

Strategy One Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

for the period from 01 January 2016 to 30 June 2016

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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	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depositary	Darwin Depositary 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

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

Profile

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

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 participants’ equity per participation at the end of the reporting period is as follows:

	30 June 2016	30 June 2015
Series A Initial	1,134.82	1,296.62
Series A January 2016	931.60	-
Series A January 2015	-	1,075.24
Series A April 2015	878.72	1,004.55
Series A May 2015	851.69	973.96
Series A July 2015	852.90	-
Series B Initial	1,077.03	1,232.50
Series B February 2015	873.46	1,000.31
Series B November 2015	869.38	-

Interim financial statements

BALANCE SHEET

	<i>Note</i>	30 June 2016 EUR	31 December 2015 EUR
Assets			
Investments			
Equities		1,424,380	1,731,716
Investee funds		9,856,992	13,247,084
Debt instruments		416,694	422,529
Derivative financial instruments		9,922	-
	3	<u>11,707,988</u>	<u>15,401,329</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	237	827,420
Due from broker	4	3,709,148	-
Other receivables	5	11,949	5,579
		<u>3,721,334</u>	<u>832,999</u>
Total assets		<u>15,429,322</u>	<u>16,234,328</u>
Liabilities			
Investments			
Derivative financial instruments		(10,618)	-
	3	<u>(10,618)</u>	<u>-</u>
Current liabilities (fall due in less than 1 year)			
Due to broker	4	(1,143,748)	-
Accrued expenses and other payables	6	(45,885)	(89,671)
Payable for investments purchased	7	-	(276,416)
		<u>(1,189,633)</u>	<u>(366,087)</u>
Total liabilities		<u>(1,200,251)</u>	<u>(366,087)</u>
Total assets minus total liabilities		<u>14,229,071</u>	<u>15,868,241</u>
Equity			
Contribution of participants		14,040,316	13,890,316
Unappropriated gain		188,755	1,977,925
Total participants' equity	8	<u>14,229,071</u>	<u>15,868,241</u>

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

Interim financial statements

INCOME STATEMENT (For the period ended 30 June)

	<i>Note</i>	2016 EUR	2015 EUR
Investment result			
<i>Direct investment result</i>			
Interest income	9	11,162	367
Dividend income	10	42,903	69,506
Other income		-	1,616
		<u>54,065</u>	<u>71,489</u>
<i>Indirect investment result</i>			
Realised (losses)/gains on equities	3, 12	(41,156)	191,629
Realised (losses)/gains on investee funds	3, 12	(126,340)	4,074
Realised gains on debt instruments	3, 12	18,910	16,449
Realised gains on derivative financial instruments	3, 12	127,162	-
Unrealised (losses)/gains on equities	3, 12	(252,546)	156,609
Unrealised (losses)/gains on investee funds	3, 12	(1,457,476)	701,865
Unrealised gains on debt instruments	3, 12	35,413	-
Unrealised losses on derivative financial instruments	3, 12	(696)	-
Foreign currency translation	11	(2,836)	9,153
		<u>(1,699,565)</u>	<u>1,079,779</u>
Total investment (loss)/income		<u>(1,645,500)</u>	<u>1,151,268</u>
Expenses			
Management fee	14, 15	(73,638)	(71,065)
Administration fee	14	(14,049)	(13,633)
Legal ownership fee		(11,519)	(14,204)
Interest expense		(9,657)	(1,112)
Depositary fee	14	(9,075)	(9,075)
Audit fee		(8,943)	(12,111)
Bank charges		(5,685)	(6,585)
Other operational costs		(5,226)	(6,220)
Legal fee		(4,042)	(1,652)
Custody fee		(1,836)	(9,297)
Incentive fee	14, 15	-	(50,851)
Total expenses	13	<u>(143,670)</u>	<u>(195,805)</u>
Net (loss)/profit		<u><u>(1,789,170)</u></u>	<u><u>955,463</u></u>

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

Interim financial statements

STATEMENT OF CASH FLOWS

(For the period ended 30 June)

