

Strategy One Fund

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2015

Table of contents

	Page(s)
General information	1
Historical multi-year overview	2-3
Report of the Fund Manager	4-5
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
Accrued expenses and other payables	13
Payables for investments purchased	13
Share capital	13-15
Notes for individual income statement items	
Interest income	15
Dividend income	15
Foreign currency translation	15
Investment return	16
Costs	16-17
Relevant contracts	17-18
Related party transactions	18-19
Financial investments and associated risks	19-20
Soft dollar arrangements	21
Net asset value as issued	21-22
Schedule of investments by investment strategy	23
Investment portfolio as at 31 December 2015	24
Investment portfolio as at 31 December 2014	25
Other information	
Provisions of the Prospectus on distribution policy	26
Provision of information	26
Events after the balance sheet date	26
Date of authorisation	26
Independent Auditor's report	27

General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Administrator	Custom House Global Fund Services Limited Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor	PricewaterhouseCoopers Accountants N.V. Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custodian	<i>(Effective from 28 May 2015)</i> ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands <i>(Until 28 May 2015)</i> Kas Bank N.V. Nieuwezijds Voorburgwal 225 1012 RL Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Bewaarder Strategy One Fund Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands

Historical multi-year overview

Key figures

	2015	2014	2013 ¹
<i>(All amounts in EUR)</i>			
Equity at the beginning of the year	11,200,135	7,600,196	-
Issue of participations	5,718,287	6,574,674	7,042,223
Direct investment result	129,892	124,504	75,112
Indirect investment result	911,815	846,668	673,785
	<u>17,960,129</u>	<u>15,146,042</u>	<u>7,791,120</u>
Redemption of participations	(1,765,079)	(3,679,789)	-
Expenses	(326,809)	(266,118)	(190,924)
Equity at the end of the year	<u>15,868,241</u>	<u>11,200,135</u>	<u>7,600,196</u>
Investments	15,401,329	11,272,829	6,594,640
Cash and cash equivalents	827,420	20,767	2,141,851
Other assets and liabilities	(360,508)	(93,461)	(1,136,295)
Equity at the end of the year	<u>15,868,241</u>	<u>11,200,135</u>	<u>7,600,196</u>
Net profit			
Investment income	129,892	124,504	75,112
Indirect investment result	911,815	846,668	673,785
Expenses	(326,809)	(266,118)	(190,924)
Net profit	<u>714,898</u>	<u>705,054</u>	<u>557,973</u>
Number of participations			
Series A Initial	6,592.928	6,048.065	3,174.684
Series A July 2013	-	-	100.000
Series A October 2013	-	-	750.000
Series A November 2013	-	-	1,000.000
Series A April 2014	-	500.000	-
Series A October 2014	-	75.000	-
Series A December 2014	-	150.000	-
Series A January 2015	1,500.000	-	-
Series A April 2015	1,000.000	-	-
Series A May 2015	1,000.000	-	-
Series A July 2015	25.000	-	-
Series B Initial	2,753.631	1,991.858	1,500.000
Series B July 2013	-	-	500.000
Series B February 2014	-	500.000	-
Series B March 2014	-	330.000	-
Series B February 2015	50.000	-	-
Series B November 2015	500.000	-	-

¹ The Fund commenced operations on 1 May 2012.

Historical multi-year overview

NAV per participation

Series A Initial	1,277.92	1,203.39	1,125.87
Series A July 2013	-	-	1,057.53
Series A October 2013	-	-	1,024.60
Series A November 2013	-	-	1,010.37
Series A April 2014	-	1,079.06	-
Series A October 2014	-	1,043.24	-
Series A December 2014	-	1,006.28	-
Series A January 2015	1,059.74	-	-
Series A April 2015	989.51	-	-
Series A May 2015	959.08	-	-
Series A July 2015	960.44	-	-
Series B Initial	1,213.58	1,145.12	1,075.04
Series B July 2013	-	-	1,057.54
Series B February 2014	-	1,044.96	-
Series B March 2014	-	1,060.14	-
Series B February 2015	984.19	-	-
Series B November 2015	979.60	-	-

Report of the Fund Manager

Review 2015

The Strategy One Fund returned +6% in 2015.

