

Windmill Trend Evolution Fund

The Netherlands

ANNUAL REPORT

for the year ended 30 June 2017

Table of contents

	Page(s)
General information	1
Historical overview	2-3
Report of the Fund Manager	4-7
Financial statements	
Balance sheet	8
Income statement	9
Statement of cash flows	10
Notes to the financial statements	
General information	11
Significant accounting principles and policies	11-14
Notes for individual balance sheet items	
Investments	14
Cash and cash equivalents	15
Prepayments	15
Accrued expenses and other payables	15
Share capital	15-17
Notes for individual income statement items	
Foreign currency translation	17
Investment return	17
Costs	18
Relevant contracts	19
Related party transactions	19-20
Financial investments and associated risks	20-21
Participants' equity as issued	22
Schedule of investments by investment strategy	22
Indirect investments	22-24
Provision of information	25
Date of authorisation	25
Investment portfolio as at 30 June	26
Other information	
Provisions of the Prospectus on distribution policy	27
Interests held by the Directors	27
Events after the balance sheet date	27
Independent auditor's report	28

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	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 th 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 Strozilaan 101 1083 HN Amsterdam The Netherlands

Historical overview

Key figures

	2017	2016
	EUR	EUR
Equity at the beginning of the year	39,317,637	26,527,775
Issue of participations	7,486,877	14,898,699
Indirect investment result	1,994,128	674,231
	<u>48,798,642</u>	<u>42,100,705</u>
Redemption of participations	(12,362,703)	(2,528,104)
Expenses	(295,566)	(254,964)
Equity at the end of the year	<u>36,140,373</u>	<u>39,317,637</u>
Investments	36,120,853	39,157,291
Cash and cash equivalents	906,126	374,499
Other assets and liabilities	(886,606)	(214,153)
Net assets at the end of the year	<u>36,140,373</u>	<u>39,317,637</u>
Net profit		
Indirect investment result	1,994,128	674,231
Expenses	(295,566)	(254,964)
Net profit	<u>1,698,562</u>	<u>419,267</u>
Number of participations		
Class A	276,902.5644	321,339.9516
Class B	18,650.9821	15,130.0000
Participation per share¹		
Class A (in EUR)	124.43	118.24
Class B (in USD)	103.17	97.07
Performance per share		
Class A	5.24%	1.64%
Class B ²	6.28%	(2.93)%

¹ The participants' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 14 of these financial statements for the reconciliation between the participants' equity calculated in accordance with the Prospectus and the participants' equity calculated in accordance with Dutch GAAP.

² The start date of the Class B share was 1 March 2016 and so the 2016 comparative figures are for the period range from 1 March to 30 June 2016.

Historical overview

	2017	2016
	EUR	EUR
Class A		
Performance		
Changes in value	1,951,497	738,199
Expenses	(281,903)	(250,237)
Net investment result	1,669,594	487,962
Share performance		
Changes in value	6.60	2.44
Expenses	(0.95)	(0.83)
Net investment result	5.65	1.61
Class B		
Performance		
Changes in value	42,631	(63,968)
Expenses	(13,663)	(4,727)
Net investment result	28,968	(68,695)
Share performance		
Changes in value	2.29	(4.23)
Expenses	(0.73)	(0.31)
Net investment result	1.56	(4.54)

Report of the Fund Manager

The Windmill Trend Evolution Fund (the “Fund”) generated a positive performance for the period from 1 July 2016 up to and including the date of this report: 30 June 2017 of +5.2% (1 July 2015 up to and including 30 June 2016: +1.5%) for the EUR class and +6.2% for the USD class (1 March 2016 up to and including 30 June 2016: -2.8%).

