

# Principia Fund N.V.

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

**for the period from 01 January 2015 to 30 June 2015**

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## General information

Registered Office	Gustav Mahlerplein 3 26th Floor HFC Plaza 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 26th Floor HFC Plaza 1082 MS Amsterdam The Netherlands
Foundation	Stichting Administratiekantoor Principia Luna Arena Herikerbergweg 238 P.O. Box 23393 1101 CM Amsterdam The Netherlands
Administrator	TMF Custom House Global Fund Services Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor*	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Payment Bank/Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Legal Advisor	Van de Kamp & Co B.V. Monnikevenne 38 1141 RL Monnickendam The Netherlands

*\*The interim financial statements are not audited by the Independent Auditor.*

## General information

Fiscal Advisor (Netherlands)

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Claude Debussylaan 42  
1082 MD Amsterdam  
The Netherlands

Fiscal Advisor (UK)

Rawlinson & Hunter  
8th Floor  
6 New Street Square  
New Fetter Lane  
London EC4A 3AQ  
United Kingdom

Depository

Darwin Depository Services B.V.  
Barbara Strozziilaan 101  
1083 HN Amsterdam  
The Netherlands

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## Profile

Principia Fund N.V. (the “Fund”) is structured as an open-ended investment fund and was established in Amsterdam in 2014. The Fund is a public company limited by shares (naamloze vennootschap) and is a legal entity under the laws of the Netherlands. The Fund is managed by Privium Fund Management B.V. (the “Fund Manager”).

The investment objective of the Fund is to earn a higher return than the average of the world’s developed equity markets, as represented by iShares MSCI World UCITS ETF.

The unitholders’ equity per unit at the end of the reporting period is as follows:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Unitclass A (in EUR) <sup>1</sup>	116.12	99.61
Unitclass B (in EUR) <sup>1</sup>	117.73	99.75

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<sup>1</sup> The unitholders’ equity per unit is calculated in accordance with Dutch GAAP. Refer to note 18 of these interim financial statements for the reconciliation between the unitholders’ equity calculated in accordance with the Prospectus and the unitholders’ equity calculated in accordance with Dutch GAAP.

## Interim financial statements

### BALANCE SHEET

	<i>Note</i>	<b>30 June 2015 EUR</b>	<b>31 December 2014 EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Equities		11,985,193	10,435,182
	3	<u>11,985,193</u>	<u>10,435,182</u>
<b>Current assets</b>			
Cash and cash equivalents	4	3,204,759	2,925,969
Other receivables	5	23,839	5,419
		<u>3,228,598</u>	<u>2,931,388</u>
<b>Total assets</b>		<u>15,213,791</u>	<u>13,366,570</u>
<b>Current liabilities</b>			
Due to broker	4	(125,000)	-
Subscriptions received in advance	7	(315,397)	(1,059)
Accrued expenses and other payables	6	(65,555)	(64,120)
Payable for securities purchased	8	(248,016)	-
		<u>(753,968)</u>	<u>(65,179)</u>
<b>Total liabilities</b>		<u>(753,968)</u>	<u>(65,179)</u>
<b>Total assets minus total liabilities</b>		<u>14,459,823</u>	<u>13,301,391</u>
<b>Unitholders' equity</b>			
Contribution of unitholders		12,443,992	12,396,914
Unappropriated profit		2,015,831	904,477
<b>Total unitholders' equity</b>	9	<u>14,459,823</u>	<u>13,301,391</u>

