

# Windmill Trend Evolution Fund

The Netherlands

ANNUAL REPORT

**for the year ended 30 June 2016**

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Investment Advisor	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 <sup>th</sup> Floor Beursplein 37 3011 AA Rotterdam The Netherlands
Legal Owner	TMF Bewaar B.V. Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ Den Haag The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

## Historical overview

### Key figures

	<b>2016</b>	<b>2015<sup>1</sup></b>
	<b>EUR</b>	<b>EUR</b>
Equity at the beginning of the year/period	26,527,775	-
Issue of participations	14,898,699	25,081,229
Direct investment result	-	-
Indirect investment result	674,231	2,136,110
	<u>42,100,705</u>	<u>27,217,339</u>
Redemption of participations	(2,528,104)	(430,813)
Expenses	(254,964)	(258,751)
Equity at the end of the year/period	<u><b>39,317,637</b></u>	<u><b>26,527,775</b></u>
Investments	39,157,291	26,567,763
Prepaid investments	-	6,366,667
Cash and cash equivalents	374,499	454,650
Other assets and liabilities	(214,153)	(6,861,305)
	<u><b>39,317,637</b></u>	<u><b>26,527,775</b></u>
<b>Net profit</b>		
Indirect investment result	674,231	2,136,110
Expenses	(254,964)	(258,751)
<b>Net profit</b>	<u><b>419,267</b></u>	<u><b>1,877,359</b></u>
<b>Number of participations</b>		
Class A	321,339.9516	228,034.9461
Class B <sup>2</sup>	15,130.0000	-
<b>Participation per share<sup>3</sup></b>		
Class A (in EUR)	118.24	116.33
Class B (in USD)	97.07	-
<b>Performance per share</b>		
Class A	1.64%	16.33%
Class B	(2.93)%	

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

<sup>2</sup> The Class B participations were issued on 1 March 2016.

<sup>3</sup> The shareholders' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 15 of these financial statements for the reconciliation between the shareholders' equity calculated in accordance with the Prospectus and the shareholders' equity calculated in accordance with Dutch GAAP.

## Historical overview

	<b>2016</b>	<b>2015<sup>1</sup></b>
	<b>EUR</b>	<b>EUR</b>
<b>Class A</b>		
<b>Performance</b>		
Changes in value	738,199	2,136,110
Expenses	(250,237)	(258,751)
<b>Net investment result</b>	<b>487,962</b>	<b>1,877,359</b>
<b>Share performance</b>		
Changes in value	2.44	13.65
Expenses	(0.83)	(1.65)
<b>Net investment result</b>	<b>1.61</b>	<b>12.00</b>
<b>Class B<sup>2</sup></b>		
<b>Performance</b>		
Changes in value	(63,968)	
Expenses	(4,727)	
<b>Net investment result</b>	<b>(68,695)</b>	
<b>Share performance</b>		
Changes in value	(4.23)	
Expenses	(0.31)	
<b>Net investment result</b>	<b>(4.54)</b>	

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

<sup>2</sup> The Class B participations were issued on 1 March 2016.

## Report of the Fund Manager

### Windmill Trend Evolution Fund

Monthly return data (EUR Share class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	Ytd
2016	2.29%	2.22%	0.63%	-2.44%	-1.22%	0.31%							1.74%	18.36%
2015	6.68%	0.20%	1.55%	-2.51%	-0.77%	-2.60%	2.05%	-0.83%	3.45%	-2.85%	-0.30%	-1.59%	2.06%	16.58%
2014				2.31%	4.35%	1.98%	-2.60%	3.03%	-2.04%	3.09%	4.44%	-1.08%	13.99%	13.99%

The inception date of the Windmill Trend Evolution Fund was April 1, 2014

Past performance does not guarantee future results

Monthly return data (USD Share Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	Ytd
2016			0.42%	-2.42%	-1.19%	0.36%							-2.83%	-2.83%

The inception date of the USD Share Class was March 1, 2014

Past performance does not guarantee future results

The Windmill Trend Evolution Fund (the “Fund”) generated a positive performance for the period from 1 July 2015 up to and including the date of this report: 30 June 2016 of 1.5%. The total return since inception has been 18.36% (EUR Share class). On 1 March 2016, a USD Share class was introduced. The USD Share Class generated a performance of 2.83% between 1 March and 30 June 2016.