Windmill Trend Evolution Fund

Monthly return data (EUR Share class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	ltd
2017	0.12%	1.91%	0.20%	2.18%	2.24%	-1.22%							5.50%	24.52%
2016	2.29%	2.22%	0.63%	-2.44%	-1.22%	0.31%	0.53%	-1.51%	-0.58%	0.25%	-1.90%	3.01%	1.45%	18.03%
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	ltd
2017	0.25%	1.91%	0.18%	2.29%	2.59%	-1.17%							6.15%	3.24%
2016			0.42%	-2.42%	-1.19%	0.36%	0.59%	-1.45%	-0.55%	0.31%	-1.78%	3.06%	-2.74%	-2.74%

The inception date of the USD Share Class was March 1, 2016

Past performance does not guarantee future results

Overall report

The reporting period started on a negative note where an accumulated loss of 3.2% for the period was reported, mainly led by the surprising outcome of the American presidential elections in November and the month of August with a number of trend reversals in various markets. Starting December however the Fund generated a six month profit streak, coming to an end in the month of June where losses in the bond sector overshadowed the slightly negative (currencies and stocks) to slightly positive (commodities and credit) performance of the other sectors.

During the reporting period, all but one sector contributed to the performance of the fund, the exception being the bond sector. The best positive contributor to performance was the credit sector, followed (in order of contribution percentage) by stocks, commodities and currencies.

Below we will highlight the ups and downs per sector during the reporting period and the reasons behind these performances, focusing on months with a sector contribution higher than 1%. The bond sector showed two months with a result below 1% loss, whereas all other sectors did not suffer any months of -1% or lower, but did show some positive months with results in excess of +1%.

Bonds sector highlights

In October 2016, long bond positions in emerging Europe saw stress with 30 year Spanish yields rising nearly 40bp, the most in more than a year. Swap yields in Canada also rose sharply from the all-time lows established last month, hurting receiver positions while payer positions in China, Poland and Brazil benefited from the global rise. In Sweden, a dovish statement from Riksbank Governor Stefan Ingves led to a strong steepening of the yield curve and the Fund made strong returns as receiver of 2 year rates which became more negative, while losing as receiver of 10 year rates which rose almost 20bp.

In the last week of June 2017, central bankers from both sides of the Atlantic triggered something of a revaluation. In what may have been a coordinated attempt to signal an end to the era of financial stimulus, Mario Draghi and his peers triggered a sharp reversal in the direction of yields with echoes of 2013’s “Taper Tantrum”. Bond markets sold off, hurting many trend followers’ key positions. As a result hereof, the Fund suffered losses from long positions in fixed income.

Report of the Fund Manager (*continued*)

Credit sector highlights

In December 2016, the major credit markets all saw strong moves, trading tighter than at any time earlier in the year. US investment grade spreads tightened by 5bps to around 67bps, but again it was the European markets that moved most this month, playing catch-up with the US moves from November. The higher yielding cross-over index spread came down by nearly 15% to below 290bp and short protection positions benefited significantly.

In March 2017 credit was especially strong outside the US, with European cross-over index tightening over the month. All holdings benefitted, however, with particularly strong relative contributions coming from CDX emerging market and I-traxx Australian index positions.

This trend from March continued in April when credit markets in Europe were particularly well supported, with the higher yielding cross-over index seeing spreads tighten by more than 8%.

Commodities sector highlights

While the price of crude oil had been stuck in a fluctuating range between \$40 and \$55 per barrel for most of 2016, the prices of coal and electricity traded by the Fund in Europe had been rising steadily for most of the year and the Fund had been long. In October 2016 this accelerated, in part as a result of shocks to the supply of electricity in France. EDF, the French utility company, was ordered to shut down five more reactors on top of the seven that were already offline as a result of concerns over safety. Coming into winter this has put a strain on prices across the whole region, with one month baseload power in Germany rising more than 25% and coal up 16% in the month, which benefited the Fund's long positions.

Stocks sector highlights

In November 2016 relative equity sector behavior saw strong performance from single stock trading as long US banks, technology hardware, capital goods and materials baskets gained at the same time as profitable short European telecom and utility positions. The major detractors came from short positions in US pharmaceutical and energy sector companies which both saw a boost from the US election result with Donald Trump's surprise victory over Hilary Clinton.