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

## Interim financial statements

### INCOME STATEMENT (For the period ending 30 June)

	<i>Note</i>	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b> <i>(Note 2)</i>
<b>Investment income</b>			
<i>Direct investment result</i>			
Interest income	<i>10</i>	130	423
Dividend income	<i>11</i>	155,624	11,436
		<u>155,754</u>	<u>11,859</u>
<i>Indirect investment result</i>			
Realised gains on equities	<i>3</i>	700,834	-
Unrealised gains on equities	<i>3</i>	264,379	14,372
Subscription and redemption fees		137	18,877
Foreign currency translation	<i>12</i>	153,561	2,979
		<u>1,118,911</u>	<u>36,228</u>
<b>Total investment income</b>		<u>1,274,665</u>	<u>48,087</u>
<b>Expenses</b>			
Management fee	<i>14, 15</i>	(88,739)	(16,422)
Other operational costs		(15,498)	(920)
Administration fee	<i>14</i>	(9,261)	(2,259)
Audit fee		(6,352)	(2,342)
Depositary fee	<i>14</i>	(6,050)	-
Bank charges		(3,881)	(215)
FATCA fees		(2,321)	-
Custody fee	<i>14</i>	(1,523)	(1,794)
Interest expense		(932)	(13)
Incorporation costs		-	(72,014)
<b>Total expenses</b>	<i>13</i>	<u>(134,557)</u>	<u>(95,979)</u>
<b>Net profit/(loss) before tax</b>		<b>1,140,108</b>	<b>(47,892)</b>
Withholding tax		(28,754)	-
<b>Net profit/(loss) after tax</b>		<u>1,111,354</u>	<u>(47,892)</u>

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

## Interim financial statements

### STATEMENT OF CASH FLOWS (For the period ending 30 June)

	<i>Note</i>	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b> <i>(Note 2)</i>
<b>Cash flows from operating activities</b>			
Net payments from investments		(336,782)	(9,613,426)
Interest (paid)/received		(340)	271
Dividend received		137,180	7,744
Entry and exit fees received		137	18,877
Management fee paid		(101,398)	(3,639)
Administration fee paid		(7,864)	-
Custody fee paid		(1,523)	(1,794)
Directors' fee paid		(6,050)	-
Incorporation costs paid		-	(36,555)
Bank charges paid		(3,881)	(215)
Withholding tax paid		(28,754)	-
Other general expenses paid		(12,971)	-
<b>Net cash flows used in operating activities</b>		<b>(362,246)</b>	<b>(9,628,737)</b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of units		494,160	13,298,553
Payments on redemptions of units		(131,685)	-
<b>Net cash flows provided by financing activities</b>		<b>362,475</b>	<b>13,298,553</b>
<b>Net increase in cash and cash equivalents</b>		<b>229</b>	<b>3,669,816</b>
Cash and cash equivalents at the beginning of the period		2,925,969	-
Foreign currency translation of cash positions		153,561	2,979
<b>Cash and cash equivalents at the end of the period</b>	<i>4</i>	<b>3,079,759</b>	<b>3,672,795</b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		3,079,456	738,327
Due from broker		125,303	2,935,408
Due to broker		(125,000)	(940)
<b>Total cash and cash equivalents</b>		<b>3,079,759</b>	<b>3,672,795</b>

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



## Notes to the interim financial statements

### 1. GENERAL INFORMATION

Principia Fund N.V. (the “Fund”) is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The Fund is a public company limited by shares (*naamloze vennootschap*) and is a legal entity under the laws of the Netherlands. The Fund commenced operations on 22 May 2014.

The shares of the Fund are divided in two series (“shareclasses”), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. Investors can invest in the Fund by obtaining depository receipts (“units”) representing an interest in Shareclass A (“A units”) or Shareclass B (“B units”). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series (“unitclasses”), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund. All other persons can subscribe for units in Unitclass A. As at 30 June 2015 and 31 December 2014, both Unitclass A and Unitclass B units are in issue.

The investment objective of the Fund is to earn a higher return than the average of the world’s developed equity markets, as represented by iShares MSCI World UCITS ETF.

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 Manager is subject to the supervision of the Netherlands Authority for the Financial Markets (“AFM”).

The Fund had no employees during the period ended 30 June 2015 or the period ended 31 December 2014.

The interim financial statements have been authorised for issue by the Fund Manager on 31 August 2015.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

The interim financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in The Netherlands (“Dutch GAAP”) and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394.

The interim 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.

