



FALCON FUND MANAGEMENT

Falcon Fund Management (Switzerland) Ltd.
for



Annual Report 2009 Arpagus Fund

A special risks umbrella fund under Swiss law

CONTENT

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The Arpagus Fund was launched for Altrafin Advisory Ltd., Zurich, by Falcon Fund Management (Switzerland) Ltd. as fund manager and Falcon Private Bank Ltd. as custodian.

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The performances shown in this report refer to the past. Historic developments are no guarantee for future performances. The value of a unit can rise and fall any time. The performance data does not include the costs and commissions, which are charged when units were issued or redeemed.

REPORT OF THE AUDITORS

Short-form report of the statutory auditor in accordance with CISA to Arpagus Fund

Short-form report of the statutory auditor in accordance with CISA on the annual report

As a statutory auditor in accordance with CISA (Kollektivanlagengesetz, Swiss Collective Investment Schemes Act), we have examined the annual report of the umbrella investment fund with the following sub-funds:

- Arpagus Absolute Return Fund (CHF)
 - Arpagus Absolute Return Fund (EUR)
 - Arpagus Absolute Return Fund (USD)
- consisting of the financial statements and further information as per Art. 89, para 1 a-h CISA, for the financial year ended 31 December 2009.

Responsibility of the Board of Directors

The Board of Directors of the Fund Manager is responsible for drawing up the annual report in compliance with the provisions of CISA. Furthermore, the Board of Directors is responsible for the selection and application of proper accounting methods and for making appropriate estimates.

Responsibility of the auditor

Our responsibility is to issue an audit opinion on the annual report based on our audit. We conducted our audit in compliance with Swiss law and Swiss auditing standards. On the basis of these standards,

audits are to be planned and performed in such a way that material misstatements in the annual report are reasonably certain to be recognized.

An audit includes the performance of audit activities to obtain audit evidence for the valuations contained in the annual report and other information. The choice of audit activities is a matter for the dutiful discretion of the auditor. This incorporates an assessment of the risks of material misstatements in the annual report as a result of violations or errors. The audit also incorporates an assessment of the appropriateness of the accounting methods used, the plausibility of the estimates made and an evaluation of the overall picture presented by the annual report. We are of the view that the audit evidence obtained by us provides a sufficient and appropriate basis for our audit opinion.

Audit opinion

In our view, the annual report for the financial year ended 31 December 2009 complies with the Swiss Collective Investment Schemes Act (CISA), the associated ordinances, the fund contract and the prospectus.

We also point out that, as at 31 December 2009, there was a shortfall in the "Arpagus Absolute Return Fund (CHF)" and "Arpagus Absolute Return Fund (EUR)" sub-funds due to foreign exchange forward transactions concluded for hedging purposes.

The shortfall arose as a result of differences between the estimated and actual performance figures of the target funds. For further details, please refer to pages 6 and 10 of the annual report.

Reporting due to additional statutory regulations

We confirm that we meet the statutory requirements in respect of authorisation according to the Federal Act on Licensing and Oversight of Auditors (RAG) and in respect of independence (Art. 127 CISA and Art. 11 RAG) and that there are no circumstances to compromise our independence.

Zurich, 31 March 2010
PricewaterhouseCoopers AG

Thomas Romer Audit specialist	Simon Bandi Audit specialist Lead Auditor
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FACTS & FIGURES

Characteristics of the Fund

The following segments, consisting of one class of units each, the A-class, are currently in existence:

- Arpagus Absolute Return Fund (CHF)
- Arpagus Absolute Return Fund (EUR)
- Arpagus Absolute Return Fund (USD)

The fund management company may invest the sub-funds' assets in the investments specified below. However, the "special section" of the fund contract may specify further restrictions applicable to individual sub-funds:

a) Investments in alternative collective investment schemes

aa) units or shares of open-ended foreign collective investment schemes whose units are periodically redeemed or repurchased on the basis of their net asset value, and which were established under the laws of any country (and in managed accounts or SPVs),

ab) units of closed-ended collective investment schemes established under the law of any country,

ac) units of funds for alternative investments established under Swiss law which are classified as hedge funds on the basis of their investment policy or their investments, and

ad) structured financial products, certificates or similar instruments of issuers worldwide with no capital guarantee whose underlying assets are investments as specified in aa) – ac) above or hedge fund indices.

b) Traditional direct investments in securities and similar financial instruments

c) Traditional indirect investments in securities and similar financial instruments

At least two thirds of a sub-fund's assets after deduction of the liquid assets must be invested in investments as specified in a) above, and not more than two thirds of a sub-fund's assets after deduction of the liquid assets may be invested in investments as specified in b) and c) above.

The net income of the classes of each segment, which is currently in existence, will be distributed in the respective currency of the segment to the unit holder by the end of May, for the first time in May 2007.

From the management fees there are remittances to be effected for the distribution of the mutual fund (retrocommission on unit-holdings) to distributors and portfolio managers. Institutional investors who hold units of the mutual fund for third parties are entitled to receive a reimbursement from the management fees.