The period was characterized by 4 separately distinctive quarters, each with their own performance development, starting with a positive third quarter of 2015, followed with a negative fourth quarter and 2016, which also showed a positive and a negative quarter. This development was also broadly seen across the sectors the Fund trades in, with positive exceptions being the bonds sector and commodities sector, which only had one negative quarter each. Bonds traded negatively in the fourth quarter of 2015 whereas the only negative quarter of the commodities sector was the second quarter of 2016, mainly due to large losses in January 2016. On the other side of the spectrum, both credit trading and stock trading only had one quarter of positive performance, respectively the second quarter of 2016 and the third quarter of 2015.

The reporting period started on a positive note led by strong returns in the equity- and currency spaces where we saw many good trends in underlying industry sectors and a strong US economic picture leading to a stronger US Dollar. The Greek saga however did prove to be challenging for the credit sector as the risk-on-risk-off nature hurt the European markets particularly hard. In the commodity sector strong results were achieved on short positions in North American Energy and Materials, due to a sell off in commodity prices. September 2015 was the strongest month of the Fund immediately followed by the worst month, showing that the year was one with many faces. September showed weaknesses around the globe in many markets, many on which the Fund had favourable (short) positions, leading to a month without a single sector showing a negative result. October showed many sharp trend reversals, the best example being the steep rise of equity markets following the negative two months before. The month of November was a quiet month without a lot of hectic and no reportable return swings in the sectors the Fund trades, but then December proved to be very difficult again, mainly because of the unexpected decision of Mario Draghi of the European Central Bank not to increase the scale of the ECB’s asset purchase program. This came as a surprise to most of the markets and hurt most of the positions of the Fund.

The year 2016 started strongly again, with all sectors – with the exception of stocks – returning solid returns in the first quarter. Global stress, particularly in emerging markets, concerns on Chinese growth, collapsing oil prices and the impact of higher US interest rates pushed risk assets sharply lower to the benefit of the Fund’s positions. These market situations continued in February, where also the possibility of the UK leaving the European Union fuelled the negative market sentiment. Some gains were given back on equity trading after a support promise from the ECB. This risk appetite on markets continued in March, and was apparent in emerging markets where the Fund benefitted from favourable moves in currencies and interest rates. In the beginning of the last quarter of the year under report we unfortunately saw some reversals again in electricity- and energy markets, but also a global bond yield rise, leading to a false start of the quarter. This trend continued in May as indecisive messages from the US Federal Reserve on whether or not rates would rise in June led to rising bond yields and a rising US Dollar, both detrimental to the Fund.

## Report of the Fund Manager

The last month reportable was one we will not easily forget, with the main news being the Brexit/Bremain referendum in the UK. With plenty of volatility and the predictions on the outcome of the referendum swinging almost daily, we saw a rush to safe-haven government bonds and precious metals, with long bond positions benefitting most. A large part of these profits however were offset by losses on credit and – to a smaller extent – currencies.

### Outlook

The Fund Manager is positive about the future of the Fund. We expect the selected investments funds to be able to generate positive performance in the period ahead. Especially when compared with long-only investments in traditional asset classes like equities and bonds we see the Fund as a good alternative and diversifier.

No changes are expected to be made to the investment strategy or investment style of the Fund.

### General principles of remuneration policy Privium Fund Management B.V. (“Privium”)

This policy is based on the situation as at 31 December 2015. The financial year of the Fund Manager ends on 31 December of any year. The financial year of the Windmill Trend Evolution Fund ends on 30 June of any year, while the financial year of all other funds of which Privium is the Fund Manager will end on 31 December of any year.

Privium Fund Management maintains a careful, controlled and sustainable remuneration policy. The remuneration policy is consistent with and contributes to a sound and effective risk management and does not encourage risk taking beyond what is acceptable for Privium.

For some of the funds the compensation consists of both a management and a performance fee. In 2015, the aggregate costs for staff totalled EUR 917,045. In the table below the Board of Privium is being described as ‘Identified Staff in senior management roles’. All other staff members are categorized as ‘Identified staff outside senior management roles’.

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	14	16
Total fixed payment	€ 127,747	€ 789,298	€ 917,045
Total variable payment	€ 0	€ 0	€ 0
Total payment	€ 127,747	€ 789,298	€ 917,045

Variable payments to staff members in senior management roles are dependent on the profitability of the company. Variable payments to identified staff outside senior management depend on the profitability of the company and/or the performance of the funds.

Privium, the Investment Manager of the Fund, does not charge any employee remuneration fees to the Fund. Employee remuneration is paid out of the management and performance fees (if any). In total 16 staff members were involved during (some part of) the year, including part-time and full time staff.

