

Strategy One Fund

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2014

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General information

Registered Office	3 Gustav Mahler Plein 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. 3 Gustav Mahler Plein 1082 MS Amsterdam The Netherlands
Administrator	TMF Custom House Global Fund Services Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor	PricewaterhouseCoopers Accountants NV Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands
Legal and tax counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custodian	Kas Bank N.V. Nieuwezijds Voorburgwal 225 1012 RL Amsterdam The Netherlands
Depository	Stichting Bewaarder Strategy One Fund Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands

Historical overview

Key figures

	2014	2013 ¹
Equity at the beginning of the year/period	7,600,196	-
Issue of participations	6,574,674	7,042,223
Direct investment result	124,504	75,112
Indirect investment result	846,668	673,785
	<u>15,146,042</u>	<u>7,791,120</u>
Redemption of participations	(3,679,789)	-
Expenses	(266,118)	(190,924)
Equity at the end of the year/period	<u>11,200,135</u>	<u>7,600,196</u>
Investments	11,272,829	6,594,640
Cash and cash equivalents	20,767	2,141,851
Other assets and liabilities	(93,461)	(1,136,295)
	<u>11,200,135</u>	<u>7,600,196</u>
Net profit		
Investment income	124,504	75,112
Indirect investment result	846,668	673,785
Expenses	(266,118)	(190,924)
Net profit	<u>705,054</u>	<u>557,973</u>
Number of participations		
Series A Initial	6,048.065	3,174.684
Series July 2013	-	100.000
Series October 2013	-	750.000
Series November 2013	-	1,000.000
Series April 2014	500.000	-
Series October 2014	75.000	-
Series December 2014	150.000	-
Series B Initial	1,991.858	1,500.000
Series B July 2013	-	500.000
Series B February 2014	500.000	-
Series B March 2014	330.000	-
Participation per share		
Series A Initial	1,203.39	1,125.87
Series July 2013	-	1,057.53
Series October 2013	-	1,024.60
Series November 2013	-	1,010.37
Series April 2014	1,079.06	-
Series October 2014	1,043.24	-
Series December 2014	1,006.28	-
Series B Initial	1,145.12	1,075.04
Series B July 2013	-	1,057.54
Series B February 2014	1,044.96	-
Series B March 2014	1,060.14	-

¹ The Fund commenced operations on 1 May 2012.

Report of the Fund Manager

2014 turned out to be a year where we saw incremental volatility and many banana skins. The perceived volatility of your fund increased slightly compared to bond- and balanced funds. This however was fully due to the absolute linear appreciation of the bond market. This gives investors a dangerous perception of safety. At the time of writing your 2014 update, the bond market has just gone through one of most turbulent periods in recent history.

Even though we were frustrated with the performance of the Fund at the beginning of the year, we avoided pitfalls. Some of our funds suffered from the “sideway crash” around the March April time, in the end they proved right. We have again been able to secure allocation in funds that are hard closed to most investors or secured allocation on favourable conditions, helping the performance of the Fund. During 2014, we have been able to “retrieve” around half of a percent in management fees from the funds where we are invested in, thereby “reducing” your overall fees.

Individual stock picks turned out to be very profitable, Novartis being the star performer, gaining >30% on the year. Even though these “bets” are small, they have a big impact on the performance. As our investors know we have a very disciplined approach to these investments, cutting losses fast and letting winners run their course. This discipline has served us very well in 2014.

Our biggest regret has been to sell the long dated 30 year treasuries after making a 7% profit within a month. We bought into the idea as a hedge on the portfolio in case of worsening global outlook and our view on the strengthening Dollar. It shows that “trading” (even though being a great return in a bond for a month!) a high conviction idea is often foolish.

On the whole we are very happy with our positions especially with the view that the Fund performed strongly over the second half of the year, where volatility increased markedly. We benefited from our view of strengthening Sterling and Dollar, we stuck with the view that we don’t like financials (we prefer alternatives Blackstone and KKR), commodities, Emerging Markets and bonds.

Outlook

With regards to the year ahead we are sticking with the same view as we have had over the past 12 months. With the ever decreasing yields it is important to have more hedges in the portfolio (only in 2008 the position was higher) to try and reduce the volatility. We are looking for new investment themes all the time and the dramatic fall in oil price is creating an opportunity for our Private Equity Funds. It is assumed that 15% of all corporate debt issued recently has been made to the “oil sector”. The fall in oil price has made many investments loss making and a great number of defaults will occur. Our funds have already stated that they will heavily participate in the consolidation of the sector.

