

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

**The interim financial statements are neither audited nor reviewed by the Independent Auditor.*

Profile

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

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

The net asset value (“NAV”) per participation at 30 June 2017, 31 December 2016 and 30 June 2016 are as follows:

	30 June 2017	31 December 2016	30 June 2016
NAV per participation in accordance with Dutch GAAP¹			
NAV per Class A participation (in USD)	100.48	98.21	96.83
	30 June 2017	31 December 2016	30 June 2016
NAV per participation in accordance with the Prospectus¹			
NAV per Class A participation (in USD)	100.49	98.23	96.85

¹ The NAV per participation is calculated in accordance with Dutch GAAP. Refer to note 15 of these interim financial statements for the reconciliation between the NAV calculated in accordance with the Prospectus and the NAV calculated in accordance with Dutch GAAP.

Interim financial statements

BALANCE SHEET

	Note	30 June 2017 USD	31 December 2016 USD
Assets			
Investments			
Investee funds		128,615,864	123,046,224
Derivative financial instruments		10,446	59,839
	3	<u>128,626,310</u>	<u>123,106,063</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	720,467	4,025,330
Interest receivable		1,517	1,349
Prepaid investments	5	-	1,000,000
		<u>721,984</u>	<u>5,026,679</u>
Total assets		<u>129,348,294</u>	<u>128,132,742</u>
Investment liabilities			
Derivative financial liabilities		(12,724)	(72,280)
Investments in investee funds		-	(26,064)
	3	<u>(12,724)</u>	<u>(98,344)</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	6	(54,906)	(66,915)
		<u>(54,906)</u>	<u>(66,915)</u>
Total liabilities		<u>(67,630)</u>	<u>(165,259)</u>
Total assets minus total liabilities		<u>129,280,664</u>	<u>127,967,483</u>
Equity			
Contribution of participants		128,976,852	130,558,338
Unappropriated gain/(loss)		303,812	(2,590,855)
Total shareholders' equity	7, 15	<u>129,280,664</u>	<u>127,967,483</u>

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

Interim financial statements

INCOME STATEMENT

(For the period ended 30 June 2017 and 2016)

	<i>Note</i>	2017 USD	2016 USD
Investment result			
<i>Direct investment result</i>			
Interest income	8	11,769	10,514
Other income		12,314	10,786
		<u>24,083</u>	<u>21,300</u>
<i>Indirect investment result</i>			
Realised gains/ (losses) on investee funds	3, 11	260,589	(1,003,039)
Realised losses on derivative financial instruments	3, 11	(1,964,781)	(391,854)
Unrealised gains/ (losses) on investee funds	3, 11	4,404,334	(2,885,378)
Unrealised gains on derivative financial instruments	3, 11	10,163	445
Foreign currency translation	9	333,069	(186,992)
		<u>3,043,374</u>	<u>(4,466,818)</u>
Total investment income/(loss)		<u>3,067,457</u>	<u>(4,445,518)</u>
Expenses			
Management fee	12, 13	(57,758)	(54,053)
Administration fee	12	(28,405)	(25,972)
Custody fee		(20,753)	(20,028)
Interest expense	12	(14,525)	(24,778)
Depositary fee		(11,177)	(10,245)
Legal ownership fee		(9,482)	14,669
Bank charges	12	(9,076)	(11,774)
Audit fee		(8,600)	(5,385)
Incorporation costs		(2,207)	(892)
Other operational costs		(10,807)	(11,952)
Total expenses	10	<u>(172,790)</u>	<u>(150,410)</u>
Net profit/(loss)		<u>2,894,667</u>	<u>(4,595,928)</u>

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

Interim financial statements

STATEMENT OF CASH FLOWS

(For the period ended 30 June 2017 and 2016)