No changes have been made to this remuneration policy during the first half year of 2016.

## Report of the Fund Manager

### Control Statement

The Board of Privium declares to have an AO/IB (Handbook) that meets the requirements of the “Wet op het financiële Toezicht” and the “Besluit gedragstoezicht financiële ondernemingen (‘Bgfo’)”. During 2015, we assessed the various aspects of the Privium operations as outlined in this AO/IB. We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2015 functioned effectively as described. During 2015 also a number of independent service providers have conducted checks on Privium’s operations as part of their ongoing responsibility. No errors have been signalled.

For the first half year of 2016 there have been no significant changes made to the AO/IB of the Fund Manager. The Fund Manager is currently updating the AO/IC as part of annual update but it is not expected that this will result in any significant process changes. In the second part of 2016, the Fund Manager has decided to hire an external audit officer who will conduct an annual due diligence on a number of internal procedures at the Fund Manager.

### Risk management and willingness to take risks

In the table below we list the various risk to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund’s NAV.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2017 NAV if risk materializes	Impact on 2016 NAV	Adjustments to risk management in 2016 or 2017
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge funds). These funds are managed by external Fund Managers. A rigid due diligence process is in place when investment funds are selected.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better than general asset classes over time.	The Fund does not have an official benchmark but outperformed most traditional asset classes. As a reference, the MSCI World (LC) was +0.2% and the Dutch Government Bond index was +1.3%.	No
Interest rate risk	No	The Fund has no interest bearing financial instruments except for cash maintained on the bank account of the Fund. Therefore the Fund is not exposed to significant interest rate risk.	None	None	No
Concentration risk	No	The fund maintains a significant investment in the AHL Evolution Fund. As of June 30, 2016 this investment represented 75.4% of the NAV of the Windmill Trend Evolution Fund.	Large	Large	No
Foreign Exchange risk	Yes	Any direct FX risk will be hedged within the fund.	None	None	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	We would not expect a negative NAV impact if this risk would materialize.	None	No
Credit risk	No	Spare cash is maintained at ABN AMRO Bank N.V.. ABN AMRO Bank N.V. has an A credit rating and we would reconsider the position if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No



## Financial statements

### BALANCE SHEET

(As at 30 June)

	<i>Note</i>	<b>2016</b> <b>EUR</b>	<b>2015</b> <b>EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Investee funds		39,126,205	26,567,763
Derivative financial instruments		31,086	-
	3	<u>39,157,291</u>	<u>26,567,763</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash and cash equivalents	4	374,499	454,650
Prepayments	6	121	-
Prepaid investments	5	-	6,366,667
		<u>374,620</u>	<u>6,821,317</u>
<b>Total assets</b>		<u><b>39,531,911</b></u>	<u><b>33,389,080</b></u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Subscriptions received in advance		(83,000)	(6,829,160)
Redemptions payable		(81,515)	-
Accrued expenses and other payables	7	(49,759)	(32,145)
		<u>(214,274)</u>	<u>(6,861,305)</u>
<b>Total liabilities</b>		<u><b>(214,274)</b></u>	<u><b>(6,861,305)</b></u>
<b>Total assets minus total liabilities</b>		<u><b>39,317,637</b></u>	<u><b>26,527,775</b></u>
<b>Equity</b>			
Contribution of participants		37,021,011	24,650,416
Unappropriated profit		2,296,626	1,877,359
<b>Total shareholders' equity</b>	8	<u><b>39,317,637</b></u>	<u><b>26,527,775</b></u>

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

## Financial statements

### INCOME STATEMENT

(For the year ended 30 June 2016/for the period from 1 April 2014 to 30 June 2015)

	<i>Note</i>	<b>2016</b> <b>EUR</b>	<b>2015</b> <b>EUR</b> <i>(Note 2)</i>
<b>Investment income</b>			
<i>Indirect investment result</i>			
Realised losses on investee funds	3, 10	(187,065)	-
Realised losses on derivative financial instruments	3, 10	(62,849)	-
Unrealised gains on investee funds	3, 10	892,342	2,136,110
Unrealised gains on derivative financial instruments	3, 10	31,086	-
Foreign currency translation	9	717	-
		<b>674,231</b>	<b>2,136,110</b>
<b>Total investment income</b>		<b>674,231</b>	<b>2,136,110</b>
<b>Expenses</b>			
Management fee	12, 13	(156,913)	(104,664)
Administration fee	12	(31,433)	(24,964)
Other general expenses		(18,904)	(3,720)
Depositary fee	12	(17,905)	(12,599)
Legal owner fee		(16,885)	(20,862)
Audit fee	12	(10,890)	(10,890)
Bank charges		(2,034)	(4,365)
Incorporation costs		-	(76,687)
<b>Total expenses</b>	11	<b>(254,964)</b>	<b>(258,751)</b>
<b>Net profit</b>		<b>419,267</b>	<b>1,877,359</b>