In April 2017 equity sector positioning benefited from mostly bullish moves in the markets. European capital goods, consumer durables and service sector longs were significantly profitable, outweighing trading losses in banking and retail stocks, which also suffered small losses in Asia. In the US, long consumer service and healthcare stocks gained and short positions in US energy companies were profitable as energy prices fell.

The following month performance was also led by equities sector trading, with the best returns coming from shorts in North American energy stocks, in retreat as a mid-month deal between OPEC and major non-OPEC oil producers failed to reassure market concerns about global oversupply.

Longs in US software and services stocks contributed second most to the returns as tech shares rallied and investors looked for growth. This was achieved in spite of the first market shock, which was triggered by news that President Donald Trump had allegedly asked the FBI to back off an investigation into a key person in last year's election. Stories that, so far, have had no measurable impact on markets, suddenly seemed to throw doubt over the future of the administration's legislative agenda, including tax cuts, deregulation and fiscal stimulus.

Outlook

The Fund Manager is positive about the future of the Windmill Trend Evolution 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 Windmill Trend Evolution Fund as a good alternative as well as a diversifier in a total investment portfolio.

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

Report of the Fund Manager (*continued*)

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

Privium Fund Management B.V. has a careful, controlled and sustainable remuneration policy which meets all the requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). The remuneration policy is consistent with and contributes to a sound and effective risk management framework and does not encourage risk taking beyond what is acceptable for Privium Fund Management B.V.

The Board of Privium Fund Management B.V. is responsible for establishing the Remuneration policy. The Board of Privium Fund Management B.V. reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that.

Remunerations at Privium Fund Management B.V. may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium Fund Management B.V. may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the institution.

Remuneration policy 2016

This policy is based on the situation as of 31 December 2016. 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.

For some of the funds the compensation consists of both a management and a performance fee. In 2016 the aggregate costs for staff totalled EUR 1,303,881. In the table below the Board of Privium Fund Management 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	20	22
Total fixed payment	€ 96,936	€ 1,206,945	€ 1,303,881
Total variable payment	€ 0	€ 0	€ 0
Total payment	€ 96,936	€ 1,206,945	€ 1,303,881

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 Fund Management BV, the investment manager of the fund, does not charge any employee remuneration fees to the fund (except for the Supermarkt VastGoed fund). Employee remuneration is paid out of the management and performance fees (if any). In total 22 staff members were involved during (some part of) the year, including both part-time and full time staff.

Control Statement

The Board of Privium Fund Management declares to have an AO/IB (Handbook) that meets the requirements of the “Wet op het financieel toezicht and the ‘Besluit gedragstoezicht financiële ondernemingen (‘Bgfö’)”. During 2016 and the first half of 2017 we assessed the various aspects of the Privium operations as outlined in this AO/IB.

Report of the Fund Manager (*continued*)

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 2016 and the first half of 2017 functioned effectively as described. During 2016 and during the second half of 2017 a number of independent service providers have conducted checks on Privium's operations as part of their ongoing responsibility. No errors have been signalled.

In 2016 the Fund Manager updated its Handbook as part of the annual update. During the fourth quarter of 2016 the Fund Manager decided to hire an external audit officer who's responsibility will be to conduct an annual due diligence on a number of internal procedures at the Fund Manager. These will mostly be related to Compliance and Risk Management. During the fourth quarter of 2016 this due diligence took place for the first time. The external audit officer has reported his findings to the Fund Manager in a report. During the second half of 2017 the second such due diligence will take place.