2015 turned out to be a lost year for investors. Commodity markets tanked, global equity markets were only bailed out by strengthening Dollar and bond markets showed volatility normally seen in equity markets. As we have been indicating for most of the year we had been anticipating this volatility and have consistently been adding the weighting of Hedge Funds in the portfolio to try and reduce the volatility. We actively allocated most of our resources to Long Short Equity funds with great success. Alken returned 17%, Adelphi 14% and Egerton, the largest single position in the fund over 9%. More impressively however, two of the three European long only funds returned over 19%, Adelphi returning a whopping 23%. We shied away from investing in commodities for most of the year, tried it once in August, quickly realising our mistake and selling within weeks of our purchase. We had also stayed clear of the bond market for a considerable time. Especially high yield looked extremely vulnerable to a correction. After the news that one of the mayor “players” in the market suspended redemptions, we started to get interested and have so far bought three of these, one of those is yielding over 10%. We have also had our problems, but there have been few. One we have discussed at great length, Odey. Mr Odey is Europe’s equivalent of “Dr Doom”, Marc Faber. At the outset of last year, Mr Odey was predicting that commodities would tank, China would be in serious trouble and that the strength of the Dollar would seriously hurt Emerging Markets. The only positive he saw was the Japanese equity markets. Despite having made the perfect call on all four of those, the fund still managed to lose close to 20% by the end of the year. We have however stuck with him as Mr Odey has an impeccable reputation and at the time of writing the fund is up about 10%.

We are very pleased, having returned 6% for investors in 2015. It has not been without its challenges. However, our confidence in the managers (who have most of their wealth invested in their own funds) that we in most cases have known personally for close to two decades, has helped us tremendously. Our portfolio is very well positioned to cushion a large part of the volatility and with it the extreme price falls we have seen over the past 12 months. On the other hand the portfolio also benefited to a large extent from positive momentum.

Outlook 2016

We expect 2016 to be a volatile year, a possible Brexit and uncertainty surrounding the UK elections could increase volatility dramatically. In that case we will not shy from selling down our “long only” exposure dramatically. We would prefer cash as a “stabiliser” as the low yield on Government bonds could actually accentuate volatility.

The size of the Fund as of 31 December 2015 (EUR 15.9 million) has increased nicely compared with 31 December 2014 (EUR 11.2 million). We have no reasons to believe that the size of the Fund will dramatically change due to redemptions.

We like to thank you for your continuing support.

Disclaimer

An investment in the Fund carries a high degree of risk. There can be no assurance that the Fund will achieve its Fund Objective or that Investee Funds’ investment policy or activities will be successful. The value of the Fund’s investments and the Participations may fall as well as rise and returns on past investments are no guarantee as to the returns on future investments. Accordingly, Participants may lose all or part of their investment in the Fund. An investment in the Fund requires the financial ability and willingness to accept for an indefinite period of time the risk and lack of liquidity inherent in the Fund. Due to the Investment Strategy, the value of Fund Assets can strongly fluctuate. The aim is to spread investment risk by diversification over a wide range of asset classes, regions, markets and investment styles. Further diversification comes from the fact that the active exposures in the portfolio will be driven by a diversified set of drivers.

Report of the Fund Manager

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. These payments are dependent on the profitability of the company. 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.

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.

Financial statements

BALANCE SHEET

(As at 31 December)

	<i>Note</i>	2015 EUR	2014 EUR
Assets			
Investments			
Equities		1,731,716	1,769,190
Investee funds		13,247,084	9,503,639
Debt instruments		422,529	-
	3	15,401,329	11,272,829
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	827,420	20,767
Interest receivable		5,579	-
Dividend receivable		-	1,654
		832,999	22,421
Total assets		16,234,328	11,295,250
Current liabilities (fall due in less than 1 year)			
Payable for investments purchased	6	(276,416)	-
Accrued expenses and other payables	5	(89,671)	(95,115)
		(366,087)	(95,115)
Total liabilities		(366,087)	(95,115)
Total assets minus total liabilities		15,868,241	11,200,135
Equity			
Contribution of participants		13,890,316	9,937,108
Unappropriated gain		1,977,925	1,263,027
Total shareholders' equity	7, 17	15,868,241	11,200,135