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

## Financial statements

### STATEMENT OF CASH FLOWS

(For the year ended 30 June 2016/for the period from 1 April 2014 to 30 June 2015)

	<i>Note</i>	<b>2016</b> <b>EUR</b>	<b>2015</b> <b>EUR</b> <i>(Note 2)</i>
<b>Cash flows from operating activities</b>			
Net payments for investments		(5,486,498)	(30,798,320)
Net payments for derivative financial instruments		(62,849)	-
Management fee paid		(152,565)	(95,134)
Depositary fee paid		(17,905)	(12,599)
Administration fee paid		(29,387)	(16,164)
Audit fee paid		(11,797)	-
Legal owner fee paid		(17,006)	(20,862)
Incorporation costs paid		-	(76,687)
Bank charges paid		(2,034)	(2,440)
Other general expenses paid		(6,777)	(2,720)
<b>Net cash flows used in operating activities</b>		<b><u>(5,786,818)</u></b>	<b><u>(31,024,926)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations		8,152,539	31,910,389
Payments on redemptions of participations		(2,446,589)	(430,813)
<b>Net cash flows generated from financing activities</b>		<b><u>5,705,950</u></b>	<b><u>31,479,576</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(80,868)</b>	<b>454,650</b>
Cash and cash equivalents at the beginning of the year/period		454,650	-
Foreign currency translation of cash positions		717	-
<b>Cash and cash equivalents at the end of the year/period</b>	<b>4</b>	<b><u><u>374,499</u></u></b>	<b><u><u>454,650</u></u></b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		298,898	454,650
Due from broker		75,601	-
<b>Total cash and cash equivalents</b>	<b>4</b>	<b><u><u>374,499</u></u></b>	<b><u><u>454,650</u></u></b>

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

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## Notes to the financial statements

### 1. GENERAL INFORMATION

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

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

As at 30 June 2016, the Fund was offering two classes of participations comprising the Class A participations and the Class B participations. As at 30 June 2015, only the Class A participations were in issue.

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

The Fund had no employees during the year ended 30 June 2016 or the period ended 30 June 2015.

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

The financial statements have been authorised for issue by the Fund Manager on 7 December 2016.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the Netherlands (“Dutch GAAP”) including the guidelines for annual reporting (RJ) 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code.

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

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

#### Functional currency

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

#### Recognition and measurement

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

Expenses (including value added tax (“VAT”), where applicable) are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

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## Notes to the financial statements

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

#### **Estimates**

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

#### **Foreign exchange**

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

Translation differences in non-monetary assets such as investment in investee funds held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

#### **Classification of participations**

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

#### **Basis of valuation - policies in preparing the balance sheet**

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

Gains and losses arising from fair value changes are recognised in the income statement as 'realised losses on investee funds' and 'realised losses on derivative financial instruments' or 'unrealised gains on investee funds' and 'unrealised gains 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 30 June 2016 and 30 June 2015, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the hedge funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the hedge funds. As at 30 June 2016 and 30 June 2015, no such adjustments were made.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value.

#### *Forward currency contracts*

The Fund may use forward currency contracts to hedge the currency exposure. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward currency contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price.

#### *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.

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## Notes to the financial statements

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

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

##### *Payables and accruals*

Payables and accruals are included at fair value.

##### **Cash and cash equivalents**

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

##### **Statement of cash flows**

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

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

##### **Principles for determining the result**

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase and sale of investments is recognised using trade date accounting.

The changes in value of the investments in investee funds are accounted for in the income statement.

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

Expenses are accounted for in the income statement on the accrual basis. Transaction costs in relation to investee funds are capitalised.

##### **Tax position**

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

##### **Comparative figures**

The comparative figures reflect the period from 1 April 2014 (date of incorporation) to 30 June 2015 and are therefore not entirely comparable to the current reporting period included in these financial statements.