We thank you for your support and are looking forward to the challenges and opportunities of 2015.

Investment manager

Privium Fund Management B.V., the investment manager of the Fund, does not charge any remuneration of employees to the Fund. Employee remuneration is paid out of the management and performance fees. The total remuneration for all Privium Fund Management B.V. employees for the year 2014 has been €368.176,-. In total 10 employees were involved during (some part of) the year, including part-time and full time employees. Total remuneration allocated to the Fund was €67.128,- (1.1 FTE, all material impact). No variable payment was paid to the board in 2014, which depends on the profitability of the company. For some of the funds the compensation consists of both a management and a performance fee. No variable payment was paid to individual fund managers in 2014. Remuneration is allocated to funds based on the assets under management for staff members, increased for each fund by remuneration paid to personnel that is only involved with that fund.

The board of Privium Fund Management B.V. is of the opinion that controls, including living up to the internal handbook, have been sufficiently met.

Report of the Fund Manager

Risk Management

The Fund undergoes the same risk management as the other funds of Privium Fund Management B.V. The investment restrictions, as well as items like the liquidity of the portfolio are monitored. The Fund is discussed each time a risk committee is held. Privium Fund Management B.V. uses both internal and external software and data to manage risks.

Regulation & Fund Governance

Privium Fund Management B.V. is authorized and regulated by the Stichting Autoriteit Financiële Markten (AFM) as an investment manager. Since 22 July 2014, the investment management license is an AIFMD license.

In the Fund's prospectus, the fund manager declares that the Fund, the depositary and the fund manager itself are compliant with the rules and regulations laid down by and pursuant to the Wft. The Fund's auditor has approved the Fund's prospectus and the Fund is registered with the AFM.

An AIFMD depositary has been appointed for the Fund, which is part of the governance structure, as the depositary is responsible for the safekeeping of assets (this has been delegated to ABN AMRO), cash monitoring and checking the investment restrictions.

The portfolio manager is invested in the Fund, so there is additional alignment of interest with the investors.

29 June 2015

The Fund Manager

Privium Fund Management B.V.

Financial Statements

BALANCE SHEET (As at 31 December)

	<i>Note</i>	2014 EUR	2013 EUR
Assets			
Investments			
Equities		1,975,850	1,397,636
Investee funds		9,296,979	4,752,196
Debt instruments		-	444,808
	3	<u>11,272,829</u>	<u>6,594,640</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	20,767	2,141,851
Dividend receivable		1,654	-
Interest receivable on debt instruments		-	13,704
		<u>22,421</u>	<u>2,155,555</u>
Total assets		<u>11,295,250</u>	<u>8,750,195</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	5	(95,115)	(49,999)
Subscriptions received in advance		-	(1,100,000)
		<u>(95,115)</u>	<u>(1,149,999)</u>
Total liabilities		<u>(95,115)</u>	<u>(1,149,999)</u>
Total assets minus total liabilities		<u>11,200,135</u>	<u>7,600,196</u>
Equity			
Contribution of participants	6	9,937,108	7,042,223
Unappropriated profit		1,263,027	557,973
Total shareholders' equity		<u>11,200,135</u>	<u>7,600,196</u>

The accompanying notes are an integral part of these financial statements.

Financial Statements

INCOME STATEMENT

(For the year ended 31 December 2014/for the period from 1 May 2012 to 31 December 2013)

	<i>Note</i>	2014 EUR	2013 EUR <i>[Note 2]</i>
Investment income			
<i>Direct investment result</i>			
Interest income	7	22,414	17,497
Dividend income	8	98,704	56,278
Other income		3,386	1,337
		124,504	75,112
<i>Indirect investment result</i>			
Realised gains on equities	3	4,078	20,204
Realised gains on investee funds	3	9,138	13,473
Realised (losses)/gains on debt instruments	3	(3,116)	25,667
Unrealised gains on equities	3	268,852	203,241
Unrealised gains on investee funds	3	554,178	424,969
Unrealised gains/(losses) on debt instruments	3	14,013	(14,013)
Foreign currency translation	9	(475)	244
		846,668	673,785
Total investment income		971,172	748,897
Expenses			
Management fee	12, 13	(109,823)	(63,521)
Incentive fee	12, 13	(36,877)	(30,412)
Administration fee	12	(22,506)	(17,481)
Audit fee	12	(22,321)	(9,680)
Incorporation costs		(18,255)	(32,698)
Legal ownership fee		(14,855)	-
Other operational costs		(14,461)	(727)
Bank charges		(12,240)	(18,436)
Depositary fee	12	(8,106)	(14,109)
Custody fee		(6,663)	(3,815)
Interest expense		(11)	(21)
Legal fee		-	(24)
Total expenses	11	(266,118)	(190,924)
Net profit		705,054	557,973

The accompanying notes are an integral part of these financial statements.

