

# Strategy One Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

**for the period from 01 January 2017 to 30 June 2017**

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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
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 neither audited nor reviewed 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 30 June 2017, 31 December 2016 and 30 June 2016 are as follows:

	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
Series A Initial	1,261.27	1,178.46	1,134.82
Series A January 2016	1,033.62	967.42	931.60
Series A February 2017	1,036.49	-	-
Series A April 2015	976.63	912.50	878.72
Series A May 2015	946.59	884.44	851.69
Series A July 2015	947.93	885.69	852.90
Series A July 2016	1,081.60	1,013.99	-
Series B Initial	1,195.18	1,117.51	1,077.03
Series B February 2015	969.27	906.28	873.46
Series B November 2015	964.75	902.05	869.38

## Interim financial statements

### BALANCE SHEET

	<i>Note</i>	<b>30 June 2017 EUR</b>	<b>31 December 2016 EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Equities		1,681,061	1,830,352
Investee funds		11,986,262	11,013,298
Debt instruments		668,309	824,118
Derivative financial instruments		2,633	6,841
	3	<u>14,338,265</u>	<u>13,674,609</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash and cash equivalents and due from custodian	4	1,225,629	1,276,362
Interest receivable		2,309	12,924
Dividend receivable		9,307	5,976
		<u>1,237,245</u>	<u>1,295,262</u>
<b>Total assets</b>		<u>15,575,510</u>	<u>14,969,871</u>
<b>Liabilities</b>			
<b>Investment liabilities</b>			
Derivative financial liabilities		(2,739)	(5,795)
	3	<u>(2,739)</u>	<u>(5,795)</u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Due to custodian	4	(854,815)	(1,173,293)
Accrued expenses and other payables	5	(62,857)	(51,846)
Subscriptions received in advance	6	(100,000)	-
		<u>(1,017,672)</u>	<u>(1,225,139)</u>
<b>Total liabilities</b>		<u>(1,020,411)</u>	<u>(1,230,934)</u>
<b>Total assets minus total liabilities</b>		<u>14,555,099</u>	<u>13,738,937</u>
<b>Equity</b>			
Contribution of participants		12,881,462	13,031,463
Unappropriated gain		1,673,637	707,474
<b>Total participants' equity</b>	7	<u>14,555,099</u>	<u>13,738,937</u>

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

## Interim financial statements

### INCOME STATEMENT

(For the periods ended 30 June 2017 and 2016)

	<i>Note</i>	<b>2017</b> <b>EUR</b>	<b>2016</b> <b>EUR</b>
<b>Investment result</b>			
<i>Direct investment result</i>			
Interest income	8	19,158	11,162
Dividend income	9	52,317	42,903
		<u><b>71,475</b></u>	<u><b>54,065</b></u>
<i>Indirect investment result</i>			
Realised gains/(losses) on equities	3, 11	72,469	(41,156)
Realised gains/(losses) on investee funds	3, 11	108,290	(126,340)
Realised gains on debt instruments	3, 11	22,890	18,910
Realised gains on derivative financial instruments	3, 11	4,017	127,162
Unrealised gains/(losses) on equities	3, 11	53,527	(252,546)
Unrealised gains/(losses) on investee funds	3, 11	745,334	(1,457,476)
Unrealised (losses)/gains on debt instruments	3, 11	(4,071)	35,413
Unrealised losses on derivative financial instruments	3, 11	(1,152)	(696)
Foreign currency translation	10	29,628	(2,836)
		<u><b>1,030,932</b></u>	<u><b>(1,699,565)</b></u>
<b>Total investment income/(loss)</b>		<u><b>1,102,407</b></u>	<u><b>(1,645,500)</b></u>
<b>Expenses</b>			
Management fee	13, 14	(72,233)	(73,638)
Administration fee	13	(14,588)	(14,049)
Legal ownership fee		(10,206)	(11,519)
Depositary fee	13	(9,983)	(9,075)
Audit fee		(8,659)	(8,943)
Bank charges		(8,628)	(5,685)
Custody fee		(2,861)	(1,836)
Interest expense		(2,689)	(9,657)
Legal fee		(1,500)	(4,042)
Incentive fee	13, 14	(547)	-
Other operational costs		(4,350)	(5,226)
<b>Total expenses</b>	12	<u><b>(136,244)</b></u>	<u><b>(143,670)</b></u>
<b>Net profit/(loss)</b>		<u><b>966,163</b></u>	<u><b>(1,789,170)</b></u>