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### *Movement in schedule of investments*

(All amounts in EUR)

	2016	2015
<b>Investment in investee funds</b>		
As at the beginning of the year/period	26,567,763	-
Purchases	20,408,665	24,431,653
Sales	(8,555,500)	-
Realised loss	(187,065)	-
Unrealised gain	892,342	2,136,110
<b>As at 30 June</b>	<b>39,126,205</b>	<b>26,567,763</b>
<b>Investment in derivative financial instruments</b>		
As at the beginning of the year/period	-	-
Purchases	62,849	-
Realised loss	(62,849)	-
Unrealised gain	31,086	-
<b>As at 30 June</b>	<b>31,086</b>	<b>-</b>
<b>Total investments</b>		
As at the beginning of the year/period	26,567,763	-
Purchases	20,471,514	24,431,653
Sales	(8,555,500)	-
Realised loss	(249,914)	-
Unrealised gain	923,428	2,136,110
<b>As at 30 June</b>	<b>39,157,291</b>	<b>26,567,763</b>

The table below provides an analysis of the forward currency contracts as at 30 June 2016:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
08/07/2016	USD	1,467,250	EUR	1,290,270	1.13717	1.11041	31,086
<b>Total unrealised gain on open forward currency contracts</b>							<b>31,086</b>

\* Showing the equivalent of 1 Euro.

As at 30 June 2015, the Fund did not hold forward currency contracts.

#### 4. Cash and cash equivalents

As at 30 June 2016, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 298,898 (period ended 30 June 2015: EUR 454,650). As at 30 June 2016 and 30 June 2015, no restrictions in the use of these balances exist.

As at 30 June 2016, cash and cash equivalents also include amounts due from Nederlandsche Betaal & Wisselmaatschappij N.V. amounting to EUR 75,601 (period ended 30 June 2015: EUR Nil). This amount includes margin requirements. Margin represents cash deposited with the broker transferred as collateral against forward currency contracts.

## Notes to the financial statements

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

#### 5. Prepaid investments

As at 30 June 2016, prepaid investments amount to EUR Nil (period ended 30 June 2015: EUR 6,366,667).

During the period ended 30 June 2015, the Fund subscribed for shares of investment funds which were to be settled on the first business day after the reporting date. Subscribers in investment funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the funds. All prepaid investments were converted into the following investments subsequent to the reporting date.

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

#### 6. Prepayments

As at 30 June, prepayments consist of the following:

<i>(All amounts in EUR)</i>	<b>2016</b>	<b>2015</b>
Prepaid legal owner fee	121	-
<b>Total prepayments</b>	<b><u><u>121</u></u></b>	<b><u><u>-</u></u></b>

#### 7. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	<b>2016</b>	<b>2015</b>
Management fee payable	(13,878)	(9,530)
Administration fee payable	(10,846)	(8,800)
Audit fee payable	(9,983)	(10,890)
Brokerage fee payable	(8,400)	-
FATCA fee payable	(5,404)	-
Licence fee payable	(1,000)	(750)
Other payables	(248)	(2,175)
<b>Total accrued expenses and other payables</b>	<b><u><u>(49,759)</u></u></b>	<b><u><u>(32,145)</u></u></b>

#### 8. Share capital

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

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



## Notes to the financial statements

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

#### 8. Share capital (continued)

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

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

<i>(All amounts in EUR)</i>	<b>2016</b>	<b>2015</b>
<i>Contributions of participants</i>		
Balance at the beginning of the year/period	24,650,416	-
Issue of participations	14,898,699	25,081,229
Redemption of participations	(2,528,104)	(430,813)
<b>Total contributions at the end of the year/period</b>	<b><u>37,021,011</u></b>	<b><u>24,650,416</u></b>
<i>Unappropriated profit</i>		
Balance at the beginning of the year/period	1,877,359	-
Net profit	419,267	1,877,359
<b>Total undistributed profit at the end of the year/period</b>	<b><u>2,296,626</u></b>	<b><u>1,877,359</u></b>
<b>Equity at the end of the year/period</b>	<b><u><u>39,317,637</u></u></b>	<b><u><u>26,527,775</u></u></b>

##### Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The subscription price is equal to the NAV per participation as at the valuation date immediately preceding the applicable subscription date. The minimum subscription for each participant is EUR 10,000 for Class A participations and USD 100,000 for Class B participations. The minimum subscription amount may be waived by the Fund Manager in its sole discretion.