Financial Statements

STATEMENT OF CASH FLOWS

(For the year ended 31 December 2014/for the period from 1 May 2012 to 31 December 2013)

	<i>Note</i>	2014 EUR	2013 EUR
			<i>[Note 2]</i>
Cash flows from operating activities			
Purchases of investments		(7,167,766)	(9,350,647)
Proceeds from sale of investments		3,336,720	3,429,548
Interest received		36,118	3,793
Interest paid		(11)	(21)
Dividend received		97,050	56,278
Management fee paid		(97,549)	(57,144)
Incentive fee paid		(27,244)	(3,168)
Administration fee paid		(20,644)	(11,076)
Audit fee paid		(15,883)	-
Legal ownership fee paid		(14,855)	-
Depositary fee paid		(3,763)	-
Custody fee paid		(6,455)	(3,523)
Incorporation costs paid		(15,703)	(32,698)
Bank charges paid		(12,240)	(18,436)
Other income		3,385	1,337
Other general expenses paid		(6,654)	(14,859)
Net cash flows used in operating activities		<u>(3,915,494)</u>	<u>(6,000,616)</u>
Cash flows from financing activities			
Proceeds from sales of participations		5,474,674	8,142,223
Payments on redemptions of participations		(3,679,789)	-
Net cash flows generated from financing activities		<u>1,794,885</u>	<u>8,142,223</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,120,609)</u>	<u>2,141,607</u>
Cash and cash equivalents at the beginning of the year/period		2,141,851	-
Foreign currency translation of cash positions		(475)	244
Cash and cash equivalents at the end of the year/period	<i>4</i>	<u><u>20,767</u></u>	<u><u>2,141,851</u></u>
Analysis of cash and cash equivalents			
Cash at bank		19,335	1,173,515
Due from custodian		1,432	968,336
Total cash and cash equivalents		<u><u>20,767</u></u>	<u><u>2,141,851</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law, and was established on 19 April 2012. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager and the participants. The Fund commenced operations on 1 May 2012.

The Fund may issue Class A and Class B participations. Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations can be held by investors residing in the United Kingdom. As at 31 December 2014 and 31 December 2013, both the Class A participations and Class B participations are in issue.

The investment objective of the Fund is to deliver attractive risk-adjusted returns to its participants over a rolling investment horizon of 3 to 5 years with an investment vehicle which targets above average returns in the range of 5% to 10% per annum.

The Fund’s investment activities are managed by Privium Fund Management B.V. (the “Fund Manager”), with the administration delegated to TMF Custom House Global Fund Services (the “Administrator”).

The Fund had no employees during the year ended 31 December 2014 or the year ended 31 December 2013.

The Fund Manager is in possession of an AFM (Stichting Autoriteit Financiële Markten) license as referred to in article 2:65(1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license (2:65 Wft new) by the AFM on July 22, 2014, in accordance with the Netherlands AIFMD implementation schedule.

As a result of the implementation Darwin Depository Services B.V. had been appointed as Depository in accordance to article 4:37h FSA.

The financial statements have been authorised for issue by the Fund Manager on 29 June 2015.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in The Netherlands (“Dutch GAAP”) including the guidelines for annual reporting (RJ) 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code.

The financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

Below is a summary of the accounting policies of the Fund.

Functional currency

The financial statements are presented in Euro (“EUR”), which is the Fund’s functional currency.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Recognition and measurement

An asset is recognised in the balance sheet when it is probable that future economic benefits of the asset will flow to the Fund and the amount of the asset can be reliably measured. A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Income is recognised in the income statement when an increase in future economic benefit related to an increase in an asset or decrease in a liability has arisen that can be measured reliably.

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. If necessary, for the purposes of providing the view required under Section 362, subsection 1, Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the financial statements in question.

Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates are recognised in the income statement. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

Translation differences in non-monetary assets such as equities, investment in investment funds and debt instruments held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

Classification of participations

The participations of the Fund are classified as equity. These participations are recognised and measured at the redemption amount. Any distribution of equity is recognised through equity.