	<i>Note</i>	2017 USD	2016 USD
Cash flows from operating activities			
Purchase of investments		(17,900,000)	(40,475,000)
Proceeds from sale of investments		17,969,219	32,412,092
Net receipts from derivative financial assets and liabilities		(1,964,781)	(391,854)
Interest paid		(3,927)	(13,740)
Dividend received		12,314	10,786
Management fee paid		(57,659)	(53,680)
Administration fee paid		(24,603)	(27,672)
Audit fee paid		(12,562)	(6,490)
Custody fee paid		(22,813)	(20,973)
Depository fee paid		(11,177)	(10,245)
Legal fee paid		(9,480)	-
Incorporation costs paid		(2,207)	(892)
Bank charges paid		(9,076)	(11,774)
Other income paid		(19,694)	(10,964)
Other income received		-	-
Net cash flows used in operating activities		<u>(2,056,446)</u>	<u>(8,600,406)</u>
Cash flows from financing activities			
Proceeds from sales of participations – class A participations		3,450,000	11,570,371
Payments on redemptions of participations – class A participations		(5,031,486)	(847,975)
Net cash flows (used in)/provided by financing activities		<u>(1,581,486)</u>	<u>10,722,396</u>
Net (decrease)/increase in cash and cash equivalents		(3,637,932)	2,121,990
Cash and cash equivalents at the beginning of the period		4,025,330	2,642,344
Foreign currency translation of cash positions		333,069	(186,992)
Cash and cash equivalents at the end of the period	<i>4</i>	<u><u>720,467</u></u>	<u><u>4,577,342</u></u>
Analysis of cash and cash equivalents			
Cash at bank		720,467	4,579,007
Due from custodian		-	-
Due to custodian		-	(1,665)
Total cash and cash equivalents		<u><u>720,467</u></u>	<u><u>4,577,342</u></u>

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

Notes to the interim financial statements

1. GENERAL INFORMATION

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

The Fund may issue Class A participations and Class B participations. As at 30 June 2017 and 31 December 2016, only the Class A participations are in issue.

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

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

The Fund had no employees during the period ended 30 June 2017 or the period ended 31 December 2016.

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 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 United States Dollar (“USD”), which is the Fund’s functional currency.

Recognition and measurement

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

Notes to the interim financial statements

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

Recognition and measurement (*continued*)

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

Estimates

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

Foreign exchange

Assets and liabilities denominated in currencies other than the USD are converted to USD at the exchange rates prevailing on the balance sheet date. Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in the income statement.

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

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

The Fund measures the fair value of any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon using its last traded price on the relevant business day. If no trades occurred on such day, it will be valued at the closing price on the previous business day.

Gains and losses arising from fair value changes are recognised in the income statement as ‘realised gains/(losses) on investee funds’ and ‘realised losses on derivative financial instruments’ or ‘unrealised gains/(losses) 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 2017, the value of investments in investee funds is the aggregate of the Fund’s attributable share of the latest available (unaudited) 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 30 June 2016, no such adjustments were made.

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

Receivables and prepayments

The value of accounts receivable and prepaid expenses, 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.

Payables and accruals

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

Notes to the interim financial statements

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

Cash and cash equivalents

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

Statement of cash flows

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

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

Shareholders' equity

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

Principles for determining the result

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

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

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

Tax position

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

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in USD)</i>	01 January to 30 June 2017	01 January to 30 June 2016
Investment in investee funds		
Opening balance	123,020,160	107,319,565
Purchases	18,900,000	51,331,000
Sales	(17,969,219)	(32,412,092)
Realised	260,589	(1,003,039)
Unrealised	4,404,334	(2,885,378)
As at 30 June	<u>128,615,864</u>	<u>122,350,056</u>
Derivative financial instruments		
Opening balance	(12,441)	(6,552)
Purchases	1,964,781	391,854
Realised	(1,964,781)	(391,854)
Unrealised	10,163	445
As at 30 June	<u>(2,278)</u>	<u>(6,107)</u>
Total investments		
Opening balance	123,007,719	107,313,013
Purchases	20,864,781	51,722,854
Sales	(17,969,219)	(32,412,092)
Realised	(1,704,192)	(1,394,893)
Unrealised	4,414,497	(2,884,933)
As at 30 June	<u>128,613,586</u>	<u>122,343,949</u>

4. Cash and cash equivalents

As at 30 June 2017, cash and cash equivalents comprise of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 720,467 (31 December 2016: USD 2,775,593). As at 30 June 2017 and 31 December 2016, no restrictions in the use of these balances exist.