Organization

Fund Management

Falcon Fund Management (Switzerland) Ltd.
Hochbordstrasse 3, CH-8600 Dubendorf-Zurich

Custodian and Paying Office

Falcon Private Bank Ltd.
Pelikanstrasse 37, CH-8021 Zurich
www.falconpb.com

Auditor

PricewaterhouseCoopers Ltd.
Birchstrasse 160, CH-8050 Zurich

Paying Office

Switzerland:
Falcon Private Bank Ltd.
Pelikanstrasse 37, CH-8021 Zurich

Investment Decisions

Investment decisions are delegated to Altrafin Advisory Ltd., Zurich.

Securities Code

Arpagus Absolute Return Fund (CHF):
2435045 (Class A)

Arpagus Absolute Return Fund (EUR):
2435050 (Class A)

Arpagus Absolute Return Fund (USD):
2435055 (Class A)

Remarks

The prospectus with the integrated Fund Contract can be ordered any time and free of charge from the Fund Management Company. The German text is the sole basis for the authentic interpretation of the report.

Lower deviation of the minimum assets of CHF 5 mio.

The subfund (USD) has been fallen below the stipulated threshold since the end of October 2008. The Swiss Financial Market Supervisory Authority (FINMA) was pre-requested for a merger of the subfunds and appropriate amendments of the fund-contract on December 28, 2009.

Change of Name

In April 2009 AIG Fund Management (Switzerland) Ltd. changed its name to Falcon Fund Management (Switzerland) Ltd. as the Fund Management Company and AIG Private Bank Ltd. changed its name to Falcon Private Bank Ltd. as the Custodian.

FACTS & FIGURES

Key Data CHF

	31.12.09	31.12.08	31.12.07
Net Fund Assets in Mio CHF	5.45	73.19	63.69
Units Outstanding Class A	63 922.8210	868 806.3580	584 273.6830
Net Asset Value per Unit Class A	85.23	84.24	109.01
Performance according to SFA guideline	1.18%	-22.72%	4.88%
Management Fee on Target Funds max. p.a.*	4.00%	4.00%	N/A

Key Data EUR

	31.12.09	31.12.08	31.12.07
Net Fund Assets in Mio EUR	10.37	32.09	39.71
Units Outstanding Class A	116 890.0150	369 085.6540	360 227.2400
Net Asset Value per Unit Class A	88.70	86.95	110.24
Performance according to SFA guideline	2.01%	-21.13%	5.32%
Management Fee on Target Funds max. p.a.*	4.00%	4.00%	

Key Data USD

	31.12.09	31.12.08	31.12.07
Net Fund Assets in Mio USD	0.00	1.27	31.12
Units Outstanding Class A	0.0000	14 113.4130	271 181.4130
Net Asset Value per Unit Class A	0.00	89.88	114.76
Performance according to SFA guideline	N/A	-21.68%	6.94%
Management Fee on Target Funds max. p.a.*	4.00%	4.00%	

*according to CISQ, Art. 73 Para.4

ANNUAL REPORT

Dear Investors,

If 2008 was the most difficult year for Arpagus because of the financial crisis, its 4th. year of existence after approval by FINMA was the most challenging from the point of view of managing money outflows, while keeping the fund in operation as a going concern.

The fund realized an annual performance of +2.01 % (EUR Class), a disappointing result. Since inception of the strategy in March 2005, the cumulative performance is +5.01 % while the compounded annual return is +1.02 % and the annualized standard deviation 8.76 %. During this period the MSCI World net Index USD gained +4.53 % with an annualized standard deviation of 16.04 %.

Put very simply, the year was characterized by one dramatic decision: to fulfill all redemption requests in full compliance with the collective investment contract with our investors, not to gate and not to liquidate the fund. This decision influenced the fund management until late summer 2009. Keeping the fund in operation as a going concern while generating the necessary cash to fulfill redemption requests was a balancing act that significantly impacted the results of the first half-year. While this is by no mean intended as an excuse for the disappointing year, the performance during 2009 must be considered from this perspective. Bearing in mind that Swiss law does not permit side-pocketing the fund investments, a lot of competitors with Swiss regulated funds opted for an easier – less investor friendly – solution, i.e. to gate or liquidate the fund.

Review 2009

As already stated, the first half of the year was influenced less by asset allocation decisions. The asset allocation was driven rather by the redemption timeline of our managers. We entered the year with approx. 20 % in event driven strategies that we had already notified for redemption at the end of 2008 in view of their reduced liquidity, when compared with L/S equity. In addition, driven by excessive prudence, we realised cash very quickly, reaching almost 50 % in June. Due to the varying redemption periods of the various underlying managers, a perfect match between redemptions from our investors and those of the underlying funds was not possible. This explains the mismatch in the liquidity position, which considerably diluted the performance during the rally of Q2 and partly Q3 2009.

Outlook 2010

As mentioned above, Arpagus's allocation at the end of 2009 is very different. Learning from the 2008 problems we have improved the overall liquidity of the fund (concentration on managers with mainly monthly liquidity) while definitively concentrating the portfolio on fewer managers (14) focused on pure equity strategies

While we have kept certain managers with a focus on small caps and special situations, the focus of the fund today is rather on pure long short managers with variable bias. Although we expect Arpagus's volatility to increase in line with the increased concentration, today the portfolio has better upside potential and increased liquidity.

