

Multi Strategy Alternatives Fund

The Netherlands

FINANCIAL STATEMENTS

**for the period from 15 January 2015 (date of commencement of operations)
to 31 December 2015**

Table of contents

	Page(s)
General information	1
Historical overview	2
Report of the Fund Manager	3-5
Financial statements	
Balance sheet	6
Income statement	7
Statement of cash flows	8
Notes to the financial statements	
General information	9
Significant accounting principles and policies	9-11
Principles for determining the result	11
Notes for individual balance sheet items	
Investments	12
Cash and cash equivalents	12
Prepaid investments	13
Subscriptions received in advance	13
Accrued expenses and other payables	13
Share capital	13-14
Notes for individual income statement items	
Interest income	14
Foreign currency translation	15
Investment return	15
Costs	15-16
Relevant contracts	16-17
Related party transactions	17
Financial investments and associated risks	17-19
Net asset value as issued	20
Investment portfolio as at 31 December 2015	21
Other information	
Provisions of the Prospectus on distribution policy	22
Provision of information	22
Events after the balance sheet date	22
Date of authorisation	22
Independent Auditor's report	23

General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26th Floor 1082 MS Amsterdam The Netherlands
Investment Advisor	Box Fund Advisory B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Legal Owner	Stichting Juridisch Eigendom Multi Strategy Alternatives Fund Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Legal Advisor	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

Historical overview

Key figures

	2015 ¹
<i>(All amounts in USD)</i>	
Equity at the beginning of the period	-
Issue of participations	123,654,549
Direct investment result	1,680
Indirect investment result	618,990
	<u>124,275,219</u>
Redemption of participations	(4,116,825)
Expenses	(432,376)
Equity at the end of the period	<u>119,726,018</u>
Investments	107,313,013
Cash and cash equivalents	2,642,344
Other assets and liabilities	9,770,661
Equity at the end of the period	<u>119,726,018</u>
Net profit	
Investment income	1,680
Indirect investment result	618,990
Expenses	(432,376)
Net profit	<u>188,294</u>
Number of participations	1,190,071.8548
NAV per participation ²	100.60

¹ The Fund commenced operations on 15 January 2015.

² The NAV per participation is calculated in accordance with Dutch GAAP. Refer to note 16 of these financial statements for the reconciliation between the NAV calculated in accordance with the Prospectus and the NAV calculated in accordance with Dutch GAAP.

Report of the Fund Manager

Review 2015

The Multi Strategy Alternatives Fund (MSAF) returned +0.63% in 2015. The benchmark, the HFRI FoF Conservative Index, returned +0.58% in 2015.

Two major themes at the end of 2014 were TINA and parity. TINA is an acronym for 'There Is No Alternative' to equity investments. Parity is a 1-to-1 ratio of the US dollar compared with the euro.

The idea was that with Tina only shares would show positive returns. Bonds with a triple AAA rating, with a remaining maturity of less than eight years, had a negative yield to maturity. At year-end 2015, we can conclude that TINA worked for European and Japanese equities. These regions generated higher returns than bonds. However, this has not been the case for US equities (in local currency) and for equities of emerging markets.

Another important theme in 2015 was that we assumed the euro would continue in 2015 to give up value compared to the dollar and, in the end, reach parity. The Fed would make a start with interest rate increases while the ECB would ease further by purchasing government bonds. The dollar ended 2015 with approximately 9% appreciation against the euro. However, parity has not been achieved. 2015 has been a year in which investors were torn between hope and fear. In the first three months share prices increased rapidly only to be followed by disappointing results later on. Highs and lows in stock markets quickly followed each other during the rest of the year. The main cause of this high volatility is in our opinion the extremely low interest rates on high grade bonds. This combined with the Greek drama, the Chinese economic situation, the statements of central bankers and the sharp fall in oil prices were the main reasons for this volatility. 2015 was also a year containing a particularly high number of exogenous shocks. Examples are the systematic disintegration of countries in the Middle East, a period of sustained low oil prices and the global adjustment to China's transformation from a manufacturing society to an economy that is increasingly driven by consumption.