Basis of valuation - policies in preparing the balance sheet

Financial investments and financial derivatives are initially measured at fair value which is the fair value of the consideration given or received. Financial investments are subsequently re-measured at fair value.

Gains and losses arising from fair value changes are recognised in the income statement as 'realised gains on equities', 'realised gains on investee funds' and 'realised losses on debt instruments' or 'unrealised gains on equities', 'unrealised gains on investee funds' and 'unrealised gains on debt instruments'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at the 31 December 2014, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available NAV of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the hedge funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the hedge funds.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Basis of valuation - policies in preparing the balance sheet (continued)

Receivables and prepayments

The value of accounts receivable and prepaid expenses will be deemed to be the full amount unless it is unlikely to be paid or received in full. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Cash is carried at face value.

Payables and accruals

Payables and accruals and deferred income are included at fair value.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Statement of cash flows

The statement of cash flows is prepared according to the direct method. The statement of cash flows shows the Fund's cash flows for the year divided into cash flows from operations and financing activities and how the cash flows have affected cash funds.

For the purposes of the statement of cash flows, financial instruments at fair value through profit or loss are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of shares of the Fund. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

Principles for determining the result

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase and sale of investments is recognised using trade date accounting.

The changes in value of the investments held by the Fund are accounted for in the income statement.

Dividends from equities are included at the date when they are declared.

Expenses are accounted for in the income statement on the accrual basis. Income and expenses are allocated to the share classes of the Fund on a pro-rata basis, except for costs specific to a particular class of shares.

Tax position

The Dutch tax authorities have granted a ruling confirming that the Fund is tax transparent. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund (for example in case of redemption by a participant) are not subject to dividend withholding tax.

Comparatives

The comparative figures reflect the period from the date of commencement on 1 May 2012 to 31 December 2013 and are therefore not entirely comparable with the current reporting period included in these financial statements.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2014	2013
Investment in equities		
As at 1 January 2014/1 May 2012	1,397,636	-
Purchases	1,041,518	2,265,530
Sales	(736,234)	(1,091,339)
Realised	4,078	20,204
Unrealised	268,852	203,241
As at 31 December	1,975,850	1,397,636
Investment in investee funds		
As at 1 January 2014/1 May 2012	4,752,196	-
Purchases	5,644,780	5,948,768
Sales	(1,663,313)	(1,635,014)
Realised	9,138	13,473
Unrealised	554,178	424,969
As at 31 December	9,296,979	4,752,196
Investment in debt instruments		
As at 1 January 2014/1 May 2012	444,808	-
Purchases	539,459	1,531,779
Sales	(995,164)	(1,098,625)
Realised	(3,116)	25,667
Unrealised	14,013	(14,013)
As at 31 December	-	444,808
Total investments		
As at 1 January 2014/1 May 2012	6,594,640	-
Purchases	7,225,757	9,746,077
Sales	(3,394,711)	(3,824,978)
Realised	10,100	59,344
Unrealised	837,043	614,197
As at 31 December	11,272,829	6,594,640

4. Cash and cash equivalents

As at 31 December 2014, cash and cash equivalents comprise of balances held with Kas Bank N.V. amounting to EUR 19,335 (2013: EUR 1,173,515). As at 31 December 2014 and 31 December 2013, no restrictions in the use of this balance exist.

Cash and cash equivalents also include balances due from Kas Bank N.V., amounting to EUR 1,432 (2013: EUR 968,336).

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

5. Accrued expenses and other payables

At 31 December, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	2014	2013
Incentive fee payable	(36,877)	(27,244)
Management fee payable	(18,651)	(6,377)
Audit fee payable	(16,119)	(9,680)
Administration fee payable	(8,267)	(6,405)
FATCA fee payable	(6,750)	-
Depository fee payable	(4,342)	-
Incorporation costs payable	(2,552)	-
Other payables	(1,557)	-
Custody fee payable	-	(293)
Total accrued expenses and other payables	<u>(95,115)</u>	<u>(49,999)</u>

6. Share capital

Structure of the Fund's capital

Strategy One Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 31 December 2014 and 31 December 2013, both the Class A participations and Class B participations are in issue.

Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations are created specifically for investors residing in the United Kingdom. The Fund Manager will seek approval for the Class B participations (but not the Class A participations) as a reporting fund for United Kingdom tax purposes. The costs concerned with such approval and further reporting fund requirements, if any, may be charged by the Fund Manager to the Class B participants.