Risk management and willingness to take risks

In the table below we list the various risks 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's.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2017 NAV	Expected impact on 2018 NAV if risk materializes	Adjustments to risk management in 2017 or 2018
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.	The Fund does not have an official benchmark. As a reference, between July 1 2016 and June 30 2017, the MSCI World (LC) gained +12.9%, the HFRX Global Hedge Fund Index (USD) gained +6.2% and the HFRX Macro/CTA Index (USD) lost -3.34% during this time period.	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.	No
Interest rate risk	No	The Fund does not maintain any direct interest bearing financial instruments except for cash maintained on the bank account of the Fund. The underlying funds may invest in interest rate sensitive positions. However based on current positioning of the underlying funds the Fund Manager is of the opinion that overall interest rate risk is low.	None	None	No
Concentration risk	No	The fund maintains a significant investment in the AHL Evolution Fund. As of June 30, 2017 this investment represented 84.6% 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.	None	We would not expect a negative NAV impact if this risk would materialize.	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 relationship 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 to the service providers of the various 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>	2017 EUR	2016 EUR
Assets			
Investments			
Investee funds		36,152,145	39,126,205
Derivative financial assets		-	31,086
	3	<u>36,152,145</u>	<u>39,157,291</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	906,126	374,499
Prepayments	5	-	121
		<u>906,126</u>	<u>374,620</u>
Total assets		<u>37,058,271</u>	<u>39,531,911</u>
Liabilities			
Investment liabilities			
Derivative financial liabilities		(31,292)	-
	3	<u>(31,292)</u>	<u>-</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	6	(63,658)	(49,759)
Subscriptions received in advance		(822,948)	(83,000)
Redemptions payable		-	(81,515)
		<u>(886,606)</u>	<u>(214,274)</u>
Total liabilities		<u>(917,898)</u>	<u>(214,274)</u>
Total assets minus total liabilities		<u>36,140,373</u>	<u>39,317,637</u>
Equity			
Contribution of participants		32,145,185	37,021,011
Unappropriated profit		3,995,188	2,296,626
Total participants' equity	7	<u>36,140,373</u>	<u>39,317,637</u>

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

Financial statements

INCOME STATEMENT (For the year ended 30 June)

	<i>Note</i>	2017 EUR	2016 EUR
Investment income			
<i>Indirect investment result</i>			
Realised losses on investee funds	3, 9	(111,384)	(187,065)
Realised gains/(losses) on derivative financial instruments	3, 9	7,274	(62,849)
Unrealised gains on investee funds	3, 9	2,158,973	892,342
Unrealised (losses)/gains on derivative financial instruments	3, 9	(62,378)	31,086
Foreign currency translation	8	1,643	717
		<u>1,994,128</u>	<u>674,231</u>
Total investment income		<u>1,994,128</u>	<u>674,231</u>
Expenses			
Management fee	11, 12	(202,619)	(156,913)
Administration fee	11	(33,851)	(31,433)
Depositary fee	11	(19,058)	(17,905)
Legal owner fee		(16,793)	(16,885)
Audit fee	11	(10,890)	(10,890)
Other general expenses		(10,343)	(18,904)
Bank charges		(2,012)	(2,034)
Total expenses	10	<u>(295,566)</u>	<u>(254,964)</u>
Net profit		<u>1,698,562</u>	<u>419,267</u>

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

Financial statements

STATEMENT OF CASH FLOWS (For the year ended 30 June)

	<i>Note</i>	2017 EUR	2016 EUR
Cash flows from operating activities			
Proceeds from sale of investments		6,249,649	8,555,500
Purchase of investments		(1,228,000)	(14,041,998)
Proceeds from derivative financial instruments		7,274	-
Payments for derivative financial instruments		-	(62,849)
Management fee paid		(200,140)	(152,565)
Depositary fee paid		(19,058)	(17,905)
Administration fee paid		(33,491)	(29,387)
Audit fee paid		(10,890)	(11,797)
Custody fee paid		(8,400)	-
Legal owner fee paid		(4,138)	(17,006)
Bank charges paid		(2,012)	(2,034)
Other general expenses paid		(3,417)	(6,777)
Net cash flows generated from/(used in) operating activities		<u>4,747,377</u>	<u>(5,786,818)</u>
Cash flows from financing activities			
Proceeds from sales of class A participations		7,896,000	6,761,019
Proceeds from sales of class B participations		330,825	1,391,520
Payments on redemptions of class A participations		(12,444,218)	(2,446,589)
Net cash flows (used in)/generated from financing activities		<u>(4,217,393)</u>	<u>5,705,950</u>
Net increase/(decrease) in cash and cash equivalents		529,984	(80,868)
Cash and cash equivalents at the beginning of the year		374,499	454,650
Foreign currency translation of cash positions		1,643	717
Cash and cash equivalents at the end of the year	<i>4</i>	<u><u>906,126</u></u>	<u><u>374,499</u></u>
Analysis of cash and cash equivalents			
Cash at bank		814,950	298,898
Due from broker		91,176	75,601
Total cash and cash equivalents	<i>4</i>	<u><u>906,126</u></u>	<u><u>374,499</u></u>