In 2015 we have been adding to more Single Strategy managers with lower exposure to (equity) markets. This shift was additive to performance in 2015 and reduced risk. In 2016 we foresee a larger allocation to Multi Strategy managers with a more favourable liquidity and cost structure.

Outlook 2016

So, how do we see return and risk in 2016? While most central banks continue to perpetuate easy monetary policy, subpar global growth may limit the performance of traditional markets in 2016. Further, we believe the increases in volatility and gaps in liquidity, which occurred in the second half of 2015, could persist in 2016, limiting certain hedge fund strategies and improving the outlook for others. As always, in equity-related strategies, we prefer low to mid net exposure and regions outside of the U.S. In credit, we prefer strategies that can take advantage of banking system dislocations, but recognize that the opportunity set is modestly improving for other strategies. Finally, we feel convenient about Event Driven. This seems a relatively high return, low duration opportunity. It also shows a low correlation with other asset classes.

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 2015 has been EUR 917,045. In total 16 employees were involved during (some part of) the year, including part-time and full time employees. A variable payment of EUR 10,000 (2014: EUR Nil) was paid to staff members in senior management roles. These payments are dependent on the profitability of the company. No variable payment was paid to staff outside senior management roles in 2015, which depended 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.

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

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2016 NAV if risk materializes	Impact on 2015 NAV	Adjustments to risk management in 2015 or 2016
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge funds). These funds are managed by external Fund Management companies. A rigid due diligence process is in place when investment funds are selected.	Much will depend on the actual positioning of the underlying investment funds. However, we expect that the selected investments funds will perform better than general equity markets over the long term.	The Fund outperformed its benchmark.	No
Interest rate risk	No	The Fund has no interest bearing financial instruments except for cash at bank. Therefore, the Fund is not exposed to significant interest rate risk.	None	None	No
Foreign Exchange risk	Yes	Direct FX risk is hedged within the fund.	None	None	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	We would not expect a negative NAV impact if this risk would materialize.	None	No

Report of the Fund Manager

Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating and we would reconsider the position if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No

Financial statements

BALANCE SHEET

(As at 31 December)

	<i>Note</i>	2015 USD <i>[Note 2]</i>
Assets		
Investments		
Investee funds		107,319,565
Derivative financial instruments		129,664
	3	107,449,229
Current assets (fall due in less than 1 year)		
Cash and cash equivalents	4	2,643,158
Interest receivable		1,680
Prepaid investments	5	10,856,000
		13,500,838
Total assets		120,950,067
Investment liabilities		
Derivative financial liabilities		(136,216)
	3	(136,216)
Current liabilities (fall due in less than 1 year)		
Due to broker	4	(814)
Subscriptions received in advance	6	(1,000,000)
Accrued expenses and other payables	7	(87,019)
		(1,087,833)
Total liabilities		(1,224,049)
Total assets minus total liabilities		119,726,018
Equity		
Contribution of participants		119,537,724
Unappropriated gain		188,294
Total shareholders' equity	8	119,726,018

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

Financial statements

INCOME STATEMENT

(For the period from 15 January 2015 (date of commencement of operations) to 31 December 2015)

	<i>Note</i>	2015 USD <i>[Note 2]</i>
Investment result		
<i>Direct investment result</i>		
Interest income	9	1,680
		<u>1,680</u>
<i>Indirect investment result</i>		
Realised losses on investee funds	3, 11	(615,947)
Realised gains on derivative financial instruments	3, 11	624,050
Unrealised gains on investee funds	3, 11	407,246
Unrealised losses on derivative financial instruments	3, 11	(6,552)
Foreign currency translation	10	210,193
		<u>618,990</u>
Total investment income		<u>620,670</u>
Expenses		
Interest expense		(137,238)
Management fee	13, 14	(87,272)
Incorporation costs		(48,616)
Administration fee	13	(42,776)
Custody fee	13	(38,107)
Other operational costs		(23,262)
Depository fee	13	(19,165)
Legal ownership fee		(14,669)
Audit fee	13	(10,668)
Bank charges		(10,603)
Total expenses	12	<u>(432,376)</u>
Net profit		<u>188,294</u>

