Obligations and the Company's articles of association and organisational regulations are:

(i) organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
(ii) determination of the investment policy and supervision of its implementation; and
(iii) appointment and supervision of the Company's general manager and the investment manager.

Board members share these responsibilities jointly. No specific tasks have been allocated to individual members of the board.

An audit committee has been set up, consisting of two board members: Reto Koller (chairman) and Kevin Mathews.

The audit committee's duties include:

(i) selecting the auditor (for approval at the shareholders' meeting), as well as determining and supervising the terms of their engagement;
(ii) monitoring the integrity of the financial statements; and
(iii) reviewing the internal control systems in place in the Company.

A remuneration committee has been elected by the shareholders' general meeting, consisting of Andre Lagger (chairman) and Konrad Bächinger. The remuneration committee draws up proposed remuneration guidelines for the board of directors. Please refer to the remuneration report on pages 80 to 85 for further details regarding the duties of the remuneration committee.

3.2 Organisation

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager (see next page), in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company.

The board has delegated the management of the Company's assets in accordance with the investment policy and guidelines to LGT Capital Partners (Ireland) Ltd., the investment manager (see next pages).

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

The board considers agenda items laid out in the notice and agenda which are formally circulated to the board in advance of any meeting as part of the board papers. The members of the board may request any agenda items to be added that they consider appropriate for board discussion. In addition each director is required to inform the board of any potential or actual conflict of interest prior to board discussion. In 2020, three board meetings, one remuneration committee meeting and four audit committee meetings were held, with an average duration of between two and four hours. Board meetings are attended by representatives of the investment manager and the general manager. Due to the covid-19 pandemic the board and its committees held all of their meetings in 2020 via video-conference calls.

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

3.3 Information and control

In addition to information received in board meetings, the directors receive monthly reports on the course of business, including the status of the portfolio. Directors may request additional information or details through the general manager.

4. Management

4.1 General manager

The board of directors has delegated the operational management of the Company to Benedikt Meyer as general manager.

Benedikt Meyer

Mr Meyer (Swiss citizen, born 1983) is an executive director at LGT Capital Partners Ltd. Prior to joining LGT Capital Partners in 2010, Mr Meyer worked in product management and investor relations for Partners Group AG in Zug and London. In 2002, Mr Meyer completed an extensive three year training program as an accountant. Mr Meyer holds a Diploma of Higher School of Business Studies HF (BSc in Economics). He is fluent in English and German, and conversant in French.

4.2 Investment management

LGT Capital Partners (Ireland) Ltd., Dublin, has been appointed investment manager of the Cayman Subsidiary and AIFM of the Group's Ireland Subsidiary. The investment manager is responsible for the management of the Company's assets in accordance with the investment policy and guidelines. The investment manager does not have any duties or responsibilities in relation to the operational management of the Company.

The main responsibilities of the investment manager are:

(i) implementation of the investment policy, including identifying, purchasing and selling investments;
(ii) monitoring of investments; and
(iii) analysis and forecast of cash flows.

The role of the investment manager is governed through investment management agreements with the Company subsidiaries. These agreements are for an initial period expiring on 17 July 2019. However, these agreements shall remain in force and effect thereafter unless and until terminated by one of the parties giving not less than 90 calendar days' notice in writing to the other party. The compensation of the investment manager is shown in note 7 and 18 of the consolidated financial statements.

The board of the investment manager is affiliated with LGT Group.

The fee paid to the general manager is offset by a reduction of an equal amount from the management fees payable to LGT Capital Partners (Ireland) Ltd. Other significant fee arrangements for the management of the Company's assets are listed in note 18 of the consolidated financial statements.

5. Compensation, shareholdings and loans

The policy regarding the remuneration of the board of directors is detailed within the remuneration report, on pages 80 to 85 of this report.

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as detailed within the remuneration report, on pages 80 to 85 of this report.

No further compensation, fees, shares, options or loans have been made by the Company or its subsidiaries in respect of the activities of directors during the course of the year under review.

6. Voting and representation restrictions

6.1 Voting restrictions
The articles of association do not contain any statutory voting rights restrictions other than those disclosed in section 2 above. No exceptions were granted in the year under review.

The convocation of the general meeting of shareholders and the addition of items to its agenda are to conform with the regulations of the Swiss code of obligations.

6.2 General meeting of shareholders
The next shareholders' meeting is scheduled for 12 May 2021 and shall be convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting.

Shareholders registered with voting rights in the shareholders' register until and including 29 April 2021 shall receive, with their invitation to the annual general meeting, a registration card to apply for an admission card and voting documentation. No new share registrations with voting rights shall be made in the shareholders' register between 4 May 2021 and the end of the general meeting.

Shareholders representing at least 10 per cent of the share capital may request that an extraordinary shareholders' meeting be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 1 million may request that an item be included in the agenda of the shareholders' meeting. Such requests must be made in writing at least 35 days before the date of the meeting, specify the item to be included in the agenda and contain the proposal on which the shareholder requests a vote.

