

MONTHLY REPORT – CLASS B (USD)

JANUARY 2016

<i>Fund</i>	The Cassiopeia Fund
<i>Domicile</i>	Cayman Islands
<i>Inception</i>	July 2003
<i>ISIN</i>	KYG1997Z1164
<i>Bloomberg</i>	CASSIOB KY
<i>Currencies</i>	Class A – CHF (Closed) Class B – USD Class C – EUR Class D – CHF Class E – JPY
<i>Minimum Initial Subscription</i>	USD 250,000 (or equivalent in CHF, EUR, JPY)
<i>Liquidity</i>	Monthly
<i>Management Fee</i>	2%
<i>Performance Fee</i>	20%
<i>High Water Mark</i>	Yes
<i>Investment Manager</i>	Dominicé & Co – Asset Management
<i>Administrator</i>	UBS Fund Services (Ireland)
<i>Auditor</i>	PwC
<i>Clearing Brokers</i>	UBS AG Switzerland Morgan Stanley, UK
<i>Fund Managers</i>	Pierre de Saab Alain Dos Santos
<i>Contact</i>	Investor Relations ir@dominice.com Tel. +41 22 319 2080

Fund Investment Objective

The Cassiopeia Fund employs volatility arbitrage strategy to deliver absolute return. The aim is to remain market neutral, i.e. close to zero correlation with equity markets, and to maintain average volatility around 8%. In order to achieve its objective the Fund relies on Myopia Arbitrage™.

Investment Manager

Dominicé & Co – Asset Management was founded in 2003 and is a Swiss registered Unlimited Liability Partnership regulated by the Swiss Financial Market Supervisory Authority (FINMA). The company's objective is to offer financial products and services that deliver positive risk-adjusted returns in various market environments.

Performance Analysis

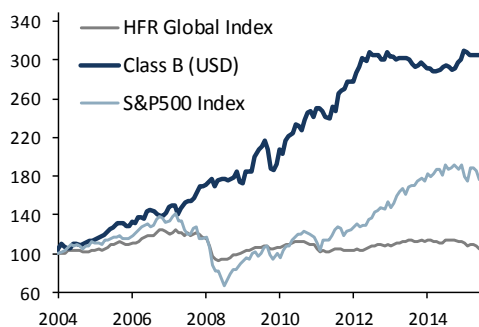
2016 started with a sharp correction of global indices driven by the low price of oil and the macroeconomic situation in China. During the sell-off, volatility levels and premiums did not pick up as much as expected, with key indicators like the VIX reaching 32 intraday, compared to 53 during August 2015. The lack of panic in volatility markets is driven by two factors: 1. Many traditional money managers, having reduced their exposure to equities at the end of last year, don't need to buy protection. 2. Volatility sellers have a lot of "dry powder" at the beginning of the year and are willing to go short at an attractive level, knowing they have several months ahead for their bets to work out. As a result, volatility premiums were modest and trading conditions unstable. The Fund could not hold the positions it took in the US long enough and was forced to close them at a loss, as volatility levels and premiums collapsed, sometimes in a matter of minutes, whenever equity markets found a bottom. In Europe, the Fund recorded profit as the selling pressure of volatility was weaker and trading conditions persisted a bit longer. The net result is a frustrating -0.5%, with an average leverage of 20%.

Outlook and Strategy

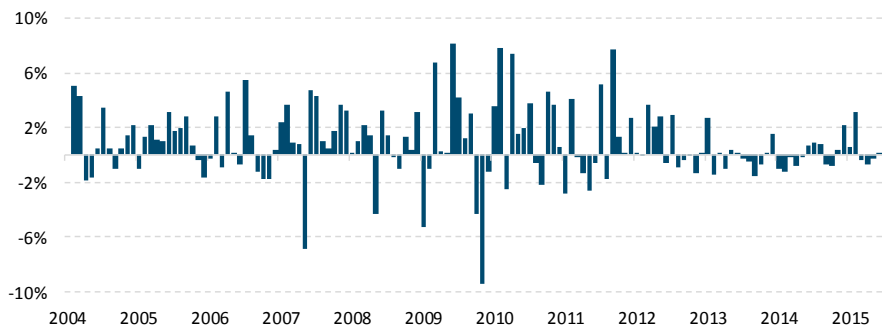
February is setting up to be a month of consolidation, with equities attempting to find a firm support on which to rebound and volatility premiums likely to remain modest. We do not believe the current bear