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

Financial statements

INCOME STATEMENT

(For the year ended 31 December)

	<i>Note</i>	2015 EUR	2014 EUR
Investment result			
<i>Direct investment result</i>			
Interest income	8	8,166	22,414
Dividend income	9	120,110	98,704
Other income		1,616	3,386
		<u>129,892</u>	<u>124,504</u>
<i>Indirect investment result</i>			
Realised gains on equities	3	206,863	4,142
Realised gains on investee funds	3	95,627	9,074
Realised gains/(losses) on debt instruments	3	17,364	(3,115)
Unrealised (losses)/gains on equities	3	(164,507)	229,234
Unrealised gains on investee funds	3	755,023	593,795
Unrealised gains on debt instruments	3	2,972	14,013
Foreign currency translation	10	(1,527)	(475)
		<u>911,815</u>	<u>846,668</u>
Total investment income		<u>1,041,707</u>	<u>971,172</u>
Expenses			
Management fee	13, 14	(149,080)	(109,823)
Incentive fee	13, 14	(40,154)	(36,877)
Administration fee	13	(28,339)	(22,506)
Audit fee	13	(25,169)	(22,321)
Legal ownership fee		(22,344)	(14,855)
Depositary fee	13	(18,150)	(8,106)
Custody fee		(14,148)	(6,663)
Other operational costs		(10,486)	(14,461)
Bank charges		(10,431)	(12,240)
Legal fee		(5,939)	-
Interest expense		(2,569)	(11)
Incorporation costs		-	(18,255)
Total expenses	12	<u>(326,809)</u>	<u>(266,118)</u>
Net profit		<u>714,898</u>	<u>705,054</u>

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

Financial statements

STATEMENT OF CASH FLOWS (For the year ended 31 December)

	Note	2015 EUR	2014 EUR
Cash flows from operating activities			
Purchases of investments		(9,859,854)	(7,225,756)
Proceeds from sale of investments		6,921,112	3,394,710
Interest received		2,587	36,118
Interest paid		(2,568)	(11)
Dividend received		121,764	97,050
Management fee paid		(154,463)	(97,549)
Incentive fee paid		(36,877)	(27,244)
Administration fee paid		(26,584)	(20,644)
Audit fee paid		(23,011)	(15,883)
Legal ownership fee paid		(28,283)	(14,855)
Depositary fee paid		(22,492)	(3,763)
Custody fee paid		(12,951)	(6,455)
Incorporation costs paid		(2,552)	(15,703)
Bank charges paid		(10,431)	(12,240)
Other income		1,616	3,385
Other general expenses paid		(12,041)	(6,654)
Net cash flows used in operating activities		<u>(3,145,028)</u>	<u>(3,915,494)</u>
Cash flows from financing activities			
Proceeds from sales of participations*		5,718,287	5,474,674
Payments on redemptions of participations**		(1,765,079)	(3,679,789)
Net cash flows provided by financing activities		<u>3,953,208</u>	<u>1,794,885</u>
Net increase/(decrease) in cash and cash equivalents		808,180	(2,120,609)
Cash and cash equivalents at the beginning of the year		20,767	2,141,851
Foreign currency translation of cash positions		(1,527)	(475)
Cash and cash equivalents at the end of the year	4	<u>827,420</u>	<u>20,767</u>
Analysis of cash and cash equivalents			
Cash at bank		-	19,335
Due from custodian		827,420	1,432
Total cash and cash equivalents		<u>827,420</u>	<u>20,767</u>

*Includes issues amounting to EUR 1,643,287 which relate to roll-ups into the Initial series as at 1 January 2015.

