

# Windmill Trend Evolution Fund

The Netherlands

ANNUAL REPORT

**for the period from 1 April 2014 (date of commencement of operations)  
to 30 June 2015**

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## General information

Registered Office	3 Gustav Mahlerplein 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. 3 Gustav Mahlerplein 1082 MS Amsterdam The Netherlands
Investment Advisor	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 <sup>th</sup> Floor Beursplein 37 3011 AA Rotterdam The Netherlands
Legal Owner	TMF Bewaar B.V. Herikerbergweg 238 1101 CM Amsterdam Zuidoost 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 Wassenaarseweg 80 2596 CZ Den Haag The Netherlands
Legal and tax counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

## Historical overview

### Key figures

	<b>2015<sup>1</sup></b>
	<b>EUR</b>
Equity at the beginning of the period	-
Issue of participations	25,081,229
Direct investment result	-
Indirect investment result	2,136,110
	<u>27,217,339</u>
Redemption of participations	(430,813)
Expenses	(258,751)
Equity at the end of the period	<u><b>26,527,775</b></u>
Investments	26,567,763
Prepaid investments	6,366,667
Cash and cash equivalents	454,650
Liabilities	(6,861,305)
	<u><u><b>26,527,775</b></u></u>
<b>Net profit</b>	
Indirect investment result	2,136,110
Expenses	(258,751)
<b>Net profit</b>	<u><b>1,877,359</b></u>
Number of participations	228,034.9461
Participation per share <sup>2</sup>	116.33

<sup>1</sup> The Fund commenced operations on 1 April 2014.

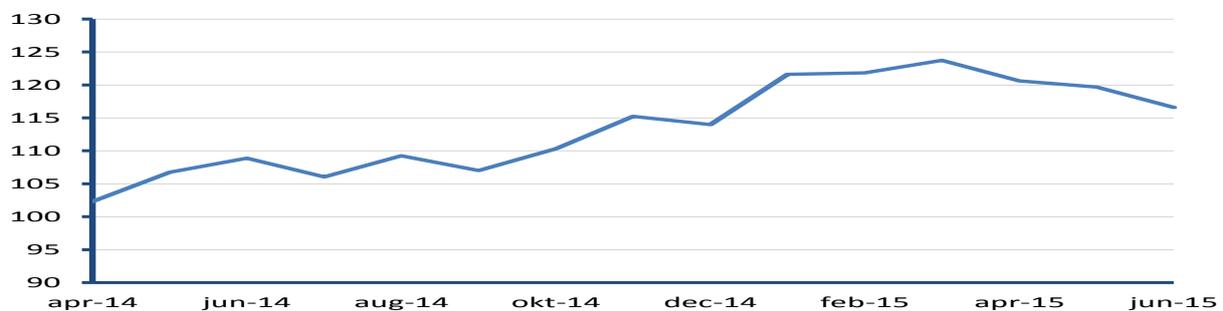
<sup>2</sup> The shareholders' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 13 of these financial statements for the reconciliation between the shareholders' equity calculated in accordance with the Prospectus and the shareholders' equity calculated in accordance with Dutch GAAP.

## Report of the Fund Manager

### Results and risk since 1 April 2014

	Windmill TEF	World shares
<b>Total return</b>	16.58%	12.64%
<b>Return per year</b>	13,06%	9,99%
<b>Volatility per year</b>	10.24%	7,35%
<b>Sharpe ratio</b>	1.18	1.22
<b>Worst drawdown</b>	-5.78%	-2.96%
<b>Correlation</b>		0.34

### Results graph since 1 April 2014



### Results since 1 April 2014

#### Monthly return data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	ltd
2015	6.68%	0.20%	1.55%	-2.51%	-0.77%	-2.60%							2.27%	16.58%
2014				2.31%	4.35%	1.98%	-2.60%	3.03%	-2.04%	3.09%	4.44%	-1.08%	13.99%	13.99%

† 2014 Ytd returns from inception of the Windmill Trend Evolution Fund (April 1, 2014)

Past performance does not guarantee future results

### Portfolio management

The Windmill Trend Evolution Fund (the “Fund”) generated a positive performance for the period from incorporation, 31 March 2014, up to and including the date of this report, 30 June 2015 of 16.6%.

The first three months of the Fund already accounted for 8.9% positive returns, mainly driven by performance in the bonds and credit sectors, together accounting for approximately 7% profits in this first quarter of the Fund’s existence. In the remainder of the period also long exposure to fixed income was the main contributor and the returns thereof were concentrated in the first quarter of 2015.