The movement of equity in the participations during the year/period is as follows:

<i>(All amounts in EUR)</i>	2014	2013
<i>Contributions of participants</i>		
Balance at the beginning of the year/period	7,042,223	-
Issue of participations	6,574,674	7,042,223
Redemption of participations	(3,679,789)	-
Total contributions at the end of the year/period	<u>9,937,108</u>	<u>7,042,223</u>
<i>Unappropriated profit</i>		
Balance at the beginning of the year/period	557,973	-
Net gain	705,054	557,973
Total undistributed gain at the end of the year/period	<u>1,263,027</u>	<u>557,973</u>
Equity at the end of the year/period	<u>11,200,135</u>	<u>7,600,196</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (continued)

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The minimum initial subscription for each participant is EUR 100,000. The Class A and Class B participations were issued at an initial subscription price of EUR 1,000 per participation and thereafter at the net asset value ("NAV") per participation. Participations may be issued in an existing or a new series on each dealing day at the discretion of the Fund Manager.

Participations are subject to a 6-months lock-up period after which participants will have the possibility to redeem participations as of the first dealing day following 30 calendar days prior written notice to the Administrator.

The Fund is not obliged to redeem more than 50% of the total number of participations outstanding on any dealing day.

The minimum value of participations which may be subject of one redemption request will be the lesser of EUR 10,000 or 10 participations. Redemptions are subject to a redemption charge of up to 0.5% of the NAV of the participations at the dealing day on which a redemption is effected, which is payable to the Fund.

The movement of the participations during the year ended 31 December 2014 was as follows:

	Participations at the beginning of the year	Participations issued	Transfers	Participations redeemed	Participations at the end of the year
Series A Initial	3,174.684	3,079.761	-	(206.380)	6,048.065
Series July 2013	100.000	-	(100.000)	-	-
Series October 2013	750.000	-	(750.000)	-	-
Series November 2013	1,000.000	-	(1,000.000)	-	-
Series April 2014	-	500.00	-	-	500.00
Series October 2014	-	75.000	-	-	75.000
Series December 2014	-	150.000	-	-	150.000
Series B Initial	1,500.000	1,431.701	-	(939.843)	1,991.858
Series B July 2013	500.000	-	(500.000)	-	-
Series B February 2014	-	500.00	-	-	500.00
Series B March 2014	-	330.00	-	-	330.00
Total	7,024.684	6,066.462	(2,350.000)	(1,146.223)	9,594.923

The movement of the participations during the period ended 31 December 2013 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	-	3,174.684	-	3,174.684
Series July 2013	-	100.000	-	100.000
Series October 2013	-	750.000	-	750.000
Series November 2013	-	1,000.000	-	1,000.000
Series B Initial	-	1,500.000	-	1,500.000
Series B July 2013	-	500.000	-	500.000
Total	-	7,024.684	-	7,024.684

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (continued)

Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Interest income

Interest income relates to the interest on debt instruments.

8. Dividend income

Dividend incomes relates to dividend from equity instruments.

9. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation (losses)/gains on assets and liabilities other than financial assets and liabilities. For the year ended 31 December 2014, this amounted to losses of EUR 475 (period ended 31 December 2013: gains of EUR 244). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2014		2013	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.80619	0.77655	0.84913	0.83064
Swiss Franc	1.21457	1.20305	1.23069	1.22735
United States Dollar	1.3285	1.2098	1.3285	1.3743

10. Investment return

	2014		2014 Total	2013 Total
	Profit	Loss		
Equities				
Realised result	31,755	(27,677)	4,078	20,204
Unrealised result	272,304	(3,452)	268,852	203,241
	<u>304,059</u>	<u>(31,129)</u>	<u>272,930</u>	<u>223,445</u>
Investee funds				
Realised result	9,201	(63)	9,138	13,473
Unrealised result	584,459	(30,281)	554,178	424,969
	<u>593,660</u>	<u>(30,344)</u>	<u>563,316</u>	<u>438,442</u>
Debt instruments				
Realised result	9,100	(12,216)	(3,116)	25,667
Unrealised result	14,160	(147)	14,013	(14,013)
	<u>23,260</u>	<u>(12,363)</u>	<u>10,897</u>	<u>11,654</u>
Total result	<u>920,979</u>	<u>(73,836)</u>	<u>847,143</u>	<u>673,541</u>

Notes to the financial statements

12. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee of 1.0% of the NAV of the Fund. The management fee is calculated monthly and payable annually. Details of management fees charged for the year/period are disclosed in the income statement.