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

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 Fund will be managed by Privium Fund Management B.V. as sole Alternative Investment Fund Manager (AIFM) of the Fund. The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund Documents and applicable laws. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depositary or other service providers.

Privium Fund Management B.V. is a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands having its official seat (zetel) in Amsterdam, the Netherlands and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands. The Fund Manager is registered in the Dutch trade register (handelsregister) under file number 34268930.

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.

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. Prospective participants can subscribe for Class A participations in EUR and for Class B participations in USD.

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 years ended 30 June 2017 and 30 June 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 financial statements have been authorised for issue by the Fund Manager on 13 December 2017.

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.

Notes to the financial statements

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

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.

Estimates

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

Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than 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 gains/(losses) on derivative financial instruments’ or ‘unrealised gains on investee funds’ and ‘unrealised (losses)/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) 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 30 June 2016, no such adjustments were made.

Notes to the 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.

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.

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.

Participants' equity

All references to net assets and Net Asset Value ("NAV") throughout the financial statements are equivalent to total 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 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. Income and expenses are allocated to the share classes of the Fund on a pro-rata basis, except for costs specific to a particular class of shares.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Tax position

The Fund qualifies as a transparent or “closed” fund for joint-account for Dutch tax purposes. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund are not subject to Dutch dividend withholding tax.

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2017	2016
Investment in investee funds		
As at the beginning of the year	39,126,205	26,567,763
Purchases	1,228,000	20,408,665
Sales	(6,249,649)	(8,555,500)
Realised loss	(111,384)	(187,065)
Unrealised gain	2,158,973	892,342
As at 30 June	<u>36,152,145</u>	<u>39,126,205</u>
Investment in derivative financial instruments		
As at the beginning of the year	31,086	-
Purchases	-	62,849
Sales	(7,274)	-
Realised gain/(loss)	7,274	(62,849)
Unrealised (loss)/gain	(62,378)	31,086
As at 30 June	<u>(31,292)</u>	<u>31,086</u>
Total investments		
As at the beginning of the year	39,157,291	26,567,763
Purchases	1,228,000	20,471,514
Sales	(6,256,923)	(8,555,500)
Realised loss	(104,110)	(249,914)
Unrealised gain	2,096,595	923,428
As at 30 June	<u>36,120,853</u>	<u>39,157,291</u>

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

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
10/07/2017	USD	1,980,000	EUR	1,763,665	1.12267	1.14294	(31,292)
Total unrealised (loss) on open forward currency contracts							<u>(31,292)</u>

* Showing the equivalent of 1 Euro.

As at 30 June 2016, the analysis of the forward currency contracts outstanding was as follows:

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
Total unrealised (loss) on open forward currency contracts							<u>31,086</u>

* Showing the equivalent of 1 Euro.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash and cash equivalents

As at 30 June 2017, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 814,950 (year ended 30 June 2016: EUR 298,898). As at 30 June 2017 and 30 June 2016, no restrictions in the use of these balances exist.

As at 30 June 2017, cash and cash equivalents also include amounts due from Nederlandsche Betaal & Wisselmaatschappij N.V. amounting to EUR 91,176 (year ended 30 June 2016: EUR 75,601). This amount includes margin requirements. Margin represents cash deposited with the broker transferred as collateral against forward currency contracts.

5. Prepayments

As at 30 June 2017, the Fund had no prepayments. As at 30 June 2016, the Fund's prepayment amount of EUR 121 related to a prepaid legal owner fee.

6. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	2017	2016
Management fee payable	(16,357)	(13,878)
Legal owners fees payable	(12,534)	-
Administration fee (including annual report fee) payable	(11,206)	(10,846)
Audit fee payable	(9,983)	(9,983)
FATCA fee payable	(8,752)	(5,404)
Licence fee payable	(3,000)	(1,000)
Brokerage fee payable	(1,575)	(8,400)
Other payables	(251)	(248)
Total accrued expenses and other payables	<u>(63,658)</u>	<u>(49,759)</u>

7. 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)

7. Share capital (continued)

Structure of the Fund's capital (continued)

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

<i>(All amounts in EUR)</i>	2017	2016
<i>Contributions of participants</i>		
Balance at the beginning of the year	37,021,011	24,650,416
Issue of class A units	7,156,052	13,507,179
Issue of class B units	330,825	1,391,520
Redemption of class A units	(12,362,703)	(2,528,104)
Total contributions at the end of the year	32,145,185	37,021,011
<i>Unappropriated profit</i>		
Balance at the beginning of the year	2,296,626	1,877,359
Net profit	1,698,562	419,267
Total undistributed profit at the end of the year	3,995,188	2,296,626
Equity at the end of the year	36,140,373	39,317,637

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 2017 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	321,339.9516	60,238.0152	(104,675.4024)	276,902.5644
Class B	15,130.0000	3,520.9821	-	18,650.9821
Total	336,469.9516	63,758.9973	(104,675.4024)	295,553.5465

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

7. Share capital (continued)

Subscriptions and redemptions (continued)

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

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

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.

8. 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 year ended 30 June 2017, this amounted to gains of EUR 1,643 (year ended 30 June 2016: gains of EUR 717). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2017		2016	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
United States Dollar	1.0818	1.1426	1.1102	1.1103

9. Investment return

(All amounts in EUR)	2017 Profit	2017 Loss	2017 Total	2016 Total
Investee funds				
Realised results	203,524	(314,908)	(111,384)	(187,065)
Unrealised results	2,158,973	-	2,158,973	892,342
	<u>2,362,497</u>	<u>(314,908)</u>	<u>2,047,589</u>	<u>705,277</u>
Derivative financial instruments				
Realised results	103,127	(95,853)	7,274	(62,849)
Unrealised results	-	(62,378)	(62,378)	31,086
	<u>103,127</u>	<u>(158,231)</u>	<u>(55,104)</u>	<u>(31,763)</u>
Total result	2,465,624	(473,139)	1,992,485	673,514

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. 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>	2017	2016
Expenses accruing to Fund Manager		
Management fee	(202,619)	(156,913)
Other expenses		
Administration fee (including annual report fee)	(33,851)	(31,433)
Depositary fee	(19,058)	(17,905)
Legal owner fee	(16,793)	(16,885)
Audit fee	(10,890)	(10,890)
Other general expenses	(10,343)	(18,904)
Bank charges	(2,012)	(2,032)
Commission fees	-	(2)
Total expenses	<u>(295,566)</u>	<u>(254,964)</u>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the year 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 year ended 30 June 2017, the Fund also incurred costs such as bank charges of EUR 2,012 (year ended 30 June 2016: EUR 2,032), legal owner fees of EUR 16,793 (year ended 30 June 2016: EUR 16,885) and other general expenses of EUR 10,343 (year ended 30 June 2016: EUR 18,904) 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 2017, the ongoing charges ratio for the Fund is as follows:

	2017
Ongoing charges ratio	0.80%
Ongoing charges ratio including expenses of underlying funds	4.17%

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

	2016
Ongoing charges ratio	0.69%
Ongoing charges ratio including expenses of underlying funds	3.54%

Turnover factor

This ratio demonstrates the rate at which the Fund's portfolio is turned over. For the year ended 30 June 2017, the turnover factor for the Fund is (33.60)% (year ended 30 June 2016: 31.75%). 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.

Notes to the financial statements

11. 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 0.55% (2016: 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 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 also charges a fee of EUR 5,000 per annum from 1 January 2017 (EUR 3,500 prior to 1 January 2017) in respect of the preparation of the Fund's 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 (including annual report fees) charged for the year are disclosed in the income statement.