As at 31 December 2016, cash and cash equivalents also include amounts due from ABN AMRO Clearing Bank N.V. amounting to USD 1,249,737, representing amounts held in custodian accounts. No such amounts were held as at 30 June 2017.

5. Prepaid investments

As at 30 June 2017, there were no prepaid investments. During the year ended 31 December 2016 the Fund subscribed for shares of investee funds which were to be settled on the first business day after the reporting date. Subscribers in investee funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the funds. All prepaid investments have been converted into the following investments subsequent to the reporting date.

(All amounts in USD)

	31 December 2016
Global Event Partners, Class A1 USD – Series 5	1,000,000
Total prepaid investments	<u>1,000,000</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Accrued expenses and other payables

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

<i>(All amounts in USD)</i>	30 June 2017	31 December 2016
Administration fee payable	(20,097)	(16,294)
Management fee payable	(9,699)	(9,600)
Audit fee payable	(6,221)	(10,183)
Custody fee payable	(6,049)	(8,109)
FATCA fee payable	(5,256)	(9,678)
Regulator fee payable	(4,744)	(8,735)
Interest payable	(1,603)	(2,606)
Other payables	(1,237)	(1,710)
Total accrued expenses and other payables	<u>(54,906)</u>	<u>(66,915)</u>

7. Share capital

Structure of the Fund's capital

The Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations and Class B participations. Both classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Investment Advisor shall be issued Class A participations against each such participants' individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 30 June 2017 and 30 June 2016, the Class A participations are in issue.

The movement of equity in the participations during the periods are as follows:

<i>(All amounts in USD)</i>	01 January to 30 June 2017	01 January to 30 June 2016
<i>Contributions of participants</i>		
Balance at the beginning of the period	130,558,338	119,537,724
Issue of participations – class A participations	3,450,000	10,420,371
Redemption of participations – class A participations	(5,031,486)	(847,975)
Total contributions at the end of the period	<u>128,976,852</u>	<u>129,110,120</u>
<i>Unappropriated loss</i>		
Balance at the beginning of the period	(2,590,855)	188,294
Net profit/(loss) for period	2,894,667	(4,595,928)
Total undistributed profit/(loss) at the end of the period	<u>303,812</u>	<u>(4,407,634)</u>
Equity at the end of the period	<u>129,280,664</u>	<u>124,702,486</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital (continued)

Subscriptions and redemptions

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

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

The movement of the participations during the period ended 30 June 2017 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A	1,302,951.5860	34,540.0497	(50,834.1589)	1,286,657.4768
Total	1,302,951.5860	34,540.0497	(50,834.1589)	1,286,657.4768

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

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A	1,190,071.8548	106,574.4257	(8,736.2303)	1,287,910.0502
Total	1,190,071.8548	106,574.4257	(8,736.2303)	1,287,910.0502

Capital management

The Fund’s objectives when managing capital are to safeguard the Fund’s ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Fund does not intend to pay dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

8. Interest income

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

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

9. 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 USD 333,069 (2016: losses of USD 186,992). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one United States Dollar is shown):

	2017		2016	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 United States Dollar</i>				
Euro	0.9230	0.9262	0.8956	0.9007

10. Costs

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

<i>(All amounts in USD)</i>	2017	2016
Expenses accruing to Fund Manager		
Management fee	(57,758)	(54,053)
Other expenses		
Administration fee	(28,405)	(25,972)
Custody fee	(20,753)	(20,028)
Interest expense	(14,525)	(24,778)
Depositary fee	(11,177)	(10,245)
Legal ownership fee	(9,482)	14,669
Bank charges	(9,076)	(11,774)
Audit fee	(8,600)	(5,385)
FATCA fees	(5,029)	(5,275)
Regulatory fee	(4,539)	(5,564)
Incorporation costs	(2,207)	(892)
Other operational costs	(1,239)	(1,113)
Total	(172,790)	(150,410)

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 USD 14,525 (2016: USD 24,778), regulatory fees of USD 4,539 (2016: USD 5,564), bank charges of USD 9,076 (2016: USD 11,774) and other operational costs of USD 1,239 (2016: USD 1,113) which are not detailed in the Prospectus.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Investment return