Incentive fee

The Fund Manager is also entitled to an annual incentive fee calculated per series equal to 5% of the amount by which the NAV per participation increased over the High Water Mark (“HWM”) per participation. In calculating the incentive fee in an absolute amount an equitable adjustment shall be made for participations subscribed and redeemed during the financial year and any distributions paid to participants during the financial year shall be added back. The incentive fee in respect of the relevant outstanding participations of the series shall be payable to the Fund Manager as to 90% of the estimated amount thereof one month after the end of the relevant financial year. The balance shall be payable within 14 days following completion of the audit of the accounts for the relevant financial year. On redemption of participations during a financial year an amount equal to any accrued incentive fee in respect of such participations shall be deducted from the redemption price and due to the Fund Manager.

No incentive fee will be levied if, at the relevant valuation date, there has been no increase in the NAV per participation of the relevant series over the higher of the HWM per participation applicable to the relevant series of participations.

Administrator

The Fund has entered into an administration agreement with TMF Custom House Global Fund Services. The Administrator charges a fee based on 0.175% of the NAV of the Fund up to EUR 10 million, 0.150% of the NAV between EUR 10 million and EUR 30 million, 0.120% between EUR 30 million and EUR 50 million and 0.100% on the NAV above EUR 50 million. There is a minimum fixed fee of EUR 7,500 per annum (excluding VAT). The Administrator will charge an additional fee of EUR 3,500 (VAT exempt) for the preparation of the annual report.

Details of administration fees charged for the year/period are disclosed on the face of the income statement.

Depositary

Stichting Bewaarder Strategy One Fund charges an annual fee in remuneration of its service to the Fund. The fee is calculated monthly at the last dealing day of the month, and equals EUR 6,500 per annum if the Fund’s assets are below EUR 10 million (as per such dealing day) and EUR 12,500 per year if the Fund’s assets are above EUR 10 million (as per such dealing day).

Independent Auditor

The Fund appointed PricewaterhouseCoopers Accountants NV as the Independent Auditor. The Independent Auditor’s remuneration consists of EUR 9,680 (2013: EUR 9,680) audit fee for the audit of the financial statements. A further amount of EUR 12,641 (2013: EUR Nil) was paid to the Independent Auditor in respect of UK audit compliance fees. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

Notes to the financial statements

13. RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between related parties and the Fund, regardless of whether a price has been charged. 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 operational decisions or is part of key management of the Fund. The following provides details on the related parties of the Fund and transactions with the related parties.

The Fund Manager is considered a related party.

The following transactions occurred between the Fund and the Fund Manager during the reporting year/period.

2014 transactions and balances as at 31 December 2014

	Paid	Balance
	EUR	EUR
Management fee	(97,549)	(18,651)
Incentive fee	(27,244)	(36,877)

2013 transactions and balances as at 31 December 2013

	Paid	Balance
	EUR	EUR
Management fee	(57,144)	(6,377)
Incentive fee	(3,168)	(27,244)

Mr. Hein Jurgens, the Investment Advisor, holds 93.93 shares of the Series A Initial share class of the Fund.

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund aims to deliver attractive risk-adjusted returns to its participants over a rolling investment horizon of 3 to 5 years with an investment vehicle which targets above average returns in the range of 5% to 10% per annum.

The Fund will attempt to accomplish its objective by investing in a diversified portfolio of stocks and bonds and other securities that are selected on the basis of their potential positive contribution to the Fund's investment objectives, for example hedge funds or other alternative collective investment vehicles. The Fund Manager will select a number of complementary investment strategies in order to diversify risk.

In its investment process, the Fund Manager takes a predominantly top-down approach to capitalise on varying market conditions. The Fund Manager will limit positions in single stocks to 5% (at cost) of total assets, unless it is a publicly quoted fund. The position in individual (hedge) funds will be limited to 15% (at cost) of total assets and the position in single bonds will be limited to 20% (at cost) of total assets.

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Notes to the financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, currency risk and interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relates to the Fund's investment in debt instruments. As at 31 December 2014, the Fund does not hold debt instruments. As at 31 December 2013, the Fund holds fixed interest debt instruments that expose the Fund to fair value interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency. The Fund's exposure to foreign exchange movements is as follows:

	2014		2013	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
Currency				
Great Britain Pound	2,417,854	21.6	1,452,793	19.1
Swiss Franc	295,046	2.6	74,921	1.0
United States Dollar	655,407	5.9	702,289	9.2

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from debt instruments, cash and cash equivalents and other receivables. The carrying values of financial assets (excluding any investments in equity instruments and investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 22,421 (2013: EUR 2,600,363).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities.