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

## Interim financial statements

### STATEMENT OF CASH FLOWS

(For the periods ended 30 June 2017 and 2016)

	Note	2017 EUR	2016 EUR
<b>Cash flows from operating activities</b>			
Purchases of investments		(2,179,735)	(1,721,176)
Proceeds from sale of investments		2,510,408	3,601,244
Net receipts from derivative financial assets and liabilities		4,017	127,162
Interest received		29,773	6,484
Interest paid		(2,951)	(8,312)
Dividend received		48,986	41,211
Management fee paid		(71,552)	(75,039)
Incentive fee paid		(18)	(40,154)
Administration fee paid		(11,895)	(16,227)
Audit fee paid		(229)	(10,063)
Legal ownership fee paid		(9,608)	(10,045)
Depository fee paid		(9,982)	(9,074)
Legal fee paid		-	(4,042)
Payable for security purchased		-	(276,416)
Custody fee paid		(2,822)	(2,536)
Bank charges paid		(8,627)	(5,685)
Other general expenses paid		(7,548)	(6,279)
<b>Net cash flows provided by operating activities</b>		<b><u>288,117</u></b>	<b><u>1,591,053</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations – class A participations*		100,000	1,739,611
Payments on redemptions of participations – class A participations**		(250,000)	(1,589,611)
Subscriptions received in advance	6	100,000	-
<b>Net cash flows (used in)/provided by financing activities</b>		<b><u>(50,000)</u></b>	<b><u>150,000</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>238,117</b>	<b>1,741,053</b>
Cash and cash equivalents at the beginning of the period		103,069	827,420
Foreign currency translation of cash positions		29,628	(2,836)
<b>Cash and cash equivalents at the end of the period</b>	4	<b><u>370,814</u></b>	<b><u>2,565,637</u></b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		1,153	237
Due from custodian		1,224,476	3,709,148
Due to custodian		(854,815)	(1,143,748)
<b>Total cash and cash equivalents</b>		<b><u>370,814</u></b>	<b><u>2,565,637</u></b>

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

\*\*The 2016 figures 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.

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## 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 legal owner of the Fund is registered with the Trade Register of the Netherlands under registration number 851589492.

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 2017 and 30 June 2016, 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 periods ended 30 June 2017 and 30 June 2016.

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 21 August 2017.

### 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”) and the statutory provisions contained in Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394. The interim financial statements have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”), which came into force on 1 January 2007.

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 Art. 2:362.1 DCC, 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 gains/(losses) on equities', 'realised gains/(losses) on investee funds', 'realised gains on debt instruments' and 'realised gains on derivative financial instruments' or 'unrealised gains/(losses) on equities', 'unrealised gains/ (losses) on investee funds', 'unrealised (losses)/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 2017, 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 2017 and 31 December 2016, no such adjustments were made.

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## 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 and prepayments*

The value of accounts receivable and prepaid expenses, if any, 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.

#### *Interest income and interest expense*

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

#### *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 participations 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 participations.