<i>(All amounts in USD)</i>		2017		2017	2016
	Profit		Loss	Total	Total
Investee funds					
Realised result	335,423		(74,834)	260,589	(1,003,039)
Unrealised result	5,921,185		(1,516,851)	4,404,334	(2,885,378)
	<u>6,256,608</u>		<u>(1,591,685)</u>	<u>4,664,923</u>	<u>(3,888,417)</u>
Derivative financial instruments					
Realised result	495,021		(2,459,802)	(1,964,781)	(391,854)
Unrealised result	82,726		(72,563)	10,163	445
	<u>577,747</u>		<u>(2,532,365)</u>	<u>(1,954,618)</u>	<u>(391,409)</u>
Total result	<u>6,834,355</u>		<u>(4,124,050)</u>	<u>2,710,305</u>	<u>(4,279,826)</u>

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

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

Administrator

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

The Administrator also charges a fee of EUR 5,000 per annum from 1 January 2017 (EUR 3,500 prior to 1 January 2017) for the preparation of the financial statements.

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

Custodian

ABN AMRO Clearing Bank N.V. acts as custodian to the Fund. The custodian is entitled to receive fees from the Fund in accordance with its customary charges.

Depositary

The Fund has entered into a depositary agreement with Darwin Depositary Services B.V. From 1 January 2017, the Depositary charges an annual minimum fee of EUR 16,500, (excluding VAT), payable quarterly in advance, for depositary services provided to the Fund. This also includes a fee for management of the legal owner. From 1 January 2016, the Depositary charged an annual fee of EUR 15,000, (excluding VAT). Details of depositary fees charged for the period are disclosed in the income statement.

Notes to the interim financial statements

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.

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

	Paid	Balance
	USD	USD
Management fee	57,659	9,699

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

	Paid	Balance
	USD	USD
Management fee	53,680	9,600

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

Market risk

Market risk is the risk that the fair value 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. The Fund's market risk is managed through diversification of its investments.

Market price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As at 30 June 2017 and 31 December 2016, price risk arises on the Fund's investments 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 and cash equivalents and amounts due to custodian which are subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Notes to the interim financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Currency risk

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

The Fund uses forward rate contracts to mitigate the foreign currency exchange risk. This hedging strategy is intended to substantially mitigate the currency risk but does not eliminate such risk.

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such the Fund has a settlement risk of USD 0.5 million (31 December 2016: USD 0.5 million) and a credit risk exposure towards the counterparty at 30 June 2017 of USD 10,446 (31 December 2016: USD 59,839).

The Fund's exposure to foreign exchange movements as at 30 June 2017 and 31 December 2016 is as follows:

	Net position USD	2017 Notional amount forwards USD	Total currency exposure USD	Net position USD	2016 Notional amount forwards USD	Total currency exposure USD
Currency						
Euro	148,691	(462,409)	(313,718)	(620,277)	505,925	(114,352)

All forward contracts will mature within 1 month (31 December 2016: 1 month). The notional amounts represent the undiscounted cash flow at the maturity date.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents, derivative financial instruments and interest receivable. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to USD 732,430 (31 December 2016: USD 4,086,518).

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

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

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

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

Notes to the interim financial statements

15. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the equity in accordance with the Prospectus and the equity as determined in accordance with Dutch Accounting Standard 210 (“Dutch GAAP”), as at 30 June 2017 and 31 December 2016.

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

	30 June 2017 USD	31 December 2016 USD
Net assets attributable to holders of participations in accordance with the Prospectus	129,306,172	127,995,665
Adjustments		
Unamortised incorporation costs	(25,508)	(28,182)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	<u>129,280,664</u>	<u>127,967,483</u>
Number of participations		
Class A participations	1,286,657.4768	1,302,951.5860
NAV per participation in accordance with the Prospectus		
Class A participations	100.49	98.23
NAV per participation in accordance with Dutch GAAP		
Class A participations	100.48	98.21

16. 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.

17. PROVISION OF INFORMATION

The 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.

18. DATE OF AUTHORISATION

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