6.3 Statutory quorums

The articles of association contain the following voting quora that extend beyond the thresholds of simple and qualified majority prescribed in the Swiss Code of Obligations:

– the easement or abolition of the restriction of the transferability of the registered shares;
– the conversion of registered shares into bearer shares and bearer shares into registered shares; and
– the abolition of restrictions in the articles of association concerning the passing of a resolution by the shareholders’ meeting.

The dissolution of the Company with a liquidation requires a resolution of the shareholders’ meeting passed by a majority of all share votes.

7. Change of control

The Company has stated in article 6 of its articles of association that a party acquiring shares above the legal threshold potentially triggering a public offer in the Company is not obliged to make a public offer to acquire all shares of the Company pursuant to articles 32 and 52 of the Stock Exchange Act (opting-out clause).

The members of the board of directors, the general manager and the investment manager do not benefit from contractual clauses on change-of-control situations.

8. Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit fees charged by PricewaterhouseCoopers for the 2020 audit amounted to TUSD 130 (2019: TUSD 127).

Supervision of the audit takes place in various meetings and discussions between the auditors and board members throughout the year as well as through the internal audit department of LGT Group.

Principal means of information between the external auditor and the board of directors (in particular through the audit committee) is the annual audit report submitted by the auditor to the directors. The report is generally discussed with representatives of the auditor at the spring board meeting that also resolves on approval of the annual report. Prior to discussion of the auditors’ report, audit committee meetings – typically in the form of conference calls – take place to discuss progress of the audit and any specific matters noted. Preparation of the audit (which includes an update on changes in accounting and reporting standards and audit requirements by the auditor) usually take place in autumn, either in the form of the auditor’s presence at an audit committee meeting or by means of a phone discussion.

9. Information policy

The Company publishes an annual report per 31 December and a semi-annual report per 30 June. Furthermore, the Company publishes monthly portfolio updates.

The Company publishes these and other documents on the Company's website www.castleai.com. Subscribers listed on the Company's distribution schedule generally receive these documents (or references to their website location) upon publication by e-mail. Ad-hoc messages and announcements (e.g. regarding general meetings) are also distributed by e-mail. Several documents are available in print form. Please contact representatives of the Company through the website or by letter or phone to be added to the mailing list.

The financial calendar can be downloaded from the Company's website www.castleai.com.

9.1 Non-applicability/negative disclosure
It is expressly noted that any information not contained or mentioned herein is non-applicable or its omission is to be construed as a negative declaration (as provided in the Corporate Governance Directive and the commentary thereto).

Share information

Exchange rate CHF/USD: 0.8852

	2012	2013	2014	2015	2016	2017	2018	2019[5]	2020	Since inception
Share information										
Number of bearer shares at year-end	16,352,817	13,371,710	12,378,210	10,756,059	9,653,732	8,721,297	7,862,421	6,297,099	5,043,659	
CAI Net asset value (USD)	16.83	18.97	19.70	19.83	19.91	20.12	19.54	15.29	16.01	
CAI Net asset value (CHF)	15.39	16.86	19.58	19.82	20.25	19.59	19.20	14.78	14.17	
CAI Closing price (USD)	12.70[3]	14.40[3]	16.45[3]	16.25[3]	16.4[3]	—[4]	—[4]	—[4]	—[4]	
CAI Closing price (CHF)	11.60	13.00	16.45	16.55	16.95	15.65	15.30	14.00	13.00	
Share performance										
CAI Net asset value (USD)	7.9%	12.7%	3.8%	0.7%	0.4%	1.1%	(2.9%)	4.3%	4.7%	205.8%[1]
CAI Net asset value (CHF)	5.1%	9.6%	16.1%	1.2%	2.2%	(3.3%)	(2.0%)	2.2%	(4.1%)	95.8%[2]
CAI Closing price (USD)	9.0%[3]	13.4%[3]	14.2%[3]	(1.2%)[3]	0.9%[3]	—[4]	—[4]	—[4]	—[4]	64.5%[3]
CAI Closing price (CHF)	0.9%	12.1%	26.5%	0.6%	2.4%	(7.7%)	(2.2%)	(8.5%)	(7.1%)	64.5%

1) Before September 1999, CAI (Overseas) Ltd. pro-forma performance numbers (real numbers adjusted for currency hedging, net of management fee and performance fee but gross of cost on CAI AG level).
2) CHF 2.61 write-off of incorporation costs due to accounting principle changes (IAS).
3) Inception of US Dollar trading 21 January 2002.
4) The USD listing was discontinued on 15 September 2017.
5) CHF 4.95 distribution of the nominal value was paid value 18 November 2019.

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

Listing
SIX Swiss Exchange: 509.275 (Swiss security number)

Publication of net asset value
www.castleai.com

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Board of directors
Tim Steel (chairman)
Dr Konrad Bächinger (deputy chairman)
Dr André Lagger (remuneration committee chairman)
Reto Koller (audit committee chairman)
Kevin Mathews

Investment manager
LGT Capital Partners (Ireland) Ltd., Third Floor, 30 Herbert Street, Dublin 2, Ireland
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Auditor
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