#### **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 2017	01 January to 30 June 2016
<b>Investment in equities</b>		
As at 01 January	1,830,352	1,731,716
Purchases	806,117	884,196
Sales	(1,081,404)	(897,830)
Realised	72,469	(41,156)
Unrealised	53,527	(252,546)
<b>As at 30 June</b>	<b>1,681,061</b>	<b>1,424,380</b>
<b>Investment in investee funds</b>		
As at 01 January	11,013,298	13,247,084
Purchases	1,193,619	664,366
Sales	(1,074,279)	(2,470,642)
Realised	108,290	(126,340)
Unrealised	745,334	(1,457,476)
<b>As at 30 June</b>	<b>11,986,262</b>	<b>9,856,992</b>
<b>Investment in debt instruments</b>		
As at 01 January	824,118	422,529
Purchases	180,097	172,614
Sales	(354,725)	(232,772)
Realised	22,890	18,910
Unrealised	(4,071)	35,413
<b>As at 30 June</b>	<b>668,309</b>	<b>416,694</b>
<b>Investment in derivative financial instruments</b>		
As at 01 January	1,046	-
Sales	(4,017)	(127,162)
Realised	4,017	127,162
Unrealised	(1,152)	(696)
<b>As at 30 June</b>	<b>(106)</b>	<b>(696)</b>
<b>Total investments</b>		
As at 01 January	13,668,814	15,401,329
Purchases	2,179,833	1,721,176
Sales	(2,514,425)	(3,728,406)
Realised	207,666	(21,424)
Unrealised	793,638	(1,675,305)
<b>As at 30 June</b>	<b>14,335,526</b>	<b>11,697,370</b>

## Notes to the interim financial statements

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

#### 3. Investments (continued)

The table below provides an analysis of the forward currency contracts at 30 June 2017:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
05/07/2017	GBP	750,000	EUR	852,292	1.1364	1.1399	2,633
31/07/2017	EUR	851,791	GBP	750,000	1.1357	1.1394	(2,739)
<b>Total unrealised loss on open forward currency contracts</b>							<b>(106)</b>

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

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
05/07/2016	GBP	1,034,025	EUR	1,250,000	1.2089	1.1986	(10,618)
31/07/2016	EUR	1,207,614	GBP	1,000,001	1.2076	1.1977	9,922
<b>Total unrealised loss on open forward currency contracts</b>							<b>(696)</b>

#### 4. Cash and cash equivalents

As at 30 June 2017, cash and cash equivalents comprised of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 1,153 (31 December 2016: EUR 366). As at 30 June 2017 and 31 December 2016, 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 1,224,476 (31 December 2016: EUR 1,275,996), representing amounts held in custodian accounts.

As at 30 June 2017, amounts due to ABN AMRO Clearing Bank N.V. amount to EUR 854,815 (31 December 2016: EUR 1,173,293).

#### 5. Accrued expenses and other payables

As at 30 June 2017 and 31 December 2016, accrued expenses and other payables consist of the following:

(All amounts in EUR)	30 June 2017	31 December 2016
Audit fee payable	(25,792)	(17,362)
Administration fee payable	(12,144)	(9,451)
Management fee payable	(12,140)	(11,459)
Legal ownership fee payable	(5,109)	(4,511)
FATCA fee payable	(3,000)	(6,000)
Legal fee payable	(2,000)	(500)
Regulator fee payable	(1,200)	(1,399)
Custody fee payable	(605)	(566)
Incentive fee payable	(547)	(18)
Interest payable	(320)	(580)
<b>Total accrued expenses and other payables</b>	<b>(62,857)</b>	<b>(51,846)</b>

## Notes to the interim financial statements

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

#### 6. Subscriptions received in advance

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

As at 30 June 2017, the subscriptions received in advance amount to EUR 100,000 (31 December 2016: EUR Nil). On 03 July 2017, the Fund issued 100 participations to the subscribing participants.

#### 7. Share capital

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

Strategy One Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 30 June 2017 and 30 June 2016, both the Class A participations and Class B participations are in issue. The Fund does not impose any special rights to any of the classes.