	Note	2016 EUR	2015 EUR
Cash flows from operating activities			
Purchases of investments		(1,721,176)	(4,229,771)
Proceeds from sale of investments		3,601,244	1,679,207
Interest received		6,484	-
Interest paid		(8,312)	(364)
Dividend received		41,211	38,547
Net receipts from derivative financial assets and liabilities		127,162	-
Management fee paid		(75,039)	(76,575)
Incentive fee paid		(40,154)	(36,876)
Administration fee paid		(16,227)	(13,939)
Audit fee paid		(10,063)	(9,668)
Legal ownership fee paid		(10,045)	(12,661)
Depository fee paid		(9,074)	(9,075)
Legal fee paid		(4,042)	(1,652)
Payable for security purchased		(276,416)	-
Custody fee paid		(2,536)	(9,135)
Incorporation costs paid		-	(2,551)
Bank charges paid		(5,685)	(6,585)
Other income		-	1,616
Other general expenses paid		(6,279)	(4,592)
Net cash flows provided by/(used in) operating activities		<u>1,591,053</u>	<u>(2,694,074)</u>
Cash flows from financing activities			
Proceeds from sales of participations*		1,739,611	3,550,000
Payments on redemptions of participations**		(1,589,611)	-
Net cash flows provided by financing activities		<u>150,000</u>	<u>3,550,000</u>
Net increase in cash and cash equivalents		1,741,053	855,926
Cash and cash equivalents at the beginning of the period		827,420	20,767
Foreign currency translation of cash positions		(2,836)	9,153
Cash and cash equivalents at the end of the period	4	<u>2,565,637</u>	<u>885,846</u>
Analysis of cash and cash equivalents			
Cash at bank		237	34,959
Due from broker		3,709,148	934,758
Due to broker		(1,143,748)	(83,871)
Total cash and cash equivalents		<u>2,565,637</u>	<u>885,846</u>

*Includes issues amounting to EUR 1,589,611 which relate to roll-ups into the Initial series as at 1 January 2016.

**Includes redemptions amounting to EUR 1,589,611 which relate to roll-ups into the Initial series as at 1 January 2016.

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

Notes to the interim 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 30 June 2016 and 30 June 2015, 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 period ended 30 June 2016 and 30 June 2015.

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. had been appointed as Depository in accordance to article 4:37h FSA.

The interim financial statements have been authorised for issue by the Fund Manager on 15 August 2016.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The interim financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in the Netherlands (“Dutch GAAP”) 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 and Dutch Accounting Standard 394.

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

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

Functional currency

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

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

Foreign exchange

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

Translation differences in non-monetary assets such as equities, investment in investment funds, debt instruments and derivative financial 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 (losses)/gains on equities’, ‘realised (losses)/gains on investee funds’, ‘realised gains on debt instruments’ and ‘realised gains on derivative financial instruments’ or ‘unrealised (losses)/gains on equities’, ‘unrealised (losses)/gains on investee funds’, ‘unrealised gains on debt instruments’ and ‘unrealised losses on 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 the 30 June 2016, the value of investments in investee funds is the aggregate of the Fund’s attributable share of the latest available (unaudited) net asset value (“NAV”) of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund’s attributable share of the result of the 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 30 June 2016 and 31 December 2015, no such adjustments were made.

Notes to the interim financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

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

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

The value of accounts receivable 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 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.

Participants' equity

All references to NAV throughout the financial statements are equivalent to participants' 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 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 interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	01 January to 30 June 2016	01 January to 30 June 2015
Investment in equities		
As at 01 January	1,731,716	1,975,850
Purchases	884,196	1,705,354
Sales	(897,830)	(1,199,302)
Realised	(41,156)	191,629
Unrealised	(252,546)	156,609
As at 30 June	<u>1,424,380</u>	<u>2,830,140</u>
Investment in investee funds		
As at 01 January	13,247,084	9,296,979
Purchases	664,366	2,271,432
Sales	(2,470,642)	(112,586)
Realised	(126,340)	4,074
Unrealised	(1,457,476)	701,865
As at 30 June	<u>9,856,992</u>	<u>12,161,764</u>
Investment in debt instruments		
As at 01 January	422,529	-
Purchases	172,614	350,870
Sales	(232,772)	(367,319)
Realised	18,910	16,449
Unrealised	35,413	-
As at 30 June	<u>416,694</u>	<u>-</u>
Investment in derivative financial instruments		
As at 01 January	-	-
Purchases	(127,162)	-
Realised	127,162	-
Unrealised	(696)	-
As at 30 June	<u>(696)</u>	<u>-</u>
Total investments		
As at 01 January	15,401,329	11,272,829
Purchases	1,594,014	4,327,656
Sales	(3,601,244)	(1,679,207)
Realised	(21,424)	212,152
Unrealised	(1,675,305)	858,474
As at 30 June	<u>11,697,370</u>	<u>14,991,904</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash and cash equivalents

As at 30 June 2016, cash and cash equivalents comprised of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 237 (31 December 2015: EUR Nil). As at 30 June 2016 and 31 December 2015, no restrictions in the use of these balances exist.