The Fund’s performance was also strong during the second half of 2014 despite a poor third quarter. Profits were primarily driven by fixed income, with smaller contributions from the energy sector. Europe’s stagnation and the prospect of stimulus there have propelled European interest rates lower; in particular: Sweden’s Riksbank decisions to cut interest rates benefitted the Fund’s receiver positions. The fall in the oil price impacted associated energy markets such as coal, where the Fund’s short positions were profitable. Credit trading was the only area to register losses during the period from July 2014 up to and including June 2015. These mainly came from the widening credit spreads in September and December. The sudden departure of Bill Gross from PIMCO contributed to the sell-off in September while falling oil prices at the end of the year increased the probability of corporate and sovereign defaults.

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## Report of the Fund Manager

### Portfolio management *(continued)*

After a strong start in January, performance was positive during the first half of 2015 despite a poor final quarter (2nd calendar quarter). Profits were primarily driven by the stocks- and energy sectors while the detractors were mainly currency and credit trading. Sector positioning within the various regions of equity trading benefitted from the significant long positions in US and European healthcare related holdings, as well as short positions in transportation stocks. The US Supreme Court's 6-3 ruling in favour of President Obama's healthcare legislation helped many of the Fund's related holdings. The Fund's short commodity positions proved profitable with the return of structural weakness in the coal and power markets. The combination of mild weather and continued over-supply pushed coal prices to multi-year lows, dragging the related electricity markets along with them. In currency trading, the Fund's short Dollar positions against various emerging market currencies generally proved costly. Trading in high yielding European credit index swaps was also particularly difficult in June as yields moved through three phases. They first widened steadily, then reversed sharply on the back of optimism that a Greek deal was imminent and finally snapped back wider when the Greek debt negotiation talks broke down at month end.

### Fund Manager

No costs of employees were charged to the Fund. Employees are paid out of the management fees (and performance fees for some funds). No performance fee is applicable to the Fund. The total remuneration for all Privium Fund Management B.V. employees for the year 2014 (1 January 2014 – 31 December 2014) has been EUR 368.176. In total 10 employees were involved during 2014, including both part-time and full-time employees. Total remuneration allocated to the Fund was EUR 8.291 (0.2 FTE in the last 9 months of 2014, all material impact). No variable payment was paid to the board in 2014, which depends on the profitability of the company. 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. No variable payment was paid to individual fund managers in 2014.

None of the employees involved in managing the Fund on behalf of the Fund Manager of the Fund, are invested in the Windmill Trend Evolution Fund.

The Fund Manager has compiled a description of the operational management that complies with the requirements of the Financial Supervision Act and the Decree on the supervision of the conduct of financial undertakings, called 'the handbook'. The Fund Manager has assessed various aspects of the operational management, written down in this handbook, over the past financial year. In the course of our activities we have not made any observations on the basis of which it should be concluded that the description of the operational management structure fails to comply with the requirements laid down in the Decree and related legislation. On this basis we declare as the Fund Manager of the Fund that we hold a description of the operational management and that we have not observed that the operational management was not effective and was not functioning in accordance with the description. We therefore declare with a reasonable degree of certainty that the operational management during the reporting period operated effectively and in accordance with the description

### Risk management

The Fund undergoes similar risk management processes as the other funds managed by Privium Fund Management B.V. The investment restrictions, as well as other items such as 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.

## Report of the Fund Manager

### Regulation and 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, cash monitoring and checking the investment restrictions.

## Financial statements

### BALANCE SHEET

(As at 30 June)

	<i>Note</i>	<b>2015 EUR</b>
<b>Assets</b>		
<b>Investments</b>		
Investee funds		26,567,763
	3	<u>26,567,763</u>
<b>Current assets (fall due in less than 1 year)</b>		
Cash and cash equivalents	4	454,650
Prepaid investments	5	6,366,667
		<u>6,821,317</u>
<b>Total assets</b>		<u>33,389,080</u>
<b>Current liabilities (fall due in less than 1 year)</b>		
Subscriptions received in advance		(6,829,160)
Accrued expenses and other payables	6	(32,145)
		<u>(6,861,305)</u>
<b>Total liabilities</b>		<u>(6,861,305)</u>
<b>Total assets minus total liabilities</b>		<u>26,527,775</u>
<b>Equity</b>		
Contribution of participants	7	24,650,416
Unappropriated profit		1,877,359
<b>Total shareholders' equity</b>		<u>26,527,775</u>