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 periods are as follows:

<i>(All amounts in EUR)</i>	<b>01 January to 30 June 2017</b>	<b>01 January to 30 June 2016</b>
<i>Contributions of participants</i>		
Balance at the beginning of the period	13,031,462	13,890,316
Issue of participations – class A participations	100,000	1,739,611
Redemption of participations – class A participations	<u>(250,000)</u>	<u>(1,589,611)</u>
<b>Total contributions at the end of the period</b>	<b><u>12,881,462</u></b>	<b><u>14,040,316</u></b>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	707,474	1,977,925
Net profit/(loss)	<u>966,163</u>	<u>(1,789,170)</u>
<b>Total undistributed gain at the end of the period</b>	<b><u>1,673,637</u></b>	<b><u>188,755</u></b>
<b>Equity at the end of the period</b>	<b><u>14,555,099</u></b>	<b><u>14,229,071</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 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.

## Notes to the interim financial statements

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

#### 7. Share capital (continued)

##### Subscriptions and redemptions (continued)

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

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

The movement of the participations during the period ended 30 June 2017 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	6,937.696	-	-	(198.096)	6,739.600
Series A February 2017	-	100.000	-	-	100.000
Series A January 2016	150.000	-	-	-	150.000
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 A July 2016	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
<b>Total</b>	<b>12,441.327</b>	<b>100.000</b>	<b>-</b>	<b>(198.096)</b>	<b>12,343.231</b>

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
<b>Total</b>	<b>13,421.559</b>	<b>150.000</b>	<b>(256.095)</b>	<b>-</b>	<b>13,315.464</b>

## Notes to the interim financial statements

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

#### 7. 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

#### 8. Interest income

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

#### 9. Dividend income

Dividend incomes relates to dividend from equity instruments.

#### 10. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the period ended 30 June 2017, this amounted to gains of EUR 29,628 (2016: losses of EUR 2,836). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2017		2016	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.8601	0.8773	0.7792	0.8344
Swiss Franc	1.0768	1.0947	1.0961	1.0840
United States Dollar	1.0834	1.1426	1.1166	1.1103
Danish Krone	7.4371	7.4368	-	-

## Notes to the interim financial statements

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

#### 11. Investment return

<i>(All amounts in EUR)</i>	<b>Profit</b>	<b>2017 Loss</b>	<b>2017 Total</b>	<b>2016 Total</b>
<b>Equities</b>				
Realised result	93,211	(20,742)	72,469	(41,156)
Unrealised result	125,300	(71,773)	53,527	(252,546)
	<u>218,511</u>	<u>(92,515)</u>	<u>125,996</u>	<u>(293,702)</u>
<b>Investee funds</b>				
Realised result	115,232	(6,942)	108,290	(126,340)
Unrealised result	874,929	(129,595)	745,334	(1,457,476)
	<u>990,161</u>	<u>(136,537)</u>	<u>853,624</u>	<u>(1,583,816)</u>
<b>Debt instruments</b>				
Realised result	22,890	-	22,890	18,910
Unrealised result	17,211	(21,282)	(4,071)	35,413
	<u>40,101</u>	<u>(21,282)</u>	<u>18,819</u>	<u>54,323</u>
<b>Derivative financial instruments</b>				
Realised result	61,530	(57,513)	4,017	127,162
Unrealised result	3,056	(4,208)	(1,152)	(696)
	<u>64,586</u>	<u>(61,721)</u>	<u>2,865</u>	<u>126,466</u>
<b>Total result</b>	<u><b>1,313,359</b></u>	<u><b>(312,055)</b></u>	<u><b>1,001,304</b></u>	<u><b>(1,696,729)</b></u>



## Notes to the interim financial statements

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

#### 12. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2017 and 30 June 2016.

<i>(All amounts in EUR)</i>	<b>2017</b>	<b>2016</b>
<b>Expenses accruing to Fund Manager</b>		
Management Fee	(72,233)	(73,638)
Incentive Fee	(547)	-
<b>Other expenses</b>		
Administration fee	(14,588)	(14,049)
Legal ownership fee	(10,206)	(11,519)
Depositary fee	(9,983)	(9,075)
Audit fee	(8,659)	(8,943)
Bank charges	(8,628)	(5,685)
Custody fee	(2,861)	(1,836)
Interest expense	(2,689)	(9,657)
Legal fee	(1,500)	(4,042)
Other operational costs	(4,350)	(5,226)
<b>Total</b>	<b><u>(136,244)</u></b>	<b><u>(143,670)</u></b>

The basis on which various costs are charged to the fund are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2017 and 30 June 2016, 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 2,689 (2016: EUR 9,657), bank charges of EUR 8,628 (2016: EUR 5,685), legal fees of EUR 1,500 (2016: EUR 4,042) and other operational costs of EUR 4,350 (2016: EUR 5,226) which are not detailed in the prospectus.