Best regards,
Altrafin Advisory Ltd.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (CHF)

Statement of Income from January 1 to December 31

	2009 in CHF	2008 in CHF
Income		
Income from bank receivables at time	2 485.96	0.00
Units of other collective investment schemes	31 304.85	153 113.32
Other Income	9 267.28	5 142.25
Purchase of current income on issue of units	0.00	-353 017.50
Total Income	43 058.09	-194 761.93
Expenses		
Interest expenses	15 815.93	3.21
Audit fees	7 232.00	8 976.00
Remunerations according to regulations		
- Fund manager*	624 905.95	1 067 879.27
- Custodian**	26 569.83	59 400.43
Other expenses	14 403.56	11 514.92
Partly transfer of expenses on realized capital gains and losses	-102 070.35	-177 328.32
Payment of current income on redemption of units	-539 199.76	-28 513.59
Total Expenses	47 657.16	941 931.92
Operating Result	-4 599.07	-1 136 693.85
Realized capital gains and losses	-1 319 735.51	-6 706 408.91
Partly transfer of expenses to realized capital gains and losses	-102 070.35	-177 328.32
Realized Result	-1 426 404.93	-8 020 431.08
Unrealized capital gains and losses	1 513 895.54	-9 589 046.92
Total Result	87 490.61	-17 609 478.00

* The actual remuneration to the fund management amounts to 1.65% for the units of the class A.

** The actual remuneration to the custodian bank amounts to 0.10%.

TER was not calculated, because there are not enough values of target funds available.
PTR is calculated on total assets, since PTR on a class level is not meaningful.

	N/A	N/A
	44.15%	77.42%

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (CHF) Statement of Assets as of December 31

	2009 in CHF	2008 in CHF
Bank receivables		
- at sight	212 344.32	4 836 992.85
- at time	115 077.70	5 207 767.62
Units of other collective investment schemes	5 008 977.41	61 110 441.47
Derivative financial instruments	-113 598.27	2 226 710.28
Other assets	263 964.31	155 364.63
Total Assets	5 486 765.47	73 537 276.85
Liabilities	-38 676.84	-345 970.50
Total Net Asset Value	5 448 088.63	73 191 306.35
Number of Units Outstanding	Klasse A	Klasse A
Total as of January 1	868 806.3580	584 273.6830
Units issued in the period under review	3 005.7160	325 653.5880
Units redeemed in the period under review	-807 889.2530	-41 120.9130
Total as of December 31	63 922.8210	868 806.3580
Net Asset Value of a Unit	85.23	84.24

During the period under review a realized gain of CHF 35 784.16 and an unrealized loss of CHF113 598.27 resulted from derivative financial instruments (options and forward currency hedging).

Off-Balance Sheet Transactions as of December 31, 2009

Details of the Volume of Contracts for Derivative Financial Instruments open at the Balance Sheet's Date

Forward Transactions (Contract Values)	Maturity	CHF	USD
USD/CHF	29.01.10	4 026 000.00	-4 023 786.00
CHF/USD	29.01.10	-19 000.00	18 327.38
Forward Transactions (Contract Values)	Maturity	CHF	EUR
EUR/CHF	29.01.10	1 377 000.00	-912 585.00
CHF/EUR	29.01.10	-28 000.00	18 837.46

Details of the underlying Values linked with open Contracts at the Balance Sheet's Date

	Number of Positions	Market Value USD	Undercoverage USD	Undercoverage** in %
Deposited assets	3	3 887 795.96	117 662.66	2.94
	Number of Positions	Market Value EUR	Undercoverage EUR	
Deposited assets	2	1 038 162.40	144 414.86	
	Market Risk in CHF	Net Asset Value in %	Currency Risk in CHF	Net Asset Value in %
Total Risks from Derivative Financial Instruments	0.00	0.00	5 356 000.00	98.31

Credit Risk

The investment fund does not hold investments, which contain a credit risk.

No loans have been made nor have securities been lent.

ANNUAL STATEMENT OF ACCOUNTS

Changes of the Total Net Asset Value (Art. 75 CISO-SFMSA)

	2009 in CHF
Total Net Asset Value as of January 1	73 191 306.36
Units issued	253 772.60
Units redeemed	-68 084 480.94
Realized capital gains and losses	-1 421 805.86
Operating result*	-4 599.07
Unrealized capital gains and losses	1 513 895.54
Total Net Asset Value according to the Statement of Assets as of December 31	5 448 088.63

Use of Earnings

	2009 in CHF
Balance carried forward of the previous year	0.00
Total income for distribution	0.00
From which is retained in the reporting period	0.00
Designated income for distribution to the investors	0.00
Balance carried forward	0.00

* The net loss of CHF 4 599.07 was charged to the account "accumulated realized capital gains".