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

## Financial statements

### INCOME STATEMENT

(For the period from 1 April 2014 (date of commencement of operations) to 30 June 2015)

	<i>Note</i>	<b>2015 EUR</b>
<b>Investment income</b>		
<i>Indirect investment result</i>		
Unrealised gains on investee funds	3, 8	2,136,110
		<u><b>2,136,110</b></u>
<b>Total investment income</b>		<u><b>2,136,110</b></u>
<b>Expenses</b>		
Management fee		(104,664)
Incorporation costs		(76,687)
Administration fee		(24,964)
Legal owner fee		(20,862)
Depositary fee		(12,599)
Audit fee		(10,890)
Bank charges		(4,365)
Other general expenses		(3,720)
<b>Total expenses</b>	9	<u><b>(258,751)</b></u>
<b>Net profit</b>		<u><u><b>1,877,359</b></u></u>

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

## Financial statements

### STATEMENT OF CASH FLOWS

(For the period from 1 April 2014 (date of commencement of operations) to 30 June 2015)

	<i>Note</i>	<b>2015 EUR</b>
<b>Cash flows from operating activities</b>		
Net payments from investments		(30,798,320)
Management fee paid		(95,134)
Depositary fee paid		(12,599)
Administration fee paid		(16,164)
Legal owner fee paid		(20,862)
Incorporation costs paid		(76,687)
Bank charges paid		(2,440)
Other general expenses paid		(2,720)
<b>Net cash flows used in operating activities</b>		<b><u>(31,024,926)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from sales of participations		31,910,389
Payments on redemptions of participations		(430,813)
<b>Net cash flows generated from financing activities</b>		<b><u>31,479,576</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>454,650</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	<i>4</i>	<b><u>454,650</u></b>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank		454,650
<b>Total cash and cash equivalents</b>	<i>4</i>	<b><u>454,650</u></b>

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

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## Notes to the financial statements

### 1. GENERAL INFORMATION

Windmill Trend Evolution Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account Dutch tax purposes (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and the participants. The Fund commenced operations on 1 April 2014.

The investment objective of the Fund is to achieve medium-term capital gains for the participants. To achieve this objective, the Fund primarily invests in Class A1 Evolution EUR shares (the “AHL shares”) issued from the Class A Segregated Portfolio of AHL (Cayman) SPC (the “AHL Fund”). The Fund may acquire interests in other investment funds mainly focused on innovative systematic strategies that invest outside the mainstream markets.

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 period ended 30 June 2015.

The Fund Manager is subject to supervision by the AFM (Stichting Autoriteit Financiële Markten) and DNB (Central Bank of the Netherlands). On 22 July 2014, the AFM licence of the Fund Manager was automatically converted into an Alternative Investment Fund Managers Directive (“AIFMD”) licence by the AFM.

The financial statements have been authorised for issue by the Fund Manager on 18 December 2015.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

The financial statements of the Fund have been prepared in accordance with accounting 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.

These financial statements are prepared for the period from date of commencement of operations on 1 April 2014 to 30 June 2015.

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.

#### 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.

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## Notes to the financial statements

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

#### **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, if any, are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than 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 investment in investee funds 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 'unrealised gains on investee funds'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 30 June 2015, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("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. As at 30 June 2015, no such adjustments were made.

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.

#### *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 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.

## Notes to the financial statements

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

#### 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 in investee funds are accounted for in the income statement.

Dividends from investee funds are included at the date when they are declared.

Expenses are accounted for in the income statement on the accrual basis.

#### Tax position

The Fund qualifies as a transparent or "closed" fund for joint-account for Dutch tax purposes. The Fund does not qualify as a taxable entity. Distributions made by the Fund are not subject to Dutch dividend withholding tax.

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

(All amounts in EUR)

2015

##### Investment in investee funds

As at 1 April 2014	-
Purchases	24,431,653
Unrealised results	2,136,110
<b>As at 30 June 2015</b>	<b><u>26,567,763</u></b>

#### 4. Cash and cash equivalents

As at 30 June 2015, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 454,650. As at 30 June 2015, no restrictions in the use of this balance exist.

## Notes to the financial statements

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

#### 5. Prepaid investments

As at 30 June 2015, prepaid investments amount to EUR 6,366,667.

During 2014, the Fund subscribed for shares of investment funds which were to be settled on the first business day after the reporting date. Subscribers in investment funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the funds. All prepaid investments were converted into the following investments subsequent to the reporting date.