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

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

The movement of participations during the year ended 30 June 2016 is as follows:

	<b>Participations at the beginning of the year</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the year</b>
Class A	228,034.9461	114,423.3919	(21,118.3864)	321,339.9516
Class B	-	15,130.0000	-	15,130.0000
<b>Total</b>	<b><u>228,034.9461</u></b>	<b><u>129,553.3919</u></b>	<b><u>(21,118.3864)</u></b>	<b><u>336,469.9516</u></b>

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

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

## Notes to the financial statements

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

#### 8. Share capital (continued)

##### Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for 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

#### 9. 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 year ended 30 June 2016, this amounted to gains of EUR 717 (period ended 30 June 2015: gains of EUR Nil). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2016		2015	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
United States Dollar	1.1102	1.1103	1.2365	1.1147

#### 10. Investment return

	2016		2016	2015
	Profit	Loss	Total	Total
<i>(All amounts in EUR)</i>				
<b>Investee funds</b>				
Realised results	-	(187,065)	(187,065)	-
Unrealised results	1,512,088	(619,746)	892,342	2,136,110
	<u>1,512,088</u>	<u>(806,811)</u>	<u>705,277</u>	<u>2,136,110</u>
<b>Derivative financial instruments</b>				
Realised results	-	(62,849)	(62,849)	-
Unrealised results	31,086	-	31,086	-
	<u>31,086</u>	<u>(62,849)</u>	<u>(31,763)</u>	<u>-</u>
<b>Total result</b>	<u><b>1,543,174</b></u>	<u><b>(869,660)</b></u>	<u><b>673,514</b></u>	<u><b>2,136,110</b></u>

## Notes to the financial statements

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

#### 11. Costs

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

<i>(All amounts in EUR)</i>	<b>2016</b>	<b>2015</b>
<b>Expenses accruing to Fund Manager</b>		
Management fee	(156,913)	(104,664)
<b>Other expenses</b>		
Administration fee	(31,433)	(24,964)
Other general expenses	(18,904)	(3,720)
Depositary fee	(17,905)	(12,599)
Legal owner fee	(16,885)	(20,862)
Audit fee	(10,890)	(10,890)
Bank charges	(2,032)	(2,431)
Commission fees	(2)	(1,934)
Incorporation costs	-	(76,687)
<b>Total expenses</b>	<b>(254,964)</b>	<b>(258,751)</b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the year ended 30 June 2016 and the period ended 30 June 2015, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year ended 30 June 2016, the Fund also incurred costs such as bank charges of EUR 2,032 (period ended 30 June 2015: EUR 2,431), legal owner fees of EUR 16,885 (period ended 30 June 2015: EUR 20,862) and other general expenses of EUR 18,904 (period ended 30 June 2015: EUR 3,720) which are not detailed in the Prospectus.

#### Ongoing charges ratio

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

For the year ended 30 June 2016, the ongoing charges ratio for the Fund is as follows:

	<b>2016</b>
Ongoing charges ratio	0.69%
Ongoing charges ratio including expenses of underlying funds	1.61%

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

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

#### Turnover factor

This ratio demonstrates the rate at which the Fund's portfolio is turned over. For the year ended 30 June 2016, the turnover factor for the Fund is 31.75% (period ended 30 June 2015: 123.77%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

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## Notes to the financial statements

### 12. RELEVANT CONTRACTS

#### Fund Manager

##### *Management fee*

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

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

#### Administrator

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

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

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

#### Depositary

Effective 1 January 2016, Darwin Depositary Services B.V. charges a fee of 1.4 basis points of the assets under management. This fee is subject to a minimum of EUR 15,000 per annum and is payable quarterly in advance.

Prior to 1 January 2016, Darwin Depositary Services B.V. was entitled to an annual fee of EUR 12,500 in remuneration of its service to the Fund. The fee was payable quarterly in advance. The Depositary charged a fee of EUR 3,000 for the on-boarding process, payable in advance.

#### Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 10,890 (period ended 30 June 2015: EUR 10,890) audit fee for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

### 13. 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

### 13. RELATED PARTY TRANSACTIONS (CONTINUED)

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

#### 2016 transactions and balances as at 30 June 2016

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(152,565)	(13,878)

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

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(95,134)	(9,530)

The Investment Advisor is also considered a related party. As at 30 June 2016, the Investment Advisor and/or its employees held 5,063.3786 Class A shares in the Fund (period ended 30 June 2015: 3,743.7984) and 55.6306 Class B shares in the Fund.

### 14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

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

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises interest rate risk, currency risk and market price risk. The Fund's exposure to market risk relates to the Fund's investment in investee funds.