**Includes redemptions amounting to EUR 1,643,287 which relate to roll-ups into the Initial series as at 1 January 2015.

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

Notes to the financial statements

1. GENERAL INFORMATION

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

The Fund may issue Class A and Class B participations. Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations can be held by investors residing in the United Kingdom. As at 31 December 2015 and 31 December 2014, both the Class A participations and Class B participations are in issue.

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

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

The Fund had no employees during the years ended 31 December 2015 and 31 December 2014.

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

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

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

The financial statements have been authorised for issue by the Fund Manager on 30 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 Euro (“EUR”), which is the Fund’s functional currency.

Notes to the financial statements

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

Recognition and measurement

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

Expenses (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.

Estimates

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

Foreign exchange

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

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

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

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

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

The Fund’s investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 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 and 31 December 2014, 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.

Notes to the financial statements

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

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

Receivables and prepayments

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

Payables and accruals

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

Cash and cash equivalents

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

Statement of cash flows

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

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

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

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

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

Tax position

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

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2015	2014
Investment in equities		
As at 1 January	1,769,190	1,280,951
Purchases	1,805,909	961,087
Sales	(1,885,739)	(706,224)
Realised	206,863	4,142
Unrealised	(164,507)	229,234
As at 31 December	1,731,716	1,769,190
Investment in investee funds		
As at 1 January	9,503,639	4,868,881
Purchases	6,781,427	5,725,210
Sales	(3,888,632)	(1,693,321)
Realised	95,627	9,074
Unrealised	755,023	593,795
As at 31 December	13,247,084	9,503,639
Investment in debt instruments		
As at 1 January	-	444,808
Purchases	1,548,934	539,459
Sales	(1,146,741)	(995,165)
Realised	17,364	(3,115)
Unrealised	2,972	14,013
As at 31 December	422,529	-
Total investments		
As at 1 January	11,272,829	6,594,640
Purchases	10,136,270	7,225,756
Sales	(6,921,112)	(3,394,710)
Realised	319,854	10,101
Unrealised	593,488	837,042
As at 31 December	15,401,329	11,272,829

4. Cash and cash equivalents

As at 31 December 2014, cash and cash equivalents comprised of balances held with Kas Bank N.V. amounting to EUR 19,335. On 28 May 2015, Kas Bank N.V. ceased as custodian and ABN AMRO Clearing Bank N.V. was appointed as custodian of the Fund. As at 31 December 2014, no restrictions in the use of these balances existed.

As at 31 December 2015, cash and cash equivalents include amounts due from ABN AMRO Clearing Bank N.V. of EUR 827,420. As at 31 December 2014, cash and cash equivalents also included amounts due from Kas Bank N.V. of EUR 1,432.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

5. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	2015	2014
Incentive fee payable	(40,154)	(36,877)
Audit fee payable	(18,277)	(16,119)
Management fee payable	(13,268)	(18,651)
Administration fee payable	(10,022)	(8,267)
FATCA fee payable	(6,000)	(6,750)
Depository fee payable	(1,197)	(4,342)
Other payables	(753)	(1,557)
Incorporation costs payable	-	(2,552)
Total accrued expenses and other payables	<u>(89,671)</u>	<u>(95,115)</u>

6. Payable for investments purchased

As at 31 December 2015, payable for investments purchased amounts to EUR 276,416 (2014: EUR Nil).

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

7. Share capital

Structure of the Fund's capital

Strategy One Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 31 December 2015 and 31 December 2014, both the Class A participations and Class B participations are in issue.

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

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

<i>(All amounts in EUR)</i>	2015	2014
<i>Contributions of participants</i>		
Balance at the beginning of the year	9,937,108	7,042,223
Issue of participations	5,718,287	6,574,674
Redemption of participations	(1,765,079)	(3,679,789)
Total contributions at the end of the year	<u>13,890,316</u>	<u>9,937,108</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the year	1,263,027	557,973
Net profit	714,898	705,054
Total undistributed gain at the end of the year	<u>1,977,925</u>	<u>1,263,027</u>
Equity at the end of the year	<u>15,868,241</u>	<u>11,200,135</u>

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 minimum initial subscription for each participant is EUR 100,000. The Class A and Class B participations were issued at an initial subscription price of EUR 1,000 per participation and thereafter at the NAV per participation. Participations may be issued in an existing or a new series on each dealing day at the discretion of the Fund Manager.