<i>(All amounts in EUR)</i>	<b>2015</b>
AHL (Cayman) SPC	5,861,667
MAN AHL Volatility Alternative	168,500
Man AHL Directional Equities Alternative	336,500
<b>Total prepaid investments</b>	<b><u>6,366,667</u></b>

#### 6. Accrued expenses and other payables

As at 30 June, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	<b>2015</b>
Audit fee payable	(10,890)
Management fee payable	(9,530)
Administration fee payable	(8,800)
Other payables	(2,175)
License fee payable	(750)
<b>Total accrued expenses and other payables</b>	<b><u>(32,145)</u></b>

#### 7. Share capital

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

Windmill Trend Evolution Fund is structured as a contractual fund with an open-ended structure and is subject to Dutch law.

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

<i>(All amounts in EUR)</i>	<b>2015</b>
<i>Contributions of participants</i>	
Balance at the beginning of the period	-
Issue of participations	25,081,229
Redemption of participations	(430,813)
<b>Total contributions at the end of the period</b>	<b><u>24,650,416</u></b>
<i>Unappropriated profit</i>	
Balance at the beginning of the period	-
Net profit	1,877,359
<b>Total undistributed profit at the end of the period</b>	<b><u>1,877,359</u></b>
<b>Equity at the end of the period</b>	<b><u>26,527,775</u></b>

## Notes to the financial statements

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

#### 7. 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 subscription price is equal to the NAV per participation as at the valuation date immediately preceding the applicable subscription date. The minimum initial subscription for each participant is EUR 10,000. The minimum subscription amount may be waived by the Fund Manager in its sole discretion.

The Fund Manager will redeem participations at the request of a participant on a monthly redemption day. The redemption price of a participation is equal to the NAV per participation as at the valuation date immediately preceding the redemption date on which the relevant participant is redeemed. Applications for redemptions must be received at least ten business days before the relevant redemption date. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants.

The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

The movement of participations during the period ended 30 June 2015 is as follows:

	<b>Participations at the beginning of the period</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the period</b>
Participations	-	231,695.0059	(3,660.0598)	228,034.9461
<b>Total</b>	<b>-</b>	<b>231,695.0059</b>	<b>(3,660.0598)</b>	<b>228,034.9461</b>

##### *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

#### 8. Investment return

<i>(All amounts in EUR)</i>	<b>Profit</b>	<b>2015 Loss</b>	<b>Total</b>
<b>Investee funds</b>			
Unrealised results	2,136,110	-	2,136,110
<b>Total result</b>	<b>2,136,110</b>	<b>-</b>	<b>2,136,110</b>

## Notes to the financial statements

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

#### 9. Costs

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

<i>(All amounts in EUR)</i>	<b>2015</b>
<b>Expenses accruing to Fund Manager</b>	
Management fee	(104,664)
<b>Other expenses</b>	
Incorporation costs	(76,687)
Administration fee	(24,964)
Legal fee	(20,862)
Depositary fee	(12,599)
Audit fee	(10,890)
Other general expenses	(3,720)
Bank charges	(2,431)
Commission fees	(1,934)
<b>Total expenses</b>	<b><u>(258,751)</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, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus.

#### Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding costs of transactions on financial instruments and interest costs) to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e. monthly.

For the period ended 30 June 2015, the ongoing charges ratio for the Fund is as follows:

	<b>2015</b>
Ongoing charges ratio	1.33%
Ongoing charges ratio including expenses of underlying funds	2.04%

#### Turnover factor

For the period ended 30 June 2015, the turnover factor for the Fund is 123.77%. The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

## 10. 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 a management fee of 0.43% of the NAV of the Fund (before deduction of Management fee), as at the last calendar day of each month. The management fee is subject to a minimum of EUR 50,000 per annum and is payable monthly in arrears.

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

## Notes to the financial statements

### 10. RELEVANT CONTRACTS (CONTINUED)

#### Administrator

The Fund has entered into an administration agreement with TMF Custom House Global Fund Services. The Administrator charges a fee based on 0.08% of the NAV of the Fund up to EUR 30 million, 0.06% of the NAV between EUR 30 million and EUR 50 million, 0.04% between EUR 50 million and EUR 100 million and 0.02% on the NAV above EUR 100 million, to be calculated monthly and paid quarterly in arrears and with a minimum annual fee of EUR 15,000 per annum. The Administrator will charge an additional fee of EUR 3,500 for the preparation of the annual report.