Cash and cash equivalents also include amounts due from ABN AMRO Clearing Bank N.V. of EUR 3,709,148 (31 December 2015: 827,420), representing amounts held in brokerage accounts.

As at 30 June 2016, amounts due to ABN AMRO Clearing Bank N.V. amount to EUR 1,143,748 (31 December 2015: EUR Nil).

5. Other receivables

As at 30 June 2016 and 31 December 2015, other receivables consist of the following:

<i>(All amounts in EUR)</i>	30 June 2016	31 December 2015
Dividend receivable	10,257	-
Interest receivable	1,692	5,579
Total other receivables	<u>11,949</u>	<u>5,579</u>

6. Accrued expenses and other payables

As at 30 June 2016 and 31 December 2015, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	30 June 2016	31 December 2015
Audit fee payable	(17,157)	(18,277)
Management fee payable	(11,867)	(13,268)
Administration fee payable	(7,844)	(10,022)
FATCA fee payable	(3,000)	(6,000)
Other payables	(1,500)	(753)
Legal ownership fee payable	(1,474)	-
Interest payable	(1,346)	-
Regulator fee payable	(1,200)	-
Custody fee payable	(497)	-
Incentive fee payable	-	(40,154)
Depositary fee payable	-	(1,197)
Total accrued expenses and other payables	<u>(45,885)</u>	<u>(89,671)</u>

7. Payable for investments purchased

As at 30 June 2016, payable for investments purchased amounts to EUR Nil (31 December 2015: EUR 276,416).

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.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. 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 30 June 2016 and 30 June 2015, 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 period is as follows:

<i>(All amounts in EUR)</i>	01 January to 30 June 2016	01 January to 30 June 2015
<i>Contributions of participants</i>		
Balance at the beginning of the period	13,890,316	9,937,108
Issue of participations	1,739,611	5,193,278
Redemption of participations	<u>(1,589,611)</u>	<u>(1,643,278)</u>
Total contributions at the end of the period	<u>14,040,316</u>	<u>13,487,108</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	1,977,925	1,263,027
Net (loss)/profit	<u>(1,789,170)</u>	<u>955,463</u>
Total undistributed gain at the end of the period	<u>188,755</u>	<u>2,218,490</u>
Equity at the end of the period	<u>14,229,071</u>	<u>15,705,598</u>

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.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Subscriptions and redemptions (continued)

The movement of the participations during the period ended 30 June 2016 was as follows:

	Participations at the beginning of the period	Participations issued	Transfers	Participations redeemed	Participations at the end of the period
Series A Initial	6,592.928	-	1,243.905	-	7,836.833
Series A January 2016	-	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	2,753.631	-	-	-	2,753.631
Series B February 2015	50.000	-	-	-	50.000
Series B November 2015	500.000	-	-	-	500.000
Total	13,421.559	150.000	(256.095)	-	13,315.464

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

	Participations at the beginning of the period	Participations issued	Transfers	Participations redeemed	Participations at the end of the period
Series A Initial	6,048.065	-	638.793	-	6,686.858
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 April 2014	500.000	-	(500.000)	-	-
Series A October 2014	75.000	-	(75.000)	-	-
Series A December 2014	150.000	-	(150.000)	-	-
Series B Initial	1,991.858	-	761.773	-	2,753.631
Series B February 2015	-	50.000	-	-	50.000
Series B February 2014	500.000	-	(500.000)	-	-
Series B March 2014	330.000	-	(330.000)	-	-
Total	9,594.923	3,550.000	(154.434)	-	12,990.489

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 to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

9. Interest income

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

10. Dividend income

Dividend incomes relates to dividend from equity instruments.