These are the second interim financial statements of the Fund. The comparative figures reflect the period from inception on 22 May 2014 to 30 June 2014 and are therefore not entirely comparable with the current reporting period included in these interim financial statements.

#### Functional currency

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

#### 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 (including value added tax (“VAT”), where applicable) 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.

## Notes to the interim financial statements

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (*CONTINUED*)

#### **Estimates**

The preparation of interim 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 interim financial statements in question.

#### **Foreign exchange**

Assets and liabilities denominated in currencies other than the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in the income statement.

#### **Classification of units**

The units of the Fund are classified as equity. These units 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 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.

The Fund measures the fair value of any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon using its last traded price on the relevant business day. If no trades occurred on such day, it will be valued at the closing price on the previous business day.

Gains and losses arising from fair value changes are recognised in the income statement as 'realised gains on equities' and 'unrealised gains on equities'.

#### *Receivables*

The value of accounts receivable will be deemed to be the full amount unless it is unlikely to be 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.

#### **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.

## Notes to the interim financial statements

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

#### 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 unitholder) are not subject to dividend withholding tax.

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

<i>(All amounts in EUR)</i>	<b>01 January to 30 June 2015</b>	<b>22 May to 30 June 2014</b>
<b>Investment in equities</b>		
Opening balance	10,435,182	-
Purchases	3,161,623	9,613,425
Sales	(2,576,825)	-
Realised gain	700,834	-
Unrealised gain	264,379	14,372
<b>As at 30 June</b>	<b><u>11,985,193</u></b>	<b><u>9,627,797</u></b>

#### 4. Cash and cash equivalents

As at 30 June 2015, cash and cash equivalents comprise of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 3,079,456 (31 December 2014: EUR 109,878). As at 30 June 2015 and 31 December 2014, no restrictions in the use of these balances exist.

Cash and cash equivalents also include amounts due from ABN AMRO Clearing Bank N.V. of EUR 125,303 (31 December 2014: EUR 2,816,091), representing amounts held in brokerage accounts.

As at 30 June 2015, amounts due to ABN AMRO Clearing Bank N.V. equal EUR 125,000 (31 December 2014: EUR Nil).

#### 5. Other receivables

At 30 June 2015 and 31 December 2014, other receivables consist of the following:

<i>(All amounts in EUR)</i>	<b>30 June 2015</b>	<b>31 December 2014</b>
Dividend receivable	23,834	5,390
Interest receivable	5	29
<b>Total other receivables</b>	<b><u>23,839</u></b>	<b><u>5,419</u></b>

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 6. Accrued expenses and other payables

Below is a breakdown of the accrued expenses and other payables as at 30 June 2015 and 31 December 2014.

<i>(All amounts in EUR)</i>	<b>30 June 2015</b>	<b>31 December 2014</b>
Audit fee payable	(19,057)	(12,705)
Management fee payable	(14,644)	(27,303)
Administration fee payable	(14,011)	(12,613)
FATCA fee payable	(6,927)	(4,255)
Foundation fee payable	(6,700)	(3,676)
Other payables	(3,178)	(2,049)
Licence fees payable	(600)	(1,519)
Interest payable	(438)	-
<b>Total accrued expenses and other payables</b>	<b><u>(65,555)</u></b>	<b><u>(64,120)</u></b>

#### 7. Subscriptions received in advance

Subscriptions received in advance represent the amounts received from unitholders for subscriptions to units of the Fund for the first business day of the next month. Unitholders are required to deposit the amounts with the Fund prior to the issuance of units.

As at 30 June 2015, the subscriptions received in advance amount to EUR 315,397 (31 December 2014: EUR 1,059). On 1 July 2015, the Fund issued 2,699.5985 units of Unitclass A to the subscribing unitholders.

#### 8. Payable for securities purchased

As at 30 June 2015, payable for securities purchased amounts to EUR 248,016 (31 December 2014: EUR Nil).