Custom House Fund Services (Netherlands) B.V. provide FATCA services for the fund and charge an annual fee of USD 4,000.

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 16,500 per annum and is payable quarterly 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 (year ended 30 June 2016: 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.

12. 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

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions from 1 July 2016 to 30 June 2017 and balances as at 30 June 2017

	Paid EUR	Balance EUR
Management fee	(200,140)	(16,357)

Transactions from 1 July 2015 to 30 June 2016 and balances as at 30 June 2016

	Paid EUR	Balance EUR
Management fee	(152,565)	(13,878)

The Investment Advisor is also considered a related party. As at 30 June 2017, the Investment Advisor and/or its employees held 6,838.2538 Class A shares in the Fund (year ended 30 June 2016: 5,063.3786) and 152.7056 Class B shares in the Fund (year ended 30 June 2016: 55.6306).

13. 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 2017, 100% (year ended 30 June 2016: 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

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (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 participants 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 2017 and 30 June 2016 and the notional amount of the forward currency contracts used to mitigate the risk.

	Net position EUR	2017 Notional Amount Forwards EUR	Net Currency Exposure EUR	Net position EUR	2016 Notional Amount Forwards EUR	Net Currency Exposure EUR
Currency						
Class B	1,685,299	(1,732,890)	(47,591)	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 906,126 (year ended 30 June 2016: EUR 405,585).

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 2017 and 30 June 2016, 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 16 for further information regarding the AHL Fund.

Notes to the financial statements

14. PARTICIPANTS' EQUITY AS ISSUED

The following schedule shows the reconciliation between the participants' equity in accordance with the Prospectus and the participants' 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.

	2017	2016
	EUR	EUR
Participants' equity attributable to holders of participations in accordance with the Prospectus	36,167,331	39,360,000
Adjustments		
Unamortised incorporation costs	(26,958)	(42,363)
Adjusted participants' equity attributable to holders of participations in accordance with Dutch GAAP	<u><u>36,140,373</u></u>	<u><u>39,317,637</u></u>
Number of participations		
Class A	276,902.5644	321,339.9516
Class B	18,650.9821	15,130.0000
Participation per share in accordance with the Prospectus		
Class A (in EUR)	124.52	118.36
Class B (in USD)	103.24	97.17
Participation per share in accordance with Dutch GAAP		
Class A (in EUR)	124.43	118.24
Class B (in USD)	103.17	97.07

15. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2017	% of	2016	% of
	EUR	NAV	EUR	NAV
Strategy				
CTA Systematic	36,152,145	100.0	39,126,205	99.5
Total	<u><u>36,152,145</u></u>	<u><u>100.0</u></u>	<u><u>39,126,205</u></u>	<u><u>99.5</u></u>

16. 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 five share classes in issue, namely Class A1 USD, Class A1 AUD, Class A1 EUR, Class A1 JPY and Class Z USD.

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

The financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio have been issued with an unqualified opinion for the year ended 30 June 2017 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 2017, the Fund holds 22,111,579 (2016: 25,895,232) Class A1 EUR shares in the Company and the Fund's investment in the Company represents 84.67% (2016: 75.42%) of the NAV of the Fund.

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

	2017 USD	2016 USD
Assets		
Cash at bank	95,666,524	46,499,997
Investment in securities at fair value	730,476,696	599,910,095
Investments in managed fund at fair value	1,371,728,269	1,196,927,662
Net unrealised gain on forward currency contracts	7,027,036	1,350,617
Interest receivable	-	9,004
Other assets and prepaid expenses	185,964	166,976
Total assets	2,205,084,489	1,844,864,351
Liabilities		
Equalisation payable	4,154,087	2,499,973
Net unrealised loss on forward currency contracts	307,968	12,211
Subscriptions received in advance	41,239,236	-
Redemptions payable	5,981,540	84,905,283
Accounts payable and accrued expenses	37,740,613	26,491,019
Total liabilities	89,423,444	113,908,486
Net assets attributable to holders of redeemable participating shares	2,115,661,045	1,730,955,865
Net Asset Value per share:		
Class A1 USD (based on 1,031,011,799 (2016: 943,701,985) shares in issue)	USD 1.6816	USD 1.5585
Class A1 AUD (based on 21,470,871 (2016: 21,524,761) shares in issue)	AUD 1.6602	AUD 1.5305
Class A1 EUR (based on 187,568,099 (2016: 159,107,551) shares in issue)	EUR 1.4136	EUR 1.3279
Class A1 JPY (based on 49,500,000 (2016: -) shares in issue) *	JPY 103.8170	JPY -
Class Z USD (based on 4,080,832 (2016: 844,568) shares in issue)	USD 1.4074	USD 1.2634

