

# **Prospectus**

## **PRINCIPIA FUND N.V.**

**ISIN code Unitclass A: NL0010759700**

**ISIN code Unitclass B: NL0010759718**

**an open-end investment fund established in Amsterdam**

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## ADDRESSES

Fund	:	Principia Fund N.V. Gustav Mahlerplein 3, 26th floor, HFC Plaza 1082 MS Amsterdam The Netherlands
Fund Manager	:	Privium Fund Management B.V. Gustav Mahlerplein 3, 26th floor, HFC Plaza 1082 MS Amsterdam The Netherlands
Foundation	:	Stichting Administratiekantoor Principia Luna Arena Herikerbergweg 238 P.O. Box 23393 1101 CM Amsterdam
Administrator	:	Custom House Fund Services (Netherlands)B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Depository	:	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083HN Amsterdam The Netherlands
Custodian	:	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
External auditor	:	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Legal Counsel	:	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam
Notary public	:	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands

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Eighth Floor  
6 New Street Square  
New Fetter Lane  
London EC4A 3AQ  
England

## DEFINITIONS

Capitalized terms in this Prospectus shall have the following meaning:

<b>Administrator</b>	:	Custom House Fund Services (Netherlands) B.V.
<b>AFM</b>	:	the Netherlands Authority for the Financial Markets " <i>Stichting Autoriteit Financiële Markten</i> ")
<b>AIFMD</b>	:	Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers
<b>Bgfo</b>	:	the Decree on Market Conduct Supervision of Financial Businesses under the Wft (" <i>Besluit gedragstoezicht financiële markten Wft</i> "), as amended from time to time
<b>Business Day</b>	:	a day on which the NYSE Euronext Amsterdam and banks in the Netherlands are open for doing transactions in financial instruments
<b>Custodian</b>	:	ABN AMRO Clearing Bank N.V. or its duly appointed successor
<b>Delegated Regulation</b>	:	Commission Delegated Regulation (EU) no 231/2013 of 19 December 2012
<b>Depositary</b>	:	Darwin Depositary Services B.V.
<b>Depositary Agreement</b>	:	the agreement among the Fund, the Depositary and the Fund Manager with respect to the depositary services provided by the Depositary in respect of the Fund
<b>DNB</b>	:	De Nederlandsche Bank N.V., the central bank of the Netherlands
<b>Foundation</b>	:	Stichting Administratiekantoor Principia
<b>Foundation Articles</b>	:	the articles of association (" <i>statuten</i> ") of the Foundation (as amended from time to time), as set out in <b>Appendix II</b> ,
<b>Fund</b>	:	Principia Fund N.V.

<b>Fund Articles</b>	:	the articles of association (" <i>statuten</i> ") of the Fund (as amended from time to time), as set out in <b><u>Appendix I</u></b>
<b>Fund Documents</b>	:	the Prospectus, the Fund Articles, the Foundation Articles, the Terms of Administration and the subscription forms;
<b>Fund Manager</b>	:	Privium Fund Management B.V.
<b>Investor</b>	:	the holder of one or more Units
<b>Losses</b>	:	loss of financial instruments held in custody the custody of which has been delegated by the Depository to the Custodian
<b>Net Asset Value or NAV</b>	:	the intrinsic value of a Shareclass, a Unitclass or of a Unit, calculated in accordance with section 8 of this Prospectus
<b>Net Asset Value per Unit</b>	:	the Net Asset Value of a Unit
<b>Prospectus</b>	:	this prospectus (including the appendices), as amended from time to time
<b>Share</b>	:	a share belonging to Shareclass A (an A-Share) or to Shareclass B (a B-Share), issued by the Fund to the Foundation
<b>Shareclass</b>	:	a series of Shares with identical rights and obligations, being Shareclass A or Shareclass B
<b>Terms of Administration</b>	:	the terms of administration of the Foundation (as amended from time to time), as set out in <b><u>Appendix III</u></b>
<b>Transaction Day</b>	:	a day on which Units may be issued or redeemed, being: (i) the first Business Day of each calendar month; (ii) another Business Day as determined by the Fund Manager
<b>Unit</b>	:	a depositary receipt of a Share issued by the Foundation (" <i>certificaat van aandelen</i> ") reflecting the right to an equal percentage of the Net Asset Value of Unit in Unitclass A (an A-Unit) or in Unit Class B (a B-Unit)

- Unitclass** : a series of Units with identical rights and obligations, being Unitclass A (corresponding with Shareclass A) or Unitclass B (corresponding with Shareclass B)
- Valuation Day** : a day on which the Net Asset Value of the Shareclasses, the Unitclasses and the Net Asset Value per Unit is calculated, being the last Business Day prior to a Transaction Day
- Website** : the