Payable for securities purchased represents the cost of the securities purchased with a trade date before and a settlement date after the reporting date. All trades are entered into based on delivery versus payment. All trades settle within 1 to 5 business days after the valuation date, following the regular settlement cycles of the respective security exchanges on which the trades are executed.

#### 9. Share capital

##### *Structure of the Fund's capital*

Principia Fund N.V. is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The shares of the Fund are divided in two series ("shareclasses"), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. The shareclasses only differ with respect to the management fee and the performance fee, as no such fees are charged to Shareclass B. Investors can invest in the Fund by obtaining depository receipts ("units") representing an interest in Shareclass A ("A units") or Shareclass B ("B units"). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series ("unitclasses"), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund. All other persons can subscribe for units in Unitclass A. As at 30 June 2015 and 30 June 2014, both Unitclass A and Unitclass B units are in issue.

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 9. Share capital (continued)

##### Structure of the Fund's capital (continued)

The movement of equity in the units during the period is as follows:

<i>(All amounts in EUR)</i>	<b>01 January to 30 June 2015</b>	<b>22 May to 30 June 2014</b>
<i>Contributions of unitholders</i>		
Balance at the beginning of the period	12,396,914	-
Issue of units	178,763	12,565,674
Redemption of units	(131,685)	-
<b>Total contributions at the end of the period</b>	<b>12,443,992</b>	<b>12,565,674</b>
<i>Unappropriated profit/(loss)</i>		
Balance at the beginning of the period	904,477	-
Net profit/(loss)	1,111,354	(47,892)
<b>Total undistributed profit/(loss) at the end of the period</b>	<b>2,015,831</b>	<b>(47,892)</b>
<b>Equity at the end of the period</b>	<b>14,459,823</b>	<b>12,517,782</b>

##### Subscriptions and redemptions

The Fund enables the Foundation to issue units on the first business day of each calendar month at the unitholders' equity per unit on the preceding valuation day, plus a subscription fee of 0.15% of the subscription amount. The minimum initial subscription for each unitholder is EUR 20,000 with the minimum subsequent subscription amounts being EUR 1,000. The Unitclass A and Unitclass B units were issued at an initial subscription price of EUR 100 per unit and thereafter at the unitholders' equity per unit. The minimum subscription amount can be lowered at the sole discretion of the Fund Manager.

The Fund enables the Foundation to redeem units of the unitholders' equity on the last day of each calendar month, less a fee of 0.15% of the redemption amount. The minimum value of units which may be subject of one redemption request will be EUR 1,000. The Fund Manager may decide to lower this amount in individual cases.

The movement of the units during the period ended 30 June 2015 was as follows:

	<b>Units at the beginning of the period</b>	<b>Units issued</b>	<b>Units redeemed</b>	<b>Units at the end of the period</b>
Unitclass A	120,326.8670	1,169.7211	(1,107.0580)	120,389.5301
Unitclass B	3,757.6282	325.6228	-	4,083.2510
<b>Total</b>	<b>124,084.4952</b>	<b>1,495.3439</b>	<b>(1,107.0580)</b>	<b>124,472.7811</b>

The movement of the units during the period ended 30 June 2014 was as follows:

	<b>Units at the beginning of the period</b>	<b>Units issued</b>	<b>Units redeemed</b>	<b>Units at the end of the period</b>
Unitclass A	-	122,380.9168	-	122,380.9168
Unitclass B	-	3,279.3755	-	3,279.3755
<b>Total</b>	<b>-</b>	<b>125,660.2923</b>	<b>-</b>	<b>125,660.2923</b>

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 9. 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 unitholders 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, the Fund does not intend to pay dividends. All earnings will normally be retained for investments.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 10. Interest income

Interest income relates to the interest on bank and broker balances.

#### 11. Dividend income

Dividend income relates to dividend from equity instruments.