** due to the difference between the estimated and the effective performance figures of the target funds.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (CHF) Portfolio Composition as of December 31, 2009

Assets

	Currency	Value in CHF	Value in % of Fund Assets
Units of other Collective Investment Schemes, traded on another regulated market open to the public	91.94%		
Share of the Portfolio of the Arpagus Return Fund Pool		5 008 977.41	91.94
Directional	CHF	4 081 460.71	74.92 [§]
Event Driven	CHF	927 516.70	17.02 [§]
Total units of other Collective Investment Schemes, traded on another regulated market open to the public	CHF	5 008 977.41	91.94
Derivative Financial Instruments -2.09%			
Currency Forwards		-113 598.27	-2.09
Replacement value of currency forwards	CHF	-113 598.27	-2.09
Total Derivative Financial Instruments	CHF	-113 598.27	-2.09
Total Assets	CHF	4 990 290.07	91.59
Bank Receivables¹			
- at sight, thereof pool	CHF	212 344.32	3.90 [§]
- at time, thereof pool	CHF	115 077.70	2.11 [§]
Other Assets, thereof Pool			
- thereof pool	CHF	167 770.63	3.08 [§]
- thereof segment	CHF	1 282.75	0.02
Total Assets	CHF	5 486 765.47	
Liabilities	CHF	-38 676.84	-0.70
Total Net Asset Value	CHF	5 448 088.63	100.00

¹ Deposits are not protected by deposit insurances.

[§] Base investments, which are bound to open derivative financial instruments.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (EUR)

Statement of Income from January 1 to December 31

	2009 in EUR	2008 in EUR
Income		
Income from bank receivables at time	1 730.90	0.00
Units of other collective investment schemes	15 886.89	95 404.97
Other Income	5 526.51	3 339.70
Purchase of current income on issue of units	0.00	-11 309.09
Total Income	23 144.30	87 435.58
Expenses		
Interest expenses	9 832.49	261.19
Audit fees	3 730.71	5 809.06
Remunerations according to regulations		
– Fund manager*	346 107.33	609 537.54
– Custodian**	15 173.62	34 096.89
Other expenses	10 549.42	7 300.54
Partly transfer of expenses on realized capital gains and losses	-59 669.36	-102 512.59
Payment of current income on redemption of units	-178 492.15	-540.50
Total Expenses	147 232.06	553 952.13
Operating Result	-124 087.76	-466 516.55
Realized capital gains and losses	-141 181.12	-1 294 485.97
Partly transfer of expenses to realized capital gains and losses	-59 669.36	-102 512.59
Realized Result	-324 938.24	-1 863 515.11
Unrealized capital gains and losses	491 164.40	-6 733 379.10
Total Result	166 226.16	-8 596 894.21

* The actual remuneration to the fund management amounts to 1.65% for the units of the class A.

** The actual remuneration to the custodian bank amounts to 0.10%.

TER was not calculated, because there are not enough values of target funds available.
PTR is calculated on total assets, since PTR on a class level is not meaningful.

	N/A	N/A
	44.15%	77.42%

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (EUR) Statement of Assets as of December 31

	2009 in EUR	2008 in EUR
Bank receivables		
- at sight	410 337.59	2 390 006.42
- at time	222 377.70	2 317 983.00
Units of other collective investment schemes	9 679 424.58	27 199 423.39
Derivative financial instruments	-407 866.93	268 991.29
Other assets	508 539.65	69 152.96
Total Assets	10 412 812.59	32 245 557.06
Liabilities	-45 086.46	-154 910.17
Total Net Asset Value	10 367 726.13	32 090 646.89

	Klasse A	Klasse A
Number of Units Outstanding		
Total as of January 1	369 085.6540	360 227.2400
Units issued in the period under review	0.0000	9 328.5930
Units redeemed in the period under review	-252 195.6390	-470.1790
Total as of December 31	116 890.0150	369 085.6540
Net Asset Value of a Unit	88.70	86.95

During the period under review a realized loss of EUR 620 293.41 and an unrealized gain of EUR 407 866.93 resulted from derivative financial instruments (options and forward currency hedging).

Off-Balance Sheet Transactions as of December 31, 2009

Details of the Volume of Contracts for Derivative Financial Instruments open at the Balance Sheet's Date

Forward Transactions	Maturity	EUR	USD
USD/EUR	29.01.10	7 655 000.00	-11 549 098.00
EUR/USD	29.01.10	-123 000.00	176 394.30

Details of the underlying Values linked with open Contracts at the Balance Sheet's Date

	Number of Positions	Market Value USD	Undercoverage USD	Undercoverage** in %
Deposited assets	2	11 138 024.89	234 678.81	2.06
	Market Risk in EUR	Net Asset Value in %	Currency Risk in EUR	Net Asset Value in %
Total Risks from Derivative Financial Instruments	0.00	0.00	7 532 000.00	72.65

Credit Risk

The investment fund does not hold investments, which contain a credit risk.

No loans have been made nor have securities been lent.

ANNUAL STATEMENT OF ACCOUNTS

Changes of the Total Net Asset Value (Art. 75 CISO-SFMSA)

	2009 in EUR
Total Net Asset Value as of January 1	32 090 646.89
Units issued	0.00
Units redeemed	-21 889 146.92
Realized capital gains and losses	-200 850.48
Operating result*	-124 087.76
Unrealized capital gains and losses	491 164.40
Total Net Asset Value according to the Statement of Assets as of December 31	10 367 726.13

Use of Earnings

	2009 in EUR
Balance carried forward of the previous year	0.00
Total income for distribution	0.00
From which is retained in the reporting period	0.00
Designated income for distribution to the investors	0.00
Balance carried forward	0.00

* The net loss of EUR 124 087.76 was charged to the account "accumulated realized capital gains".