In addition, effective 1 February 2015, certain trading duties were transferred from TMF Bewaar B.V. to the Administrator. The Administrator charges a fee of EUR 250 per initial trade, EUR 175 per subsequent trade and EUR 75 per tax document required for an underlying investment.

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

#### Depositary

Darwin Depositary Services B.V. is entitled to an annual fee of EUR 12,500 in remuneration of its service to the Fund. The fee is payable quarterly in advance. The Depositary charges a fee of EUR 3,000 for the on-boarding process, payable in advance.

#### Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 10,980 audit fee for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

### 11. 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	(95,134)	(9,530)

## Notes to the financial statements

### 12. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to achieve medium-term capital gains for the participants.

The Fund attempts to accomplish its objective by primarily investing in AHL shares issued from the AHL Fund and may acquire interests in other investee funds established worldwide mainly focused on similar innovative systematic strategies that invest outside the mainstream markets.

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.

The investee funds, to which the fund subscribes, may also indirectly expose the Fund to the financial risks as detailed above and because of this indirect exposure the financial risks discussed herein may not fully indicate the total exposure of the Fund.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will 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 interest rate risk, currency risk and market price risk. The Fund's exposure to market risk relates to the Fund's investment in investee funds.

#### *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 bank which is 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.

As at 30 June 2015, 100% of the assets and liabilities of the Fund are denominated in the functional currency and therefore the Fund is not exposed to currency risk at the reporting date.

#### **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 investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 454,650.

#### **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 participations and it is therefore exposed to the liquidity risk of meeting participants redemptions. To manage this liquidity risk the Fund has a ten day notice period for the participants. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants. The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

## Notes to the financial statements

### 12. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

#### Liquidity risk (continued)

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.

As at 30 June 2015, the Fund invests in the AHL Fund. The Fund may redeem their investment in the AHL Fund on a monthly dealing day, provided 5 business days notice is given before the relevant dealing day. Payments are ordinarily made by the AHL Fund within 10 business days of the valuation day. Please see note 15 for further information regarding the AHL Fund.

### 13. SHAREHOLDERS' EQUITY AS ISSUED

The following schedule shows the reconciliation between the shareholders' equity in accordance with the Prospectus and the shareholders' 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 should be expensed immediately.

	<b>2015</b>
	<b>EUR</b>
<b>Shareholders' equity attributable to holders of participations in accordance with the Prospectus</b>	26,585,542
<b>Adjustments</b>	
Unamortised incorporation costs	(57,767)
<b>Adjusted shareholders' equity attributable to holders of participations in accordance with Dutch GAAP</b>	<u><b>26,527,775</b></u>
Number of participations	228,034.9461
Participation per share in accordance with the Prospectus	116.58
Participation per share in accordance with Dutch GAAP	116.33

### 14. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	<b>2015</b>	<b>% of</b>
	<b>EUR</b>	<b>NAV</b>
<b>Strategy</b>		
CTA Systematic	<u>26,567,763</u>	<u>100.2</u>
<b>Total</b>	<u><b>26,567,763</b></u>	<u><b>100.2</b></u>

## Notes to the financial statements

### 15. INDIRECT INVESTMENTS

The information regarding the Fund's indirect investments is as follows:

#### AHL (Cayman) SPC – Class A Evolution Segregated Portfolio

##### General information:

AHL (Cayman) SPC – Class A Evolution Segregated Portfolio (the “Company”) was incorporated as a segregated portfolio company with limited liability in the Cayman Islands. The Company operates as an open-ended mutual fund and is regulated under the Mutual Funds Law (as amended) of the Cayman Islands.

The Company currently has four share classes in issue, namely Class A1 USD, Class A1 AUD, Class A1 EUR and Class Z USD.

The financial statements of AHL (Cayman) SPC – Class A Evolution Segregated Portfolio have been issued an unqualified opinion for the year ended 30 June 2015 by Ernst & Young Ltd and are available at the office of the Fund Manager.

##### Further information:

##### (i) Details of the Fund's investment in the Company

As at 30 June 2015, the Fund holds 21,346,965 Class A1 EUR shares in the Company and the Fund's investment in the Company represents 84.01% of the NAV of the Fund.