#### 12. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains on assets and liabilities other than financial assets and liabilities. For the period ended 30 June 2015, this amounted to gains of EUR 153,561 (2014: gains of EUR 2,979). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2015		2014	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.7328	0.7092	0.8137	0.8004
Hong Kong Dollar	8.6593	8.6423	-	-
Japanese Yen	134.30	136.57	138.81	138.74
Norwegian Krone	8.6546	8.7508	8.1935	8.3971
United States Dollar	1.1168	1.1147	1.3608	1.3692

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

#### 13. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses as at 30 June.

<i>(All amounts in EUR)</i>	<b>2015</b>	<b>2014</b>
<b>Expenses accruing to Fund Manager</b>		
Management fee	(88,739)	(16,422)
<b>Other expenses</b>		
Other operational costs	(15,498)	(920)
Administration fee	(9,261)	(2,259)
Audit fee	(6,352)	(2,342)
Depositary fee	(6,050)	-
Bank charges	(3,881)	(215)
FATCA fee	(2,321)	-
Custody fee	(1,523)	(1,794)
Interest expense	(932)	(13)
Incorporation costs	-	(72,014)
<b>Total</b>	<b><u>(134,557)</u></b>	<b><u>(95,979)</u></b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2015 and 30 June 2014, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as interest expense of EUR 932 (2014: EUR 13), FATCA fees of EUR 2,321 (2014: EUR Nil) and bank charges of EUR 3,881 (2014: EUR 215) which are not detailed in the Prospectus.

#### 14. 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 1.25% of the unitholders' equity of Unitclass A. The management fee is calculated monthly and payable monthly in arrears. No management fee is charged to Unitclass B.

Details of management fees charged for the period are disclosed in the income statement.

###### *Performance fee*

The Fund Manager is also entitled to a monthly performance fee in respect of Unitclass A. No performance fee is charged to Unitclass B. The performance fee is equal to 20% of the percentage to which the Fund outperforms the MSCI World ETF, after deduction of the fixed fees. The performance fee only applies once the Fund reaches a new Outperformance High Water Mark ("OHWM"). This means that the Fund Manager will only receive a performance fee when the performance of Unitclass A relative to the performance of the benchmark reaches a new all-time high level. Should the OHWM have increased, the Fund Manager is entitled to 20% of the increase of the OHWM. Should the Fund outperformance versus the benchmark decrease, then the Fund Manager will not be entitled to the performance fee until the outperformance has surpassed the previous OHWM. The performance fee will be determined on the basis of the unitholders' equity of Unitclass A on the last day of each calendar month, after adjusting for subscriptions, redemptions and distributions with respect to Unitclass A, and will then fall due immediately.

No performance fees were charged for the period ended 30 June 2015 or 30 June 2014.

## Notes to the interim financial statements

### 14. RELEVANT CONTRACTS (CONTINUED)

#### Administrator

The Fund has entered into an administration agreement with TMF Custom House Global Fund Services. The Administrator charges an annual fee, to be calculated and paid monthly in arrears on the basis of the unitholders' equity of the Fund before deduction of the management fee, and with a minimum of EUR 15,000 per annum. This annual fee is based on the following sliding scale:

▪ Part up to EUR 30 million	10 basis points
▪ Part between EUR 30 million and EUR 50 million	8 basis points
▪ Part above EUR 50 million	6 basis points

The Administrator also charges a fixed fee of EUR 3,500 per annum. No VAT has to be paid on these amounts.

Details of administration fees charged for the period are disclosed in the income statement.

#### Payment Bank/Custodian

ABN AMRO Clearing Bank N.V. acts as Custodian to the Fund. The Custodian is entitled to receive fees from the Fund in accordance with its customary charges.

#### Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee of EUR 10,000 (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. A once-off fee of EUR 2,500 for the on-boarding process was paid by the Fund on signing the depository agreement. Details of depository fees charged for the period are disclosed in the income statement.

### 15. 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 period.

#### 2015 transactions and balances as at 30 June 2015

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(101,398)	(14,644)

#### 2014 transactions and balances as at 31 December 2014

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(69,613)	(27,303)

The units in Unitclass B have been issued to persons working for the Fund Manager or related to the Fund. Mr. Ryan Nicholas Dally, the portfolio manager, holds 531.1837 units (31 December 2014: 448.2656 units) of Unitclass B.