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

Financial statements

STATEMENT OF CASH FLOWS

(For the period from 15 January 2015 (date of commencement of operations) to 31 December 2015)

	<i>Note</i>	2015 USD
		<i>[Note 2]</i>
Cash flows from operating activities		
Purchase of investments		(138,513,280)
Proceeds from sale of investments		20,129,014
Net receipts from derivative financial assets and liabilities		624,050
Interest received		(134,821)
Management fee paid		(78,289)
Custody fee paid		(25,481)
Depository fee paid		(19,165)
Bank charges paid		(9,763)
Incorporation costs paid		(48,616)
Other general expenses paid		(29,222)
Net cash flows used in operating activities		<u>(118,105,573)</u>
Cash flows from financing activities		
Proceeds from sales of participations		124,654,549
Payments on redemptions of participations		(4,116,825)
Net cash flows provided by financing activities		<u>120,537,724</u>
Net increase in cash and cash equivalents		2,432,151
Cash and cash equivalents at the beginning of the period		-
Foreign currency translation of cash positions		210,193
Cash and cash equivalents at the end of the period	4	<u><u>2,642,344</u></u>
Analysis of cash and cash equivalents		
Cash at bank		2,643,158
Due to broker		(814)
Total cash and cash equivalents		<u><u>2,642,344</u></u>

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

Notes to the financial statements

1. GENERAL INFORMATION

Multi Strategy Alternatives Fund (the “Fund”) is an open-ended investment fund (*beleggingsfonds*) for joint account (*besloten fonds voor gemene rekening*) organised and established on 30 July 2014 under the laws of the Netherlands. The Fund is not a legal entity (*rechtspersoon*), but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each of the participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Participants. The Fund commenced operations on 15 January 2015.

The Fund may issue Class A participations and Class B participations. As at 31 December 2015, only the Class A participations are in issue.

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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

The Fund had no employees during the period ended 31 December 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 29 June 2016.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with the 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 United States Dollar (“USD”), 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 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

Assets and liabilities denominated in currencies other than the USD are converted to USD 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 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.

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 (losses)/gains on investment in investee funds and derivative financial instruments' or 'unrealised gains/(losses) on investment in investee funds and derivative financial instruments'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2015, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available 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 investee 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 investee funds. As at 31 December 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 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.

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 period 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.

Shareholders' equity

All references to NAV throughout the financial statements are equivalent to shareholders' equity.

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 investments in investee funds are accounted for in the income statement. The Fund uses forward currency contracts to limit the exchange rate risk. Forward currency contracts are accounted for as currency transactions. The change in value of forward currency contracts are also accounted for in the income statement.

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

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

These are the first financial statements of the Fund which reflect the period from commencement of operations on 15 January 2015 to 31 December 2015 and therefore no comparative figures are included in these financial statements.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments

Movement in schedule of investments

(All amounts in USD)

2015

Investment in investee funds

As at 15 January	-
Purchases	127,657,280
Sales	(20,129,014)
Realised	(615,947)
Unrealised	407,246
As at 31 December	<u>107,319,565</u>

Derivative financial instruments

As at 15 January	-
Purchases	(624,050)
Realised	624,050
Unrealised	(6,552)
As at 31 December	<u>(6,552)</u>

Total investments

As at 15 January	-
Purchases	127,033,230
Sales	(20,129,014)
Realised	8,103
Unrealised	400,694
As at 31 December	<u>107,313,013</u>

The table below provides an analysis of the forward currency contracts at 31 December 2015:

(All amounts in USD)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Valuation rate*	Unrealised USD
29/01/2016	USD	27,937,613	EUR	25,600,000	1.09131	1.08625	129,664
05/01/2016	EUR	3,050,000	USD	3,327,211	1.09089	1.08560	(16,131)
05/01/2016	EUR	5,250,000	USD	5,727,286	1.09091	1.08560	(27,886)
05/01/2016	EUR	2,000,000	USD	2,181,840	1.09092	1.08560	(10,639)
05/01/2016	EUR	1,500,000	USD	1,636,310	1.09087	1.08560	(7,910)
05/01/2016	EUR	5,500,000	USD	5,999,570	1.09083	1.08560	(28,770)
05/01/2016	EUR	3,000,000	USD	3,272,470	1.09082	1.08560	(15,670)
05/01/2016	EUR	5,500,000	USD	6,000,010	1.09091	1.08560	(29,210)
Total unrealised loss on open forward currency contracts							<u>(6,552)</u>

* Showing the equivalent of 1 Euro.

4. Cash and cash equivalents

As at 31 December 2015, cash and cash equivalents comprise of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 2,643,158. As at 31 December 2015, no restrictions in the use of these balances exist.

As at 31 December 2015, balances due to ABN AMRO Clearing Bank N.V. amount to USD 814.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

5. Prepaid investments

During the period ended 31 December 2015, the Fund subscribed for shares of investee funds which were to be settled on the first business day after the reporting date. Subscribers in investee 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 have been converted into the following investments subsequent to the reporting date.

(All amounts in USD)

	2015
Saemor Europe Alpha Fund, Class A Euro	10,856,000
Total prepaid investments	<u>10,856,000</u>

6. Subscriptions received in advance

Subscriptions received in advance represent the amounts received from participants for subscription to participations of the Fund for the first business day of the next month. Participants are required to deposit the amounts with the Fund prior to the issuance of participations.

As at 31 December 2015, the subscriptions received in advance amount to USD 1,000,000. On 04 January 2016, the Fund issued 9,936.7419 participations to the subscribing participants.

7. Accrued expenses and other payables

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

(All amounts in USD)

	2015
Administration fee payable	(15,698)
Legal ownership fee payable	(14,669)
Custody fee payable	(12,626)
Regulator fee payable	(10,856)
Audit fee payable	(10,509)
FATCA fee payable	(9,988)
Management fee payable	(8,983)
Interest payable	(2,417)
Other payables	(1,273)
Total accrued expenses and other payables	<u>(87,019)</u>

8. Share capital

Structure of the Fund's capital

Multi Strategy Alternatives Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations and Class B participations. Both classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Investment Advisor shall be issued Class A participations against each such participants' individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 31 December 2015, the Class A participations are in issue.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Structure of the Fund's capital (continued)

The movement of equity in the participations during the period ended 31 December 2015 is as follows:

<i>(All amounts in USD)</i>	2015
<i>Contributions of participants</i>	
Balance at the beginning of the period	-
Issue of participations	123,654,549
Redemption of participations	<u>(4,116,825)</u>
Total contributions at the end of the period	<u>119,537,724</u>
<i>Unappropriated gain</i>	
Balance at the beginning of the period	-
Net gain	<u>188,294</u>
Total undistributed gain at the end of the period	<u>188,294</u>
Equity at the end of the period	<u><u>119,726,018</u></u>

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on the first business day of each calendar month ("subscription day") at the NAV per participation as at the valuation day immediately preceding the subscription day ("subscription price"). The minimum initial subscription for each participant is USD 100,000. Participations were issued at an initial subscription price of USD 100 per participation and thereafter at the NAV per participation.

The Fund will enable participants to redeem participations at the NAV per participation as at the valuation day immediately preceding the redemption day ("redemption price") on the first business day of each calendar month ("redemption day"). The Administrator must receive the redemption request in proper form at least 2 months before the relevant redemption day. The Fund Manager may decide, in its sole discretion to accept redemption notices which are not received in a timely manner.