##### (ii) Balance sheet of the Company as at 30 June 2015

	<b>2015</b>
	<b>USD</b>
<b>Assets</b>	
Cash at bank	791,835,736
Investments in managed fund at fair value	1,223,471,703
Net unrealised gain on forward currency contracts	12,001
Other assets and prepaid expenses	215,975
<b>Total assets</b>	<b><u>2,015,535,415</u></b>
<b>Liabilities</b>	
Equalisation payable	3,397,727
Net unrealised loss on forward currency contracts	1,247,822
Subscriptions received in advance	18,335,618
Accounts payable and accrued expenses	40,093,824
<b>Total liabilities</b>	<b><u>63,074,991</u></b>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b><u>1,952,460,424</u></b>
<b>Net Asset Value per share:</b>	
Class A1 USD (based on 1,164,369,646 shares in issue)	USD 1.4695
Class A1 AUD (based on 21,679,926 shares in issue)	AUD 1.4229
Class A1 EUR (based on 153,941,703 shares in issue)	EUR 1.2626
Class Z USD (based on 844,568 shares in issue)	USD 1.1614

## Notes to the financial statements

### 15. INDIRECT INVESTMENTS (CONTINUED)

#### (iii) Statement of operations of the Company for the year ended 30 June 2015

	<b>2015 USD</b>
<b>Investment income</b>	
Interest income	1,024,010
Other income	1,868,173
<b>Total investment income</b>	<u><b>2,892,183</b></u>
<b>Operating expenses</b>	
Interest expenses	19,514
Management fees	38,926,066
Performance fees	42,644,020
Services manager fees	1,917,497
Professional fees	204,301
Directors' fees	12,000
Other expenses	195,653
<b>Total operating expenses</b>	<u><b>83,919,051</b></u>
<b>Net investment loss</b>	<u><b>(81,026,868)</b></u>
<b>Realised and movement in unrealised gain on investments, derivatives and foreign currency</b>	
Realised gain on investments, derivatives and foreign currency	94,351,063
Movement in unrealised gain from investments, derivatives and foreign currency	118,629,477
<b>Net realised and movement in unrealised gain on investments, derivatives and foreign currency</b>	<u><b>212,980,540</b></u>
<b>Net increase in net assets resulting from operations</b>	<u><b>131,953,672</b></u>

#### (iv) Investment portfolio of the Company as at 30 June 2015

The investment portfolio of the Company comprises the following investments as at 30 June 2015 (expressed as a percentage of the total assets of the Company):

	<b>2015</b>
AHL Evolution Fund	62.66%
Forward currency contracts – long	0.00%
Forward currency contracts – short	(0.06)%
<b>Total</b>	<u><b>62.60%</b></u>

#### (v) Statement of changes in net assets of the Company for the year ended 30 June 2015

	<b>2015 USD</b>
Net assets at the beginning of the year	1,429,093,677
Increase in net assets resulting from operations	131,953,672
Increase in net assets resulting from capital transactions	377,029,661
Increase in net assets resulting from effects of equalisation	14,383,414
<b>Net assets at the end of the year</b>	<u><b>1,952,460,424</b></u>

## **Notes to the financial statements**

### **16. PROVISION OF INFORMATION**

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

### **17. DATE OF AUTHORISATION**

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 18 December 2015.

## Investment portfolio as at 30 June 2015

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	22,285,059	84.0
Man AHL Directional Equities Alternative	EUR	2,863,103	10.8
Man AHL Volatility Alternative	EUR	1,419,601	5.4
		<u>26,567,763</u>	<u>100.2</u>

## **Other information**

### **Provisions of the Prospectus 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.

### **Interests held by the Directors**

As at 30 June 2015, none of the Directors of the Fund Manager hold shares in the Fund.

### **Events after the balance sheet date**

Effective 22 July 2015, the annual depository fee increased from EUR 12,500 to EUR 15,000.

There were no further material events which occurred after the balance sheet date that could influence the transparency of these financial statements.

## Independent auditor's report

To: the Fund manager of Windmill Trend Evolution Fund

### Report on the financial statements

We have audited the accompanying financial statements with a period ending on 30 June 2015 of Windmill Trend Evolution Fund, Amsterdam, which comprise the balance sheet as at 30 June 2015, the income statement and the statement of cash flows for the period then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

#### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision and for the preparation of the Report of the Fund manager in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Windmill Trend Evolution Fund as at 30 June 2015 and of its result and its cash flows for the period then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision.

### Report on other legal and regulatory requirements

Pursuant to the legal requirements under section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Fund manager, to the extent we can assess, have been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required under section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Fund manager, to the extent we can assess, are consistent with the financial statements as required by section 2:391 sub 4 of the Dutch Civil code.

The Hague, 18 December 2015

Ernst & Young Accountants LLP

Signed by  
R.J. Bleijs