11. 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 30 June 2016, this amounted to losses of EUR 2,836 (2015: gains of EUR 9,153). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2016		2015	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.7792	0.8344	0.7328	0.7092
Swiss Franc	1.0961	1.0840	1.0576	1.0425
United States Dollar	1.1166	1.1103	1.1168	1.1147

12. Investment return

<i>(All amounts in EUR)</i>	2016		2016	2015
	Profit	Loss	Total	Total
Equities				
Realised result	25,054	(66,210)	(41,156)	191,629
Unrealised result	67,549	(320,095)	(252,546)	156,609
	<u>92,603</u>	<u>(386,305)</u>	<u>(293,702)</u>	<u>348,238</u>
Investee funds				
Realised result	160,403	(286,743)	(126,340)	4,074
Unrealised result	145,608	(1,603,084)	(1,457,476)	701,865
	<u>306,011</u>	<u>(1,889,827)</u>	<u>(1,583,816)</u>	<u>705,939</u>
Debt instruments				
Realised result	18,910	-	18,910	16,449
Unrealised result	38,793	(3,380)	35,413	-
	<u>57,703</u>	<u>(3,380)</u>	<u>54,323</u>	<u>16,449</u>
Derivative financial instruments				
Realised result	288,860	(161,698)	127,162	-
Unrealised result	9,922	(10,618)	(696)	-
	<u>298,782</u>	<u>(172,316)</u>	<u>126,466</u>	<u>-</u>
Total result	<u>755,099</u>	<u>(2,451,828)</u>	<u>(1,696,729)</u>	<u>1,070,626</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

13. Costs

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

<i>(All amounts in EUR)</i>	2016	2015
Expenses accruing to Fund Manager		
Management Fee	(73,638)	(71,065)
Incentive Fee	-	(50,851)
Other expenses		
Administration fee	(14,049)	(13,633)
Legal ownership fee	(11,519)	(14,204)
Interest expense	(9,657)	(1,112)
Depositary fee	(9,075)	(9,075)
Audit fee	(8,943)	(12,111)
Bank charges	(5,685)	(6,585)
Other operational costs	(5,226)	(6,220)
Legal fee	(4,042)	(1,652)
Custody fee	(1,836)	(9,297)
Total	<u>(143,670)</u>	<u>(195,805)</u>

The basis on which various costs are charged to the fund are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2016 and 30 June 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 EUR 9,657 (2015: EUR 1,112), bank charges of EUR 5,685 (2015: EUR 6,585), legal fees of EUR 4,042 (2015: EUR 1,652) and other operational costs of EUR 5,226 (2015: EUR 6,220) which are not detailed in the prospectus.

14. RELEVANT CONTRACTS

Fund Manager

Management fee

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

Incentive fee

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

Notes to the interim financial statements

14. 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 period 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 period are disclosed in the income statement.

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 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 depositary fees charged for the period are disclosed in the income statement.

15. RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between related parties and the Fund, regardless of whether a price has been charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund. The following provides details on the related parties of the Fund and transactions with the related parties.

The Fund Manager is considered a related party.

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

2016 transactions and balances as at 30 June 2016

	Paid	Balance
	EUR	EUR
Management fee	(75,039)	(11,867)
Incentive fee	(40,154)	-

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)

As at 30 June 2016, related parties of the Fund held 611.33 (31 December 2015: 611.33) shares of Series A Initial shares, 2,540.70 (31 December 2015: 2,540.70) shares of Series B Initial shares and Mr. Hein Jurgens, the Portfolio Manager of the Fund, held 500.00 (31 December 2015: 500.00) shares of Series B November shares.

Notes to the interim financial statements

16. 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 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash at bank and amounts due from broker which are subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Currency risk

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

	30 June 2016		31 December 2015	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
Currency				
Great Britain Pound	734,040	5.2	3,224,035	20.3
Swiss Franc	353,498	2.5	381,151	2.4
United States Dollar	830,674	5.8	580,229	3.7

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 4,147,950 (31 December 2015: EUR 1,255,528).

Notes to the interim financial statements

16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Liquidity risk

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

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

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

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

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

17. NET ASSET VALUE AS ISSUED

The participants' equity per participation for the period ended 30 June 2016 and 30 June 2015 is as follows:

	30 June 2016	30 June 2015
	EUR	EUR
Participants' equity per participation		
Series A Initial	1,134.82	1,296.62
Series A January 2016	931.60	-
Series A January 2015	-	1,075.24
Series A April 2015	878.72	1,004.55
Series A May 2015	851.69	973.96
Series A July 2015	852.90	-
Series B Initial	1,077.03	1,232.50
Series B February 2015	873.46	1,000.31
Series B November 2015	869.38	-

18. EVENTS AFTER THE BALANCE SHEET DATE

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

Notes to the interim financial statements

19. PROVISION OF INFORMATION

This interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager's website: www.priviumfund.com.

20. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 15 August 2016.