** due to the difference between the estimated and the effective performance figures of the target funds.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (EUR) Portfolio Composition as of December 31, 2009

Assets

	Currency	Value in EUR	Value in % of Fund Assets
Units of other Collective Investment Schemes, traded on another regulated market open to the public	93.36%		
Share of the Portfolio of the Arpagus Return Fund Pool		9 679 424.58	93.36
Directional	EUR	7 887 078.78	76.07 ^{ac}
Event Driven	EUR	1 792 345.80	93.36 ^{ac}
Total units of other Collective Investment Schemes, traded on another regulated market open to the public	EUR	9 679 424.58	93.36
Derivative Financial Instruments -3.93%			
Currency Forwards		-407 866.93	-3.93
Replacement value of currency forwards	EUR	-407 866.93	-3.93
Total Derivative Financial Instruments	EUR	-407 866.93	-3.93
Total Assets	EUR	9 271 557.65	89.43
Bank Receivables¹			
- at sight, thereof pool	EUR	410 337.59	3.96 ^{ac}
- at time, thereof pool	EUR	222 377.70	2.14 ^{ac}
Other Assets, thereof Pool			
- thereof pool	EUR	507 609.39	4.89 ^{ac}
- thereof segment	EUR	930.26	0.01
Total Assets	EUR	10 412 812.59	
Liabilities	EUR	-45 086.46	-0.43
Total Net Asset Value	EUR	10 367 726.13	100.00

¹ Deposits are not protected by deposit insurances.

^{ac} Base investments, which are bound to open derivative financial instruments.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (USD)

Statement of Income from January 1 to December 31

	2009 in USD	2008 in USD
Income		
Income from bank receivables at time	327.79	73 120.71
Units of other collective investment schemes	88.94	9 220.95
Purchase of current income on issue of units	0.00	0.00
Total Income	416.73	82 341.66
Expenses		
Interest expenses	3.47	119.51
Audit fees	70.39	3 665.47
Remunerations according to regulations		
– Fund manager*	6 063.75	368 136.89
– Custodian**	257.52	20 385.18
Other expenses	57.59	5 257.67
Partly transfer of expenses on realized capital gains and losses	-933.64	-62 184.64
Payment of current income on redemption of units	-6 072.25	-255 369.60
Total Expenses	-553.17	80 010.48
Operating Result	969.90	2 331.18
Realized capital gains and losses	-44 527.98	23 736.91
Partly transfer of expenses to realized capital gains and losses	-933.64	-62 184.64
Realized Result	-44 491.72	-36 116.55
Unrealized capital gains and losses	51 259.71	-4 115 358.09
Total Result	6 767.99	-4 151 474.64

* The actual remuneration to the fund management amounts to 1.65% for the units of the class A.

** The actual remuneration to the custodian bank amounts to 0.10%.

TER was not calculated, because there are not enough values of target funds available.

PTR is calculated on total assets, since PTR on a class level is not meaningful.

N/A

44.15%

N/A

77.42%

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (USD) Statement of Assets as of December 31

	2009 in USD	2008 in USD
Bank receivables		
- at sight	0.00	24 735.75
- at time	0.00	100 305.52
Units of other collective investment schemes	0.00	1 176 989.13
Derivative financial instruments	0.00	-3 611.86
Other assets	0.00	2 992.44
Total Assets	0.00	1 301 410.98
Liabilities	0.00	-32 943.80
Total Net Asset Value	0.00	1 268 467.18

	Class A	Class A
Number of Units Outstanding		
Total as of January 1	14 113.4130	271 181.4130
Units issued in the period under review	0.0000	0.0000
Units redeemed in the period under review	-14 113.4130	-257 068.0000
Total as of December 31	0.0000	14 113.4130
Net Asset Value of a Unit	0.00	89.88

During the period under review a realized gain of CHF 21 846.64 resulted from derivative financial instruments (options and forward currency hedging).

Off-Balance Sheet Transactions as of December 31, 2009

As per key-date there are no open transactions.
No loans have been made nor have securities been lent.

Changes of the Total Net Asset Value (Art. 75 CISO-SFMSA)

	2009 in USD
Total Net Asset Value as of January 1	1 268 467.18
Units issued	0.00
Units redeemed	-1 275 235.17
Realized capital gains and losses	-45 461.62
Operating result	969.90
Unrealized capital gains and losses	51 259.71
Total Net Asset Value according to the Statement of Assets as of December 31	0.00

Use of Earnings

	2009 in USD
Balance carried forward of the previous year	0.00
Total income for distribution	0.00
From which is retained in the reporting period	0.00
Designated income for distribution to the investors	0.00
Balance carried forward	0.00

* Passive overhedge due to differences in estimated and effective performance figures of the targeted funds.