## Notes to the interim financial statements

### 16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to earn a higher return than the average of the world's developed equity markets, as represented by iShares MSCI World UCITS ETF.

The Fund attempts to achieve its objective by investing predominantly in global listed equities and is therefore exposed to all the risks and rewards associated with the equities selected. The Fund is actively managed and will likely differ materially from the benchmark in order to achieve its objective.

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate 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, interest rate risk and currency risk. The Fund's market risk is managed through diversification of its investments.

#### Market price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As at 30 June 2015 and 31 December 2014, price risk arises on the Fund's investments in equities.

#### 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 has no interest bearing financial instruments except for cash at banks and amounts due from/to broker which are subject to normal market related short-term interest rates. Therefore the Fund is not exposed to significant interest rate risks.

#### 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 at 30 June 2015 and 31 December 2014 is as follows:

	2015		2014	
	Fair value EUR	% of unitholders' equity	Fair value EUR	% of unitholders' equity
<b>Currency</b>				
Great Britain Pound	1,330,765	9.2	1,032,823	7.8
Hong Kong Dollar	813,769	5.6	503,149	3.8
Japanese Yen	1,578,426	10.9	697,384	5.2
Norwegian Krone	557,955	3.9	305,392	2.3
United States Dollar	9,147,509	63.3	9,228,962	69.4

#### 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 cash and cash equivalents and other receivables. The carrying values of financial assets (excluding any investments in equity instruments) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 3,228,598 (31 December 2014: EUR 2,931,388).

## Notes to the interim financial statements

### 16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS *(CONTINUED)*

#### **Liquidity risk**

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

The Fund's Prospectus provides for the monthly creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholders redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of 10 business days must be provided.

The Fund's listed securities are considered to be readily realisable as they are listed on recognised exchanges.

The Fund's other liabilities are short-term in nature.

### 17. SOFT DOLLAR ARRANGEMENTS

A 'soft dollar arrangement' applies when a (financial) service provider offers services and products (such as research and information services) to an asset manager in exchange for executing certain securities transactions.

The Fund Manager had a dollar arrangement with Green Street during the period ended 30 June 2015 to the value of EUR 5,000 (31 December 2014: EUR 15,000).

### 18. UNITHOLDERS' EQUITY AS ISSUED

The following schedule shows the reconciliation between the unitholders' equity in accordance with the Prospectus and the unitholders' equity as determined in accordance with Dutch Accounting Standard 210 ("Dutch GAAP").

The Prospectus states that incorporation costs should be amortised over 5 years. Dutch GAAP prefers that incorporation costs be expensed immediately.

## Notes to the interim financial statements

### 18. UNITHOLDERS' EQUITY AS ISSUED (CONTINUED)

To determine the unitholders' equity in accordance with Dutch GAAP the following schedule is presented, as at 30 June.

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>Unitholders' equity attributable to holders of units in accordance with the Prospectus</b>	14,527,112	12,588,248
<b>Adjustments</b>		
Unamortised incorporation costs	(67,289)	(70,466)
<b>Adjusted unitholders' equity attributable to holders of units in accordance with Dutch GAAP</b>	<b>14,459,823</b>	<b>12,517,782</b>
<b>Number of units</b>		
Unitclass A	120,389.5301	122,380.9168
Unitclass B	4,083.2510	3,279.3755
<b>Unitholders' equity per unit in accordance with the Prospectus</b>		
Unitclass A	116.65	100.17
Unitclass B	118.28	100.30
<b>Unitholders' equity per unit in accordance with Dutch GAAP</b>		
Unitclass A	116.12	99.61
Unitclass B	117.73	99.75

### 19. PROVISION OF INFORMATION

The interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager or available for download free of charge from the Fund Manager's website: [www.priviumfund.com](http://www.priviumfund.com).

### 20. EVENTS AFTER THE BALANCE SHEET DATE

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

### 21. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 31 August 2015.