#### Interest rate risk

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

#### Currency risk

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

As at 30 June 2016, 100% (period ended 30 June 2015: 100%) of the assets and liabilities of the Fund are denominated in the functional currency and therefore the Fund is not exposed to currency risk from its assets and liabilities at the reporting date.

## Notes to the financial statements

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

#### Currency risk (continued)

Currency risk arises from the Fund's share classes. Class B participations are denominated in a currency other than EUR and are therefore exposed to currency fluctuations. It is the Fund's intention to hedge the currency exposure of USD shareholders to the Fund's base currency through the utilisation of forward currency contracts. Any profits or losses of currency hedges shall be allocated to the Class B participations. The tables below outline the USD exposure of the Class B participations as at 30 June 2016 and 30 June 2015 and the notional amount of the forward currency contracts used to mitigate the risk.

	Net position EUR	2016 Notional Amount Forwards EUR	Net Currency Exposure EUR	Net position EUR	2015 Notional Amount Forwards EUR	Net Currency Exposure EUR
<b>Currency</b>						
Class B	1,324,251	(1,321,490)	2,761	-	-	-

The forward currency contracts mature within 1 month of the reporting date. The notional amounts represent the undiscounted cash flow at the maturity date.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents and derivative financial assets. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 405,585 (period ended 30 June 2015: EUR 454,650).

#### Liquidity risk

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

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

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

As at 30 June 2016 and 30 June 2015, the Fund invests in the AHL Fund. The Fund may redeem their investment in the AHL Fund on a monthly dealing day, provided 5 business days notice is given before the relevant dealing day. Payments are ordinarily made by the AHL Fund within 10 business days of the valuation day. Please see note 17 for further information regarding the AHL Fund.

## Notes to the financial statements

### 15. SHAREHOLDERS' EQUITY AS ISSUED

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

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

	<b>2016</b> <b>EUR</b>	<b>2015</b> <b>EUR</b>
<b>Shareholders' equity attributable to holders of participations in accordance with the Prospectus</b>	39,360,000	26,585,542
<b>Adjustments</b>		
Unamortised incorporation costs	(42,363)	(57,767)
<b>Adjusted shareholders' equity attributable to holders of participations in accordance with Dutch GAAP</b>	<u><u>39,317,637</u></u>	<u><u>26,527,775</u></u>
<b>Number of participations</b>		
Class A	321,339.9516	228,034.9461
Class B	15,130.0000	-
<b>Participation per share in accordance with the Prospectus</b>		
Class A (in EUR)	118.36	116.58
Class B (in USD)	97.17	-
<b>Participation per share in accordance with Dutch GAAP</b>		
Class A (in EUR)	118.24	116.33
Class B (in USD)	97.07	-

### 16. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	<b>2016</b> <b>EUR</b>	<b>% of</b> <b>NAV</b>	<b>2015</b> <b>EUR</b>	<b>% of</b> <b>NAV</b>
<b>Strategy</b>				
CTA Systematic	39,126,205	99.5	26,567,763	100.2
<b>Total</b>	<u><u>39,126,205</u></u>	<u><u>99.5</u></u>	<u><u>26,567,763</u></u>	<u><u>100.2</u></u>

### 17. INDIRECT INVESTMENTS

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

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

##### General information:

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

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

## Notes to the financial statements

### 17. INDIRECT INVESTMENTS (CONTINUED)

The financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio have been issued an unqualified opinion for the year ended 30 June 2016 by Ernst & Young Ltd and are available at the office of the Fund Manager.

#### Further information:

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

As at 30 June 2016, the Fund holds 25,895,232 (2015: 21,346,965) Class A1 EUR shares in the Company and the Fund's investment in the Company represents 75.42% (2015: 84.01%) of the NAV of the Fund.