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (Pool)

Portfolio Composition as of December 31, 2009

Assets

Quantity	Name	Country	Currency	Price	Value in USD	Value in % of Fund Assets
Units of other Collective Investment Schemes, traded on another regulated market open to the public 89.46%						
Directional					15 240 894.13	72.90
1 132.050000	Antares European Fund Ltd.	Bermuda	EUR	362.45	587 759.52	2.81
6 000.000000	East of Suez Fund S. 22	Cayman Islands	USD	32.51	195 060.00	0.93
24 291.291000	East of Suez Fund S. 30	Cayman Islands	USD	33.88	822 988.94	3.94
600.000000	Financial Institution Partners Ltd. Class A	Cayman Islands	USD	1 700.15	1 020 091.50	4.88
117.589000	Firebird Global Fund Ltd. Class A (in Liquidation)	Cayman Islands	USD	1 324.81	155 782.50	0.75
301.762000	Firebird Global Fund Ltd. Class A S. 11 (in Liquidation)	Cayman Islands	USD	222.80	67 231.25	0.32
700.000000	Giovine Investment Partners Intl. Ltd. Class A S. 1	Cayman Islands	USD	1 087.62	761 330.71	3.63
1 000.000000	Giovine Investment Partners Intl. Ltd. Class A S. 11	Cayman Islands	USD	939.80	939 798.30	4.50
6 009.086500	Maple Leaf Macro Volatility Fund Class S (side pocket)	Cayman Islands	EUR	56.92	489 923.76	2.34
3 700.000000	Meditor European Hedge Fund Ltd. Class C	Bermuda	EUR	285.83	1 514 928.03	7.25
65 199.674000	Occam Global Emerging Markets Fund	Ireland	EUR	12.32	1 150 636.94	5.50
800.000000	OEI Mac Inc.	Cayman Islands	USD	1 780.17	1 424 134.72	6.81
196.622800	Rab Energy Fund Ltd. November Redemption Shares (side pocket)	Cayman Islands	USD	118.35	23 270.31	0.11
904.629500	Rab Energy Fund Ltd. November Redemption Shares PK (side pocket)	Cayman Islands	USD	118.35	107 062.90	0.51
5 244.579000	Real Return Asian Fund Plc.	Ireland	USD	238.62	1 251 461.44	5.99
1 156.890800	Steelhead Offshore Fund Ltd. Class A	Bermuda	USD	1 387.19	1 604 824.11	7.68
650.000000	Steelhead Offshore Fund Ltd. Class A S. 3	Bermuda	USD	957.30	622 244.16	2.98
7 500.000000	Tiger Shark I Offshore Ltd. Class A S. 1	Cayman Islands	USD	194.61	1 459 561.50	6.98
350.000001	Ursus International Ltd. Class B S. 1	Cayman Islands	USD	2 674.26	935 989.29	4.48
1 500.000000	Woodbourne Daybreak Global Fund Ltd. Class C (in Liquidation)	Cayman Islands	USD	71.21	106 814.25	0.51
Event Driven					3 463 507.53	16.56
302.098293	Canyon Value Realitacion Fund Ltd. Class A DI	Cayman Islands	USD	1 146.86	346 464.00	1.66
18.324300	Jana Offshore Partners Ltd. Class A S. 11	Cayman Islands	USD	86.66	1 587.93	0.01
25.389200	Jana Offshore Partners Ltd. Class B S. 1	Cayman Islands	USD	244.64	6 211.21	0.03
67.322300	Jana Offshore Partners Ltd. Class B S. 1 (side pocket)	Cayman Islands	USD	2 429.15	163 536.29	0.78
48.588900	Jana Offshore Partners Ltd. Class B2 S. 11 (in Liquidation)	Cayman Islands	USD	860.46	41 809.02	0.20
438.498200	Longacre SPV II Ltd. Class I	Cayman Islands	USD	810.93	355 590.78	1.70
1 719.240000	Pardus European Special Opportunities Fund Class A S. 1 (in Liquidation)	Cayman Islands	EUR	279.21	687 629.47	3.28
300.000000	Pardus European Special Opportunities Fund Class A S. 3 (in Liquidation)	Cayman Islands	EUR	186.99	80 358.58	0.38
700.000000	Pardus European Special Opportunities Fund Class E (in Liquidation)	Cayman Islands	EUR	191.45	191 971.29	0.92
4 400.000000	Paulson Advantage Ltd. Class A	Cayman Islands	USD	360.99	1 588 348.96	7.60
Total Units of other Collective Investment Schemes, traded on another regulated market open to the public			USD		18 704 401.66	89.46

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (Pool) Portfolio Composition as of December 31, 2009

Assets

	Currency	Value in USD	Value in % of Fund Assets
Bank Receivables¹			
- at sight	USD	792 888.18	3.79
- at time	USD	429 720.00	2.06
Other Assets	USD	980 898.30	4.69
Total Assets	USD	20 907 908.14	
Liabilities	USD	0.00	0.00
Total Net Asset Value	USD	20 907 908.14	100.00

¹ Deposits are not protected by deposit insurances.