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

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

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

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

	Participations at the beginning of the year	Participations issued	Transfers	Participations redeemed	Participations at the end of the year
Series A Initial	6,048.065	638.793	-	(93.930)	6,592.928
Series A April 2014	500.00	-	(500.000)	-	-
Series A October 2014	75.000	-	(75.000)	-	-
Series A December 2014	150.000	-	(150.000)	-	-
Series A January 2015	-	1,500.000	-	-	1,500.000
Series A April 2015	-	1,000.000	-	-	1,000.000
Series A May 2015	-	1,000.000	-	-	1,000.000
Series A July 2015	-	25.000	-	-	25.000
Series B Initial	1,991.858	761.773	-	-	2,753.631
Series B February 2014	500.00	-	(500.000)	-	-
Series B March 2014	330.00	-	(330.000)	-	-
Series B February 2015	-	50.000	-	-	50.000
Series B November 2015	-	500.000	-	-	500.000
Total	9,594.923	5,475.566	(1,555.000)	(93.930)	13,421.559

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital (continued)

Subscriptions and redemptions (continued)

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

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

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. Interest income

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

9. Dividend income

Dividend income relates to dividend from equity instruments.

10. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation losses on assets and liabilities other than financial assets and liabilities. For the year ended 31 December 2015, this amounted to losses of EUR 1,527 (2014: losses of EUR 475). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2015		2014	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.72641	0.73722	0.80619	0.77655
Swiss Franc	1.06840	1.08774	1.21457	1.20305
United States Dollar	1.1102	1.0856	1.3285	1.2098

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Investment return

<i>(All amounts in EUR)</i>	2015		2015	2014
	Profit	Loss	Total	Total
Equities				
Realised result	280,850	(73,987)	206,863	4,142
Unrealised result	364,082	(528,589)	(164,507)	229,234
	<u>644,932</u>	<u>(602,576)</u>	<u>42,356</u>	<u>233,376</u>
Investee funds				
Realised result	95,627	-	95,627	9,074
Unrealised result	1,963,215	(1,208,192)	755,023	593,795
	<u>2,058,842</u>	<u>(1,208,192)</u>	<u>850,650</u>	<u>602,869</u>
Debt instruments				
Realised result	29,344	(11,980)	17,364	(3,115)
Unrealised result	10,435	(7,463)	2,972	14,013
	<u>39,779</u>	<u>(19,443)</u>	<u>20,336</u>	<u>10,898</u>
Total result	<u>2,743,553</u>	<u>(1,830,211)</u>	<u>913,342</u>	<u>847,143</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 EUR)</i>	2015	2014
Expenses accruing to Fund Manager		
Management Fee	(149,080)	(109,823)
Incentive Fee	(40,154)	(36,877)
Other expenses		
Administration fee	(28,339)	(22,506)
Audit fee	(25,169)	(22,321)
Legal ownership fee	(22,344)	(14,855)
Depositary fee	(18,150)	(8,106)
Custody fee	(14,148)	(6,663)
Commission fees	(9,358)	(12,216)
FATCA fee	(6,038)	(12,905)
Legal fee	(5,939)	-
Other operational costs	(4,448)	(1,556)
Interest expense	(2,569)	(11)
Bank charges	(1,073)	(24)
Incorporation costs	-	(18,255)
Total	<u>(326,809)</u>	<u>(266,118)</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 year ended 31 December 2015 and 31 December 2014, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year, the Fund also incurred costs such as interest expense of EUR 2,569 (2014: EUR 11), FATCA fees of EUR 6,038 (2014: EUR 12,905), bank charges of EUR 1,073 (2014: EUR 24), legal fees of EUR 5,939 (2014: EUR Nil) and other general expenses of EUR 4,448 (2014: EUR 1,556) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total 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 year ended 31 December 2015, the ongoing charges ratio for the Fund is as follows:

	2015
Ongoing charges ratio including incentive fees	2.24%
Ongoing charges ratio excluding incentive fees	1.96%
Ongoing charges ratio including expenses of underlying funds	3.32%

For the year ended 31 December 2014, the ongoing charges ratio for the Fund is as follows:

	2014
Ongoing charges ratio including incentive fees	2.49%
Ongoing charges ratio excluding incentive fees	2.14%
Ongoing charges ratio including expenses of underlying funds	3.49%

Turnover factor

For the year ended 31 December 2015, the turnover factor for the Fund is 65.51%* (2014: 24.93%). 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.

*Includes issues amounting to EUR 1,643,287 and redemptions amounting to EUR 1,643,287 which relate to roll-ups into the Initial series as at 1 January 2015.

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 1.0% of the NAV of the Fund. The management fee is calculated monthly and payable monthly in arrears. Details of management fees charged for the year are disclosed in the income statement.

Incentive fee

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

Notes to the financial statements

13. RELEVANT CONTRACTS (CONTINUED)

Fund Manager (continued)

Incentive fee (continued)

No incentive fee will be levied if, at the relevant valuation date, there has been no increase in the NAV per participation of the relevant series over the higher of the HWM per participation applicable to the relevant series of participations. Details of performance fees charged for the year are disclosed in the income statement.

Administrator

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

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

Custodian

On 28 May 2015, ABN AMRO Clearing Bank N.V. was appointed and Kas Bank N.V. resigned as Custodian of the Fund. The Custodian is entitled to receive fees from the Fund in accordance with its customary charges.

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee of EUR 15,000 in remuneration for its service to the Fund. The fee is payable quarterly in advance. In addition, the Fund was charged EUR 2,500 for the on-boarding process. Details of depository fees charged for the year are disclosed in the income statement.

Independent Auditor

The Fund appointed PricewaterhouseCoopers Accountants N.V. as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 18,059 (2014: EUR 9,680) audit fee for the audit of the financial statements. A further amount of EUR 7,110 (2014: EUR 12,641) was paid to the Independent Auditor in respect of UK audit compliance fees. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

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.

Notes to the financial statements

14. RELATED PARTY TRANSACTIONS (CONTINUED)

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

2015 transactions and balances as at 31 December 2015

	Paid	Balance
	EUR	EUR
Management fee	(154,463)	(13,268)
Incentive fee	(36,877)	(40,154)

2014 transactions and balances as at 31 December 2014

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

As at 31 December 2015, Mr. Hein Jurgens, the Investment Advisor, held no shares in the Fund. As at 31 December 2014, Mr. Hein Jurgens held 93.93 shares the Series A Initial share class of the Fund.

15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

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

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

Market risk

Market risk is the risk that the fair value of 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 market price risk, interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relates to the Fund's investment in debt instruments. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk. The Fund also holds a floating rate security that exposes the Fund to cash flow interest rate risk.

Notes to the financial statements

15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency. The Fund's exposure to foreign exchange movements as at 31 December 2015 and 31 December 2014 is as follows:

	2015		2014	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
Currency				
Great Britain Pound	3,224,035	20.3	2,417,854	21.6
Swiss Franc	381,151	2.4	295,046	2.6
United States Dollar	580,229	3.7	655,407	5.9

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents and other receivables. The carrying values of financial assets (excluding any investments in equity instruments and investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 1,255,528 (2014: EUR 22,421).

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 Clearing Bank N.V. is 'A' (2014: '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. To manage this liquidity risk the Fund has a 6 months lock-up period and a 30 day notice period for the participants. In addition, the Fund is not obliged to redeem more than 50% of the total participations in issue on any dealing day.

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

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

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

Notes to the financial statements

16. SOFT DOLLAR ARRANGEMENTS

A 'soft dollar arrangement' applies when a (financial) service provider offers services and products (such as research and information services) to an asset manager in exchange for executing certain securities transactions. The Fund did not enter into any soft dollar arrangements during the years ended 31 December 2015 and 31 December 2014.