The movement of the participations during the period ended 31 December 2015 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A	-	<u>1,230,797.8582</u>	<u>(40,726.0034)</u>	<u>1,190,071.8548</u>
Total	<u>-</u>	<u>1,230,797.8582</u>	<u>(40,726.0034)</u>	<u>1,190,071.8548</u>

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, the Fund does not intend to pay 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

9. Interest income

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

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than financial assets and liabilities. For the period ended 31 December 2015, this amounted to gains of USD 210,193. The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one United States Dollar is shown):

	2015	
	Average	Closing
<i>(Showing the equivalent of 1 United States Dollar)</i>		
Euro	0.9041	0.9211

11. Investment return

<i>(All amounts in USD)</i>	2015		2015
	Profit	Loss	Total
Investee funds			
Realised result	167,408	(783,355)	(615,947)
Unrealised result	2,457,802	(2,050,556)	407,246
	<u>2,625,210</u>	<u>(2,833,911)</u>	<u>(208,701)</u>
Derivative financial instruments			
Realised result	624,050	-	624,050
Unrealised result	-	(6,552)	(6,552)
	<u>624,050</u>	<u>(6,552)</u>	<u>617,498</u>
Total result	<u>3,249,260</u>	<u>(2,840,463)</u>	<u>408,797</u>

12. Costs

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

<i>(All amounts in USD)</i>	2015
Expenses accruing to Fund Manager	
Management fee	(87,272)
Other expenses	
Interest expense	(137,238)
Incorporation costs	(48,616)
Administration fee	(42,776)
Custody fee	(38,107)
Depositary fee	(19,165)
Legal ownership fee	(14,669)
Regulatory fee	(10,989)
Audit fee	(10,668)
Bank charges	(10,603)
FATCA fees	(10,139)
Other operational costs	(2,134)
Total	<u>(432,376)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

12. Costs (continued)

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 31 December 2015, 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 USD 137,238, regulatory fees of USD 10,989, bank charges of USD 10,603 and other operational costs of USD 2,134 which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding 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 31 December 2015, the ongoing charges ratio for the Fund is as follows:

Ongoing charges ratio*	2015
	0.30%

Turnover factor

For the period ended 31 December 2015, the turnover factor for the Fund is 20.32%. 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.

**Please note the ongoing charges ratio is not annualised.*

13. 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 0.09% of the NAV of Class A participations and 1.09% of the NAV of Class B participations as at the last day of each calendar month. The management fee is calculated monthly and payable monthly in arrears.

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

Administrator

The Fund has entered into an administration agreement with Custom House Fund Services (Netherlands) B.V. The Administrator charges an annual fee of 0.04% of the NAV, as of the last day of each month, subject to an annual minimum fee of EUR 20,000 (including VAT). The fee is calculated monthly and paid quarterly in arrears.

The Administrator also charges a fee of EUR 3,500 per annum for the preparation of the financial statements.

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

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.

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of USD 10,668 audit fee (including VAT) for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

Notes to the financial statements

13. RELEVANT CONTRACTS (CONTINUED)

Depositary

The Fund has entered into a depositary agreement with Darwin Depositary Services B.V. The Depositary charges an annual fee of EUR 15,000, (excluding VAT), payable quarterly in advance, for depositary services provided to the Fund. A once-off fee of EUR 3,000 for the on-boarding process was paid by the Fund on signing the depositary agreement. Details of depositary fees charged for the period are disclosed in the income statement.

14. 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 31 December 2015

	Paid	Balance
	USD	USD
Management fee	78,289	8,983

15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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 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, 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 31 December 2015, price risk arises on the Fund's investments in investee funds.

Notes to the financial statements

15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Market price risk (continued)

The Fund's diversification of financial assets at fair value through profit or loss represented per significant strategy as at 31 December 2015 is as follows:

Strategy	2015 USD	% of NAV
Long/Short Equity	47,231,719	39.5
Multi Strategy	44,348,408	37.0
Fixed Income	15,739,438	13.1
	107,319,565	89.6

The table below details the sensitivity of the Fund's investments to a reasonable possible increase of 5% at 31 December 2015:

Strategy	2015 Amount in USD	% of NAV
Long/Short Equity	2,361,586	2.0
Multi Strategy	2,217,420	1.9
Fixed Income	786,972	0.7

A 5% decrease of the Fund's investments in each strategy would have resulted in an equal but opposite effect, on the basis that all other variables remain constant.