Exchange Rates to USD	Currency	Price
Euro	EUR	1.4324

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (Pool)

Changes in the Securities Holdings from January 1 to December 30, 2009

Name	Currency	Quantity 01.01.09	Quantity Bought*	Quantity Sold*	Quantity 31.12.09
Bahamas					
Talentum Activedge Fund Ltd.	EUR	19 824.770000	0.000000	19 824.770000	0.000000
Bermuda					
Antares European Fund Ltd.	EUR	0.000000	1 132.050000	0.000000	1 132.050000
Clarium Capital Fund Ltd. Class B	USD	13 600.000000	0.000000	13 600.000000	0.000000
Clarium Capital Fund Ltd. Class B S. 8	USD	6 000.000000	0.000000	6 000.000000	0.000000
LAM Opportunity Fund Ltd. Class A	USD	172.603200	3 548.121700	3 720.724900	0.000000
Meditor European Hedge Fund Ltd. Class C	EUR	7 676.458000	2 514.368000	6 490.826000	3 700.000000
Steelhead Offshore Fund Ltd. Class A	USD	2 726.890800	0.000000	1 570.000000	1 156.890800
British Virgin Islands					
Fontana Capital L/S Offshore Fund Ltd. Class A	USD	1 700.000000	0.000000	1 700.000000	0.000000
Guernsey					
Audley European Opportunities Fund Ltd. Class A S. 3	EUR	16 122.533000	0.000000	16 122.533000	0.000000
Audley European Opportunities Fund Ltd. Class A S. 5	EUR	7 000.000000	0.000000	7 000.000000	0.000000
Ireland					
Occam Global Emerging Markets Fund	EUR	0.000000	65 199.674000	0.000000	65 199.674000
Real Return Asian Fund Plc.	USD	0.000000	5 244.579000	0.000000	5 244.579000
Cayman Islands					
Canyon Value Realization Fund Ltd. Class A	USD	1 151.905000	0.000005	1 151.905005	0.000000
Canyon Value Realization Fund Ltd. Class A DI	USD	0.000000	1 751.301868	1 449.203575	302.098293
Canyon Value Realization Fund Ltd. Class A DI 2 (side pocket)	USD	0.000000	666.892043	666.892043	0.000000
Canyon Value Realization Fund Ltd. Class A liq.	USD	0.000000	1 537.345406	1 537.345406	0.000000
Canyon Value Realization Fund Ltd. Class A S. 11	USD	1 000.000000	575.196000	1 575.196000	0.000000
Dicker Micro and Small Cap Offshore Fund Ltd. Class D	USD	55.692900	0.000000	55.692900	0.000000
East of Suez Fund S. 22	USD	100 678.021000	0.000000	94 678.021000	6 000.000000
East of Suez Fund S. 30	USD	41 291.291000	0.000000	17 000.000000	24 291.291000
Financial Institution Partners Ltd. Class A	USD	3 100.000000	1 429.311800	3 929.311800	600.000000
Firebird Global Fund Ltd. Class A (in liquidation)	USD	610.029000	0.000000	492.440000	117.589000
Firebird Global Fund Ltd. Class A S. 11 (in liquidation)	USD	1 250.000000	0.000000	948.238000	301.762000
Gem Realty Securities Ltd. S. 1 (side pocket)	USD	0.000000	233.121200	233.121200	0.000000
Gem Realty Securities Ltd. Class B S. 1	USD	3 461.693400	0.000000	3 461.693400	0.000000
Giovine Investment Partners Intl. Ltd. Class A S. 1	USD	4 354.387700	0.000000	3 654.387700	700.000000
Gradient Europe Fund Class B	EUR	8 996.950000	0.000000	8 996.950000	0.000000
Hachiman Japan Fund Ltd. Class D	USD	14 245.806200	0.000000	14 245.806200	0.000000
Horseman Global Fund Ltd.	EUR	0.000000	2 203.860000	2 203.860000	0.000000
Jana Offshore Partners Ltd. Class A S. 1	USD	1 360.159800	0.000000	1 360.159800	0.000000
Jana Offshore Partners Ltd. Class A S. 11	USD	1 000.000000	0.000000	981.675700	18.324300
Jana Offshore Partners Ltd. Class B S. 1 (side pocket)	USD	0.000000	100.890200	33.567900	67.322300
Jana Offshore Partners Ltd. Class B2 S. 11 (in liquidation)	USD	0.000000	91.140300	42.551400	48.588900
Logos Global Fund Ltd. Class A	USD	41 990.330000	0.000000	41 990.330000	0.000000
Longacre International Ltd. Class A S. 4	USD	950.000000	0.000000	950.000000	0.000000
Longacre International Ltd. Class A S. 5	USD	929.357600	0.000000	929.357600	0.000000
Longacre International Ltd. Class A S. 11	USD	2 000.000000	0.000000	2 000.000000	0.000000
Longacre SPV II Ltd. Class I	USD	0.000000	574.915900	136.417700	438.498200
Maple Leaf Macro Volatility Fund Class D	EUR	23 054.826700	0.000000	23 054.826700	0.000000
Maple Leaf Macro Volatility Fund Class S (side pocket)	EUR	0.000000	7 222.349100	1 213.262600	6 009.086500
Mena Admiral Fund Red	USD	71 035.340100	0.000000	71 035.340100	0.000000
OEI Mac Inc.	USD	3 571.210000	98.260000	2 869.470000	800.000000
Pantera Global Macro Fund Ltd. Class A S. 1	USD	2 643.138400	378.928000	3 022.066400	0.000000
Pantera Global Macro Fund Ltd. Class A S. 28	USD	500.000000	2 003.118300	2 503.118300	0.000000
Pantera Global Macro Fund Ltd. Class A S.39	USD	0.000000	1.051600	1.051600	0.000000
Pantera Global Macro Fund Ltd. Class A S.40	USD	0.000000	0.283600	0.283600	0.000000
Paulson Advantage Ltd.	USD	26 369.640000	0.000000	26 369.640000	0.000000
Paulson Advantage Ltd. Class A	USD	0.000000	26 369.640000	21 969.640000	4 400.000000
Paulson International Ltd.	USD	5 432.376000	0.000000	5 432.376000	0.000000