17. 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 3 years. Dutch GAAP prefers that incorporation costs be expensed immediately.

	2015	2014
	EUR	EUR
Net assets attributable to holders of participations in accordance with the Prospectus	15,868,241	11,215,472
Adjustments		
Unamortised incorporation costs	-	(15,337)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	<u>15,868,241</u>	<u>11,200,135</u>
Number of participations		
Series A Initial	6,592.928	6,048.065
Series A April 2014	-	500.000
Series A October 2014	-	75.000
Series A December 2014	-	150.000
Series A January 2015	1,500.000	-
Series A April 2015	1,000.000	-
Series A May 2015	1,000.000	-
Series A July 2015	25.000	-
Series B Initial	2,753.631	1,991.858
Series B February 2014	-	500.000
Series B March 2014	-	330.000
Series B February 2015	50.000	-
Series B November 2015	500.000	-

Notes to the financial statements

17. NET ASSET VALUE AS ISSUED (CONTINUED)

NAV per participation in accordance with the Prospectus

Series A Initial	1,277.92	1,205.03
Series A April 2014	-	1,080.54
Series A October 2014	-	1,044.66
Series A December 2014	-	1,007.65
Series A January 2015	1,059.74	-
Series A April 2015	989.51	-
Series A May 2015	959.08	-
Series A July 2015	960.44	-
Series B Initial	1,213.58	1,146.68
Series B February 2014	-	1,046.38
Series B March 2014	-	1,061.58
Series B February 2015	984.19	-
Series B November 2015	979.60	-

Adjusted NAV per participation in accordance with Dutch

Series A Initial	1,277.92	1,203.39
Series A April 2014	-	1,079.06
Series A October 2014	-	1,043.24
Series A December 2014	-	1,006.28
Series A January 2015	1,059.74	-
Series A April 2015	989.51	-
Series A May 2015	959.08	-
Series A July 2015	960.44	-
Series B Initial	1,213.58	1,145.12
Series B February 2014	-	1,044.96
Series B March 2014	-	1,060.14
Series B February 2015	984.19	-
Series B November 2015	979.60	-

Notes to the financial statements

18. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2015	% of	2014	% of
	EUR	NAV	EUR	NAV
Strategy				
Alternative Investment	3,036,590	19.1	808,115	7.2
Asset Allocation	1,093,450	6.9	-	-
Auto Manufacturers	139,759	0.9	-	-
Banks	270,917	1.7	-	-
Chemicals	-	-	155,588	1.4
Closed-end Funds	1,834,785	11.6	-	-
Diversified Financial services	147,114	0.9	-	-
Equity Fund	7,282,258	45.9	3,929,871	35.1
Food	74,978	0.5	136,794	1.2
Miscellaneous manufacturing	131,288	0.8	-	-
Other	-	-	4,765,654	42.5
Pharmaceuticals	380,894	2.4	295,046	2.6
Private Equity	-	-	492,684	4.4
REITS	1,009,296	6.4	689,077	6.2
	<u>15,401,329</u>	<u>97.1</u>	<u>11,272,829</u>	<u>100.6</u>