market will accelerate further down and become a full scale correction just yet. As January has shown, it is simply too soon in the year, there is just too much money sitting on the sidelines waiting to be invested. However, it is surprising that equity markets have not rebounded in a more decisive manner, especially considering that yields are close to zero and there are not many credible alternatives to equities. With more money managers and strategies selling volatility as the year progresses, we expect the impact of these market corrections to become larger.

Class B Performance (Net of fees)*Note 1



Class B Monthly Returns (Net of Fees) *Note 2



Statistical Analysis (From July 2004 to 29 Jan 2016)

	Class B	SP500	HFRG
MTD	-0.32%	-5.07%	-2.76%
YTD	-0.32%	-5.07%	-2.76%
Cumulative return	205%	76%	4%
Annualized return	10.2%	5.0%	0.4%
Volatility	9.1%	14.4%	5.8%
Sharpe Ratio	0.92	0.23	-0.24
Sortino Ratio	1.39	0.29	-0.29
Correlation		0.02	0.08
Class B vs			
Largest drawdown	Apr'10- Jun'10	Nov'07- Feb'09	Jun'07- Dec'08
Peak-to-Valley	-14.4%	-52.6%	-24.9%
Time to recovery	4 Mnts	5.5 Yrs	Unrec.
Monthly avg return	0.8%	0.5%	0.0%
Best month	8.1%	10.8%	3.1%
Worst month	-9.4%	-16.9%	-9.3%
% Positive months	62%	62%	57%

Historical Performance *Note 2

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2004								5.1	4.3	-1.9	-1.6	0.4	6.1
2005	3.5	0.5	-1.1	0.5	1.4	2.2	-1.0	1.3	2.1	1.1	1.0	3.1	15.5
2006	1.8	1.9	2.8	0.7	-0.4	-1.7	-0.3	2.8	-0.9	4.6	0.1	-0.7	11.1
2007	5.4	1.4	-1.3	-1.7	-1.8	0.3	2.4	3.7	0.9	0.7	-6.8	4.8	7.6
2008	4.3	1.0	0.5	1.8	3.6	3.3	0.2	1.0	2.2	1.5	-4.4	3.3	19.4
2009	1.4	-0.1	-1.0	1.3	0.4	3.2	-5.3	-1.0	6.8	0.2	0.0	8.1	14.1
2010	4.2	1.2	3.0	-4.3	-9.4	-1.2	3.6	7.8	-2.5	7.4	1.5	2.0	12.7
2011	3.8	-0.6	-2.2	4.6	3.7	0.6	-2.9	4.1	-0.1	-1.4	-2.6	-0.6	6.2
2012	5.1	-1.8	7.7	1.3	0.2	2.7	0.1	0.0	3.7	2.0	2.8	-0.6	25.4
2013	3.0	-0.9	-0.4	0.0	-1.4	0.0	2.7	-1.4	0.1	-1.0	0.3	0.1	0.9
2014	-0.2	-0.4	-1.5	-0.7	0.1	1.5	-1.0	-1.3	-0.1	-0.8	-0.2	0.7	-4.0
2015	0.9	0.8	-0.7	-0.8	0.4	2.2	0.6	3.2	-0.4	-0.7	-0.2	0.1	5.2
2016	-0.3												-0.3

	NAV	AUM	Strategy AUM (estimated)
As of 29 Jan 2016	\$289.36	\$272 Million	\$ 316 million

***Note 1**

The returns for the S&P 500 Index and HFR Global Index are provided for comparison purposes only to show how the Fund's returns compare to a broad-based index of securities. The indices are not subject to any of the fees or expenses to which the Fund is subject. It is not possible to invest in these indices. The indices are used for comparison purposes only. It should not be assumed that the Fund will invest in any specific securities that comprise the indices.

***Note 2**

The performance presented may have been significantly impacted by non-recurring market or economic conditions and hence, may not be capable of being replicated. Past performance is not indicative nor a guarantee of future results. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

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