* Class A1 JPY Redeemable Participating Shares were launched on 3 April 2017.

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

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

	2017 USD	2016 USD
Investment income		
Interest income	1,812,719	317,804
Other income	1,752,196	1,798,983
Total investment income	3,564,915	2,116,787
Operating expenses		
Interest expense	11,601	196
Management fees	35,657,825	37,554,883
Performance fees	35,449,931	26,562,376
Services manager fees	1,620,756	1,907,401
Professional fees	83,484	71,966
Directors' fees	12,000	12,000
Other expenses	194,100	331,199
Total operating expenses	73,029,697	66,440,021
Net investment loss	(69,464,782)	(64,323,234)
Realised and movement in unrealised gain on investments, derivatives and foreign currency		
Realised gain on investments, derivatives and foreign currency	91,283,336	217,381,167
Movement in unrealised gain/(loss) from investments, derivatives and foreign currency	120,744,908	(45,085,302)
Net realised and movement in unrealised gain on investments, derivatives and foreign currency	212,028,244	172,295,865
Net increase in net assets resulting from operations	142,563,462	107,972,631

(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):

	2017	2016
AHL Evolution Fund	64.84%	69.15%
Debt – Investment in securities at fair value - long	0.00%	34.68%
Forward currency contracts - long	0.33%	0.07%
Forward currency contracts - short	(0.01%)	(0.00%)
Total	65.16%	103.9%

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

	2017 USD	2016 USD
Net assets at the beginning of the year	1,730,955,865	1,952,460,424
Increase in net assets resulting from operations	142,563,462	107,972,631
Increase/(decrease) in net assets resulting from capital transactions	243,795,832	(330,374,944)
(Decrease)/increase in net assets resulting from effects of equalisation	(1,654,114)	897,754
Net assets at the end of the year	2,115,661,045	1,730,955,865

Notes to the financial statements

17. PROVISION OF INFORMATION

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

18. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 13 December 2017.

Investment portfolio as at 30 June 2017

2017

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	30,600,240	84.7
Man AHL Evolution Frontier Limited	EUR	4,815,150	13.3
Man AHL Volatility Alternative	EUR	736,755	2.0
		<u>36,152,145</u>	<u>100.0</u>

Investment portfolio as at 30 June 2016

2016

Assets	Currency	Fair value EUR	% of NAV
Investee Funds			
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
		<u>39,126,205</u>	<u>99.5</u>

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 2017 and 30 June 2016, 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 shareholders and the directors of Privium Fund Management B.V. as investment manager of Windmill Trend Evolution Fund

Report on the audit of the financial statements for the year ended 30 June 2017 included in the annual report

Our opinion

We have audited the financial statements for the year ended 30 June 2017 of Windmill Trend Evolution Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Windmill Trend Evolution Fund as at 30 June 2017, and of its result and its cash flows for the period ending on 30 June 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

The financial statements comprise:

- ▶ The balance sheet as at 30 June 2017
- ▶ The income statement for the period ending on 30 June 2017
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of Windmill Trend Evolution Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics) and with the independence and other ethical requirements set forth in Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ Management report
- ▶ Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- ▶ General information

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the board of director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act.

Description of responsibilities for the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

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

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

The Hague, 13 December 2017

Ernst & Young Accountants LLP

signed by R.J. Bleijs