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 and cash equivalents and amounts due 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 uses forward rate contracts to mitigate the foreign currency exchange risk. This hedging strategy is intended to substantially mitigate the currency risk but does not eliminate such risk.

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such the Fund has a settlement risk of USD 0.2 million and a credit risk exposure towards the counterparty at 31 December 2015 of USD 129,664.

Notes to the financial statements

15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

The currency exposure of the Fund at 31 December 2015 is as follows:

	Net position USD	2015 Notional amount forwards USD	Total currency exposure USD
Currency			
Euro	410,301	207,083	617,384

All forward contracts will mature within 1 month. The notional amounts represent the undiscounted cash flow at the maturity 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, derivative financial assets and interest receivable. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amount to USD 2,774,502.

All transactions of the Fund are cleared by ABN AMRO Clearing Bank N.V. representing a concentration risk. Bankruptcy or insolvency of ABN AMRO Clearing Bank N.V. may cause the Fund's rights with respect to the cash and/or its investments to be delayed or limited. The Fund regularly monitors its risk by monitoring the credit quality of ABN AMRO Clearing Bank N.V. as reported.

The current credit rating of ABN AMRO Bank N.V., the parent company of ABN AMRO Clearing Bank N.V., is 'A', as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

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. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of 2 months must be provided.

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.

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

Notes to the financial statements

16. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the NAV in accordance with the Prospectus and the NAV 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.

	2015
	USD
Net assets attributable to holders of participations in accordance with the Prospectus	119,764,794
Adjustments	
Unamortised incorporation costs	(38,776)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	<u>119,726,018</u>
Number of participations	
Class A participations	1,190,071.8548
NAV per participation in accordance with the Prospectus	
Class A participations	100.63
Adjusted NAV per participation in accordance with Dutch GAAP	
Class A participations	100.60

Investment portfolio as at 31 December 2015

Assets	Currency	Fair value USD	% of NAV
Investee funds			
Blackrock EOS Fund Ltd.	USD	14,897,144	12.4
Blackrock Multi Strategy Fund Ltd.	USD	19,410,385	16.2
GIM Portfolio Strategies Fund – Europe Dynamic Long-Short Fund Class A 10-2003	EUR	17,054,974	14.2
GIM Portfolio Strategies Fund – Europe Dynamic Long-Short Fund Class A 10-2015	USD	460,937	0.4
GIM Portfolio Strategies Fund – Technology Long-Short Fund Class A 09-2015	USD	10,964,100	9.2
GIM Portfolio Strategies Fund – Technology Long-Short Fund	USD	3,854,564	3.2
Morgan Stanley Investment Funds – Diversified Alpha Plus Fund	USD	10,056,188	8.4
Standard Life Investments Global SICAV – Global Absolute Return Strategies Fund	USD	14,881,835	12.4
The Obsidian (Offshore) Fund Ltd.	USD	15,739,438	13.2
		<u>107,319,565</u>	<u>89.6</u>

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager does not intend to distribute any income of the Fund to unitholders. The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund.

Provision of information

The 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.

Events after the balance sheet date

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

Date of authorisation

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 29 June 2016.

Other information

Independent Auditor's report

To: the Board of Directors of Privium Fund Management B.V. as investment manager of Multi Strategy Alternatives Fund

Report on the financial statements

We have audited the financial statements 2015 of Multi Strategy Alternatives Fund, Amsterdam, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of cash flows for the year then ended and 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 investment manager's report in accordance with Title 9 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 Dutch law, including the Dutch 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 with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Multi Strategy Alternatives Fund as at 31 December 2015, its result and its cash flows for the year 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 requirement 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 investment manager's report, to the extent we can assess, has been prepared in accordance with Title 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, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, 29 June 2016

Ernst & Young Accountants LLP

signed by R. Bleijjs