Investment portfolio as at 31 December 2015

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
Adelphi Europe Fund Ltd.	EUR	589	0.0
Adelphi European Select Fund	EUR	1,040,319	6.6
Alken Capital Fund, FCP - FIS - One	EUR	832,075	5.2
Alken Fund - Absolute Return Europe	EUR	1,195,509	7.5
Alken Fund - European Opportunities	EUR	278,389	1.8
BACIT Ltd.	GBP	726,794	4.6
BH Macro Ltd, Euro	EUR	577,248	3.6
Eurofin Wittenberg European Small & Mid Cap Fund	EUR	334,008	2.1
GAM Star China Equity	EUR	162,831	1.0
JO Hambro Capital - Continental European	EUR	1,097,219	6.9
JO Hambro Capital - Japan Division	GBP	596,565	3.8
OEI MAC Inc., Class B	GBP	759,247	4.8
Pershing Square Holdings Ltd.	USD	320,659	2.0
Phaidros Fund - Balanced, Class B	EUR	1,093,450	6.9
Pictet - Water P EUR	EUR	884,723	5.6
Schroder GAIA Egerton Equity, Class A	EUR	1,122,948	7.1
The Adelphi Europe Fund Ltd.	EUR	1,153,806	7.3
The Egerton Long-Short Fund Ltd.	EUR	860,622	5.4
Third Point Offshore Investment	USD	210,083	1.3
		13,247,084	83.5
Equities			
KAS Bank N.V.	EUR	147,114	0.9
Lloyds Banking Group plc	GBP	119,434	0.8
Londonmetric Property plc	GBP	1,009,296	6.3
Nomad Food Limited	USD	74,978	0.5
Novartis AG	CHF	186,250	1.2
Roche Holding AG	CHF	194,644	1.2
		1,731,716	10.9
Debt Instruments			
Bombardier Inc., 6.125%, Due 15/05/2021	EUR	131,287	0.8
Rabobank, 6.5%, Due 29/12/2046	EUR	151,482	1.0
Volkswagen International, 3.75%, Due 23/03/2049	EUR	139,760	0.9
		422,529	2.7
		15,401,329	97.1

Investment portfolio as at 31 December 2014

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
Adelphi Europe Fund Ltd.	EUR	861,314	7.7
Adelphi European Select Fund	EUR	665,315	5.9
Alken Capital Fund, FCP - FIS - One	EUR	313,060	2.8
Alken Fund - European Opportunities	EUR	265,991	2.4
Alken Fund - Absolute Return Europe	EUR	1,107,635	9.9
BACIT Ltd.	GBP	495,702	4.4
BH Macro Ltd, Euro	EUR	535,500	4.8
Bluecrest BlueTrend Ltd.	GBP	206,660	1.8
Eurofin Wittenberg European Small & Mid Cap Fund	EUR	226,125	2.0
JO Hambro Capital - Continental European	EUR	859,693	7.7
JO Hambro Capital Management Umbrella Fund plc Japan			
Dividend Growth Fund	GBP	254,640	2.3
OEI MAC Inc., Class B	GBP	776,560	6.9
Pershing Square Holdings Ltd.	USD	162,037	1.5
Phaidros Fund - Balanced, Class B	EUR	704,325	6.3
Pictet - Water P EUR	EUR	718,177	6.4
Schroder GAIA Egerton Equity, Class A	EUR	808,115	7.2
The Egerton European Equity Fund Ltd.	EUR	542,790	4.8
		9,503,639	84.8
Equities			
KKR & CO LP	USD	277,338	2.5
Linde AG	EUR	155,588	1.4
Londonmetric Property plc	GBP	689,077	6.2
Novartis AG	CHF	146,081	1.3
Roche Holding AG	CHF	148,967	1.3
The Blackstone Group LP	USD	215,345	1.9
Unilever NV	EUR	136,794	1.2
		1,769,190	15.8
		11,272,829	100.6

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.

Provision of information

This annual report 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 30 June 2016.



Independent auditor's report

To: the fund manager

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Strategy One Fund as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2015 of Strategy One Fund ('the Fund').

The financial statements comprise:

- the statement of financial position as at 31 December 2015;
- the following statements for 2015: the income statement and the statement of cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of the Fund in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Ref.: e0383608

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, The Netherlands

T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

Responsibilities of the fund manager

The fund manager is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the fund manager in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the fund manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the fund manager is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the fund manager should prepare the financial statements using the going-concern basis of accounting unless the fund manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The fund manager should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the report of the fund manager and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the fund manager and the other information):

- we have no deficiencies to report as a result of our examination whether the report to the fund manager, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the report of the fund manager, to the extent we can assess, is consistent with the financial statements.

Rotterdam, 30 June 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.P.A. Corver RA



Appendix to our auditor's report on the financial statements 2015 of Strategy One Fund

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund manager.
- Concluding on the appropriateness of the fund manager's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.