ANNUAL STATEMENT OF ACCOUNTS

Arpagus Absolute Return Fund (Pool)

Changes in the Securities Holdings from January 1 to December 30, 2009

Name	Currency	Quantity 01.01.09	Quantity Bought*	Quantity Sold*	Quantity 31.12.09
Pyrenees Global Value Offshore Fund Ltd.	USD	25 327.871500	0.000000	25 327.871500	0.000000
RAB EMEA Fund Ltd.	EUR	0.000000	16 737.757100	16 737.757100	0.000000
Rab Energy Fund Ltd. Class F	USD	7 757.456000	760.410000	8 517.866000	0.000000
Rab Energy Fund Ltd. November Redemption Shares (side pocket)	USD	0.000000	1 859.963000	1 663.340200	196.622800
Rab Energy Fund Ltd. November Redemption Shares PK (side pocket)	USD	0.000000	8 557.387100	7 652.757600	904.629500
Ratio European Fund Class A	EUR	23 753.300000	0.000000	23 753.300000	0.000000
Tiger Shark I Offshore Ltd. Class A S. 1	USD	0.000000	11 893.300000	4 393.300000	7 500.000000
Tiger Shark I Offshore Ltd. Class A S. 2	USD	0.000000	5 575.690000	5 575.690000	0.000000
Tiger Shark I Offshore Ltd. Class A S. 6	USD	11 893.970000	0.000000	11 893.970000	0.000000
Ursus International Ltd. Class B	USD	3 000.000000	0.000000	3 000.000000	0.000000
Ursus International Ltd. Class B S. 1	USD	0.000000	1 055.733206	705.733205	350.000001
USA					
Ishares Inc. DJ US Real Estate Index Fund ETF	USD	0.000000	50 000.000000	50 000.000000	0.000000
Ishares Inc. MSCI Emerging Markets Index Fund	USD	0.000000	110 000.000000	110 000.000000	0.000000

* include purchases and sales as well as corporate actions.

EXPLANATORY NOTES TO THE ANNUAL REPORT

Basics for the valuation as well as for the calculation of the net asset value

1. The net asset value of each sub-fund and the share of the individual classes (quotas) is calculated in the unit of account of the sub-fund concerned at the market value at the end of the financial year and for each day on which units in this sub-fund are issued or redeemed ("issue day" or "redemption day"). The assets of the corresponding sub-funds will not be calculated on days on which the stock exchanges or markets in a sub-fund's main investment countries are closed (e.g. on bank and stock exchange holidays).

2. In the case of listed investments or those traded on another regulated market open to the public, the current value corresponds to the prices paid on the main market. Other investments or investments for which no current prices are obtainable shall be valued at the price that would probably be obtained upon a diligent sale at the time of appraisal. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value, subject to the provisions under provs. 3 to 5.

3. Open-ended collective capital investments will be calculated at their redemption price or net asset value as communicated on the valuation day for the target fund to the fund management company by the custodian, administrator, transfer agent or other company responsible. Where a redemption fee is charged, it shall be deducted from the net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company can value such funds in accordance with prov. 2.

4. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).

5. Bank deposits are valued on the basis of the

amount due plus accrued interest. If there are significant changes in the market conditions or credit ratings, the valuation principles for time deposits will be adjusted in line with the new situation.

6. The special section of this fund contract may stipulate valuation provisions that differ from or complement those in provs. 2 to 4 for individual sub-funds.

7. The net asset value of a unit in a particular class of a sub-fund is obtained by calculating the share of that class in the market value of assets of such sub-fund attributable to the class, subtracting any liabilities of the sub-fund attributable to that unit class, and dividing the result by the number of units of that class in circulation. It will be rounded to 1/100 of the unit of account of, if different, the reference currency of the corresponding unit class.

8. The share of the market value of the sub-fund's net assets (assets minus liabilities) attributable to the respective classes of units is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further class of units. The calculation is made on the basis of the assets accruing to the sub-fund for each class of units. The share is recalculated when one of the following events occurs:

a) upon the issuance and redemption of units;
b) on the key date for distributions, provided (i) such distributions relate only to individual unit classes (distribution classes) or provided (ii) the distributions made by various unit classes differ with regard to the percentage of their respective net asset values or provided (iii) differing costs or commissions, calculated as a percentage of the distribution itself, are to be charged on the distributions of different unit classes;

c) when the NAV is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various classes of unit, provided that the liabilities of the various classes of unit are different when expressed as a percentage of the respective NAV, especially if (i) different commission rates are applied for the various classes of unit or if (ii) class-specific costs are charged;

d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately

Soft Commission Agreements

For the period of January 1, to December 31, 2009 no soft commission agreements were concluded in the name of Falcon Fund Management (Switzerland) Ltd. nor were soft commissions received.