The Fund's Information Memorandum provides for the monthly creation and cancellation of participations and it is therefore exposed to liquidity risk of meeting participants redemptions. To manage this liquidity risk the Fund has a 6 months lock-up period and a 30 day notice period for the participants. In addition, the Fund is not obliged to redeem more than 50% of the total participations in issue on any dealing day.

The Fund is exposed to liquidity risk as the investments of the Fund in investee funds cannot immediately be converted into cash. The liquidity risk involved with the investee funds will be dependent on the redemption policies of the individual investee funds. Some of the investee funds may be or become illiquid, and the realisation of investments from them may take a considerable time and/or be costly. The Fund's investments in such investee funds may not be readily realisable and their marketability may be restricted, in particular because the investee funds may have restrictions that allow redemptions only at specific infrequent dates with considerable notice periods, and apply lock-ups and/or redemption fees.

The liquidity risk is significantly reduced because the Fund diversifies its investments across different investee funds.

Notes to the financial statements

15. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the NAV in accordance with the Information Memorandum and the NAV as determined in accordance with Dutch Accounting Standard 210 ("Dutch GAAP").

The Information Memorandum states that incorporation costs should be amortised over 3 year. Dutch GAAP prefers that incorporation costs be expensed immediately.

	2014	2013
	EUR	EUR
Net assets attributable to holders of participations in accordance with the Information Memorandum	11,215,472	7,620,158
Adjustments		
Unamortised incorporation costs	(15,337)	(19,962)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	11,200,135	7,600,196

Number of participations

Series A Initial	6,048.065	3,174.684
Series July 2013	-	100.000
Series October 2013	-	750.000
Series November 2013	-	1,000.000
Series April 2014	500.000	-
Series October 2014	75.000	-
Series December 2014	150.000	-
Series B Initial	1,991.858	1,500.000
Series B July 2013	-	500.000
Series B February 2014	500.000	-
Series B March 2014	330.000	-

Participation per share in accordance with the Information Memorandum

Series A Initial	1,205.03	1,128.82
Series July 2013	-	1,060.31
Series October 2013	-	1,027.29
Series November 2013	-	1,013.02
Series April 2014	1,080.54	-
Series October 2014	1,044.66	-
Series December 2014	1,007.65	-
Series B Initial	1,146.68	1,077.86
Series B July 2013	-	1,060.31
Series B February 2014	1,046.38	-
Series B March 2014	1,061.58	-

Notes to the financial statements

15. NET ASSET VALUE AS ISSUED (CONTINUED)

Participation per share in accordance with Dutch GAAP

Series A Initial	1,203.39	1,125.87
Series July 2013	-	1,057.53
Series October 2013	-	1,024.60
Series November 2013	-	1,010.37
Series April 2014	1,079.06	-
Series October 2014	1,043.24	-
Series December 2014	1,006.28	-
Series B Initial	1,145.12	1,075.04
Series B July 2013	-	1,057.54
Series B February 2014	1,044.96	-
Series B March 2014	1,060.14	-

16. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2014	% of	2013	% of
	EUR	NAV	EUR	NAV
Strategy				
Agriculture	-	-	70,986	0.9
Alternative Investment	808,115	7.2	321,378	4.2
Chemicals	155,588	1.4	81,347	1.1
Closed-end Funds	-	-	908,363	12.0
Electric	-	-	69,718	0.9
Equity Fund	3,929,871	35.1	1,595,139	21.0
Food	136,794	1.2	77,520	1.0
Insurance	-	-	185,611	2.4
Other	4,765,654	42.5	2,143,253	28.2
Pharmaceuticals	295,046	2.6	74,921	1.0
Private Equity	492,684	4.4	337,707	4.5
REITS	689,077	6.2	469,500	6.2
Sovereign	-	-	259,197	3.4
	11,272,829	100.6	6,594,640	86.8

17. REMUNERATION PAID BY THE FUND MANAGER

Privium Fund Management B.V., the investment manager of the Fund, does not charge any remuneration of employees to the Fund. Employee remuneration is paid out of the management and performance fees. The total remuneration for all Privium Fund Management B.V. employees for the year 2014 has been €368.176,-. In total 10 employees were involved during (some part of) the year, including part-time and full time employees. Total remuneration allocated to the Fund was €67.128,- (1.1 FTE, all material impact). No variable payment was paid to the board in 2014, which depends on the profitability of the company. For some of the funds the compensation consists of both a management and a performance fee. No variable payment was paid to individual fund managers in 2014. Remuneration is allocated to funds based on the assets under management for staff members, increased for each fund by remuneration paid to personnel that is only involved with that fund.