#### 13. RELEVANT CONTRACTS

##### Fund Manager

###### *Management fee*

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

### 13. RELEVANT CONTRACTS (CONTINUED)

#### Fund Manager (continued)

##### Incentive fee (continued)

No incentive fee will be levied if, at the relevant valuation date, there has been no increase in the NAV per participation of the relevant series over the higher of the HWM per participation applicable to the relevant series of participations. Details of performance fees charged for the 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 also charges a fixed fee of EUR 3,500 per annum for the preparation of the annual report. No VAT has to be paid on these amounts. From 1 January 2017, the annual fee will increase to EUR 5,000.

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

#### Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. From 1 January 2017, the Depository charges an annual fee of EUR 16,500 (excluding VAT) in remuneration for its service to the Fund. The fee is payable quarterly in advance. From 1 January 2016, the Depository charged an annual fee of EUR 15,000 (excluding VAT). Details of depository fees charged for the period are disclosed in the income statement.

### 14. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

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

*Transactions from 1 January 2017 – 30 June 2017 and balances as at 30 June 2017*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(71,552)	(12,140)
Incentive fee	(18)	(547)

*Transactions from 1 January 2016 – 30 June 2016 and balances as at 31 December 2016*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(75,039)	(11,459)
Incentive fee	(40,154)	(18)

As at 30 June 2017, Mr. Hein Jurgens, the Portfolio Manager of the Fund, held 611.33 (31 December 2016: 611.33) participations of Series A Initial participations, 2,540.70 (31 December 2016: 2,540.70) participations of Series B Initial participations and 500.00 (31 December 2016: 500.00) participations of Series B November participations.

## Notes to the interim financial statements

### 15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

The Fund attempts to accomplish its objective by investing in a diversified portfolio of stocks and bonds and other securities that are selected on the basis of their potential positive contribution to the Fund's investment objectives, for example alternative investment 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 (alternative investment) 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's exposure to market risk for changes in interest rates relates to the Fund's investments in debt instruments. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk.

#### *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 2017		31 December 2016	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
<b>Currency</b>				
Great Britain Pound	1,339,328	9.2	636,780	4.6
Swiss Franc	721,119	5.0	328,262	2.4
United States Dollar	331,798	2.3	885,980	6.4
Danish Krone	110	0.0	-	-

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents and other receivables. The carrying values of financial assets (excluding any investments in equity instruments and investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 1,908,187 (31 December 2016: EUR 2,126,221).

## Notes to the interim financial statements

### 15. 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.

### 16. NET ASSET VALUE AS ISSUED

To determine the participants' equity per participation in accordance with Dutch GAAP, the following schedule is presented as at 30 June 2017 and 31 December 2016.

	<b>30 June 2017 EUR</b>	<b>31 December 2016 EUR</b>
<b>Participants' equity per participation</b>		
Series A Initial	1,261.27	1,178.46
Series A January 2016	1,033.62	967.42
Series A February 2017	1,036.49	-
Series A April 2015	976.63	912.50
Series A May 2015	946.59	884.44
Series A July 2015	947.93	885.69
Series A July 2016	1,081.60	1,013.99
Series B Initial	1,195.18	1,117.51
Series B February 2015	969.27	906.28
Series B November 2015	964.75	902.05

### 17. 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

### 18. PROVISION OF INFORMATION

This interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager or available for download free of charge from the Fund Manager's website: [www.priviumfund.com](http://www.priviumfund.com).

### 19. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 21 August 2017.