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

	2016 USD	2015 USD
<b>Assets</b>		
Cash at bank	46,499,997	791,835,736
Investment in securities at fair value	599,910,095	-
Investments in managed fund at fair value	1,196,927,662	1,223,471,703
Net unrealised gain on forward currency contracts	1,350,617	12,001
Interest receivable	9,004	-
Other assets and prepaid expenses	166,976	215,975
<b>Total assets</b>	<b>1,844,864,351</b>	<b>2,015,535,415</b>
<b>Liabilities</b>		
Equalisation payable	2,499,973	3,397,727
Net unrealised loss on forward currency contracts	12,211	1,247,822
Subscriptions received in advance	-	18,335,618
Redemptions payable	84,905,283	-
Accounts payable and accrued expenses	26,491,019	40,093,824
<b>Total liabilities</b>	<b>113,908,486</b>	<b>63,074,991</b>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>1,730,955,865</b>	<b>1,952,460,424</b>
<b>Net Asset Value per share:</b>		
Class A1 USD (based on 943,701,985 (2015: 1,164,369,646) shares in issue)	USD 1.5585	USD 1.4695
Class A1 AUD (based on 21,524,761 (2015: 21,679,926) shares in issue)	AUD 1.5305	AUD 1.4229
Class A1 EUR (based on 159,107,551 (2015: 153,941,703) shares in issue)	EUR 1.3279	EUR 1.2626
Class Z USD (based on 844,568 (2015: 844,568) shares in issue)	USD 1.2634	USD 1.1614



## Notes to the financial statements

### 17. INDIRECT INVESTMENTS (CONTINUED)

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

	2016 USD	2015 USD
<b>Investment income</b>		
Interest income	317,804	1,024,010
Other income	1,798,983	1,868,173
<b>Total investment income</b>	<u>2,116,787</u>	<u>2,892,183</u>
<b>Operating expenses</b>		
Interest expense	196	19,514
Management fees	37,554,883	38,926,066
Performance fees	26,562,376	42,644,020
Services manager fees	1,907,401	1,917,497
Professional fees	71,966	204,301
Directors' fees	12,000	12,000
Other expenses	331,199	195,653
<b>Total operating expenses</b>	<u>66,440,021</u>	<u>83,919,051</u>
<b>Net investment loss</b>	<u>(64,323,234)</u>	<u>(81,026,868)</u>
<b>Realised and movement in unrealised gain on investments, derivatives and foreign currency</b>		
Realised gain on investments, derivatives and foreign currency	217,381,167	94,351,063
Movement in unrealised (loss)/gain from investments, derivatives and foreign currency	(45,085,302)	118,629,477
<b>Net realised and movement in unrealised gain on investments, derivatives and foreign currency</b>	<u>172,295,865</u>	<u>212,980,540</u>
<b>Net increase in net assets resulting from operations</b>	<u>107,972,631</u>	<u>131,953,672</u>

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

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

	2016	2015
AHL Evolution Fund	69.15%	62.66%
Debt – Investment in securities at fair value - long	34.68%	0.00%
Forward currency contracts - long	0.07%	0.00%
Forward currency contracts - short	(0.00%)	(0.06%)
<b>Total</b>	<u>103.9%</u>	<u>62.60%</u>

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

	2016 USD	2015 USD
Net assets at the beginning of the year	1,952,460,424	1,429,093,677
Increase in net assets resulting from operations	107,972,631	131,953,672
(Decrease)/increase in net assets resulting from capital transactions	(330,374,944)	377,029,661
Increase in net assets resulting from effects of equalisation	897,754	14,383,414
<b>Net assets at the end of the year</b>	<u>1,730,955,865</u>	<u>1,952,460,424</u>

## **Notes to the financial statements**

### **18. PROVISION OF INFORMATION**

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

### **19. DATE OF AUTHORISATION**

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 7 December 2016.

## Investment portfolio as at 30 June 2016

2016

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	29,653,220	75.4
Man AHL Directional Equities Alternative	EUR	3,290,892	8.4
Man AHL Evolution Frontier Limited	EUR	4,537,260	11.5
Man AHL Volatility Alternative	EUR	1,644,833	4.2
		<b>39,126,205</b>	<b>99.5</b>

## Investment portfolio as at 30 June 2015

2015

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

## **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 amounts which it determines to distribute shall be paid to participants pro rata to the number of participations held by each of them.

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

As at 30 June 2016 and 30 June 2015, none of the Directors of the Fund Manager hold shares in the Fund.

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

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

## Independent auditor's report

To: the Fund manager of Windmill Trend Evolution Fund

### Report on the financial statements

We have audited the accompanying financial statements with a period ending on 30 June 2016 of Windmill Trend Evolution Fund, Amsterdam, which comprise the balance sheet as at 30 June 2016, the income statement and the statement of cash flows for the period then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

#### Management's responsibility

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

#### Auditor's responsibility

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

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Windmill Trend Evolution Fund as at 30 June 2016 and of its result and its cash flows for the period then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision.

### Report on other legal and regulatory requirements

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

The Hague, 7 December 2016

Ernst & Young Accountants LLP

Signed by  
R.J. Bleijs