The board of Privium Fund Management B.V. is of the opinion that controls, including living up to the internal handbook, have been sufficiently met.

Notes to the financial statements

18. PROVISION OF INFORMATION

This annual report and the Information Memorandum of the Fund are available free of charge from the Fund Manager.

19. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 29 June 2015.

Investment portfolio as at 31 December 2014

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
Adelphi Europe Fund Ltd.	EUR	861,314	7.7
Adelphi European Select Fund	EUR	665,315	5.9
Alken Capital Fund, FCP - FIS - One	EUR	313,060	2.8
Alken Fund - European Opportunities	EUR	265,991	2.4
Alken Fund - Absolute Return Europe	EUR	1,107,635	9.9
BACIT Ltd.	GBP	495,702	4.4
BH Macro Ltd, Euro	EUR	535,500	4.8
Eurofin Wittenberg European Small & Mid Cap Fund	EUR	226,125	2.0
JO Hambro Capital - Continental European	EUR	859,693	7.7
JO Hambro Capital Management Umbrella Fund plc Japan			
Dividend Growth Fund	GBP	254,640	2.3
OEI MAC Inc., Class B	GBP	776,560	6.9
Pershing Square Holdings Ltd.	USD	162,037	1.5
Phaidros Fund - Balanced, Class B	EUR	704,325	6.3
Pictet - Water P EUR	EUR	718,177	6.4
Schroder GAIA Egerton Equity, Class A	EUR	808,115	7.2
The Egerton European Equity Fund Ltd.	EUR	542,790	4.8
		9,296,979	83.0
Equities			
Bluecrest BlueTrend Ltd.	GBP	206,660	1.8
KKR & CO LP	USD	277,338	2.5
Linde AG	EUR	155,588	1.4
Londonmetric Property plc	GBP	689,077	6.2
Novartis AG	CHF	146,081	1.3
Roche Holding AG	CHF	148,967	1.3
The Blackstone Group LP	USD	215,345	1.9
Unilever NV	EUR	136,794	1.2
		1,975,850	17.6
		11,272,829	100.6

Investment portfolio as at 31 December 2013

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
Adelphi Europe Fund Ltd.	EUR	683,706	9.0
Adelphi European Select Fund	EUR	401,874	5.3
Alken Capital Fund, FCP - FIS - One	EUR	325,275	4.2
BACIT Ltd.	GBP	321,380	4.2
BH Macro Ltd, Euro	EUR	297,197	3.9
CQS Diversified Fund Ltd., USD Class	USD	73,849	1.0
JO Hambro Capital - Continental European	EUR	490,482	6.5
OEI MAC Inc., Class B	GBP	333,244	4.4
Phaidros Fund - Balanced, Class B	EUR	599,785	7.9
Pictet - Water P EUR	EUR	377,508	5.0
Schroder GAIA Egerton Equity, Class A	EUR	321,378	4.2
The Egerton European Equity Fund Ltd.	EUR	526,518	6.9
		4,752,196	62.5
Equities			
Bluecrest BlueTrend Ltd.	GBP	88,713	1.2
Bluecrest BlueTrend Ltd.	USD	27,972	0.4
British American Tobacco plc	GBP	70,986	0.9
Gli Finance Ltd.	GBP	99,253	1.3
KKR & CO LP	USD	211,963	2.7
Linde AG	EUR	81,347	1.1
Londonmetric Property plc	GBP	469,500	6.2
Roche Holding AG	CHF	74,921	1.0
SSE plc	GBP	69,718	0.9
The Blackstone Group LP	USD	125,743	1.7
Unilever NV	EUR	77,520	1.0
		1,397,636	18.4
Debt instruments			
ING Groep N.V., 8%, 29/04/49	EUR	185,611	2.5
US Treasury N/B 2013-15.2.43	USD	259,197	3.4
		444,808	5.9
		6,594,640	86.8

Other information

Provisions of the Information Memorandum on distribution policy

The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. Any sums which it determines to distribute shall be paid to participants pro rata to the number of participations held by each of them.

Events after the balance sheet date

On 28 May 2015, ABN AMRO Clearing Bank N.V. replaced Kas Bank N.V. as the Custodian to the Fund.

No other material events occurred after the balance sheet date that could influence the transparency of the financial statements.

Other information

To: the Fund Manager – Privium Fund Management B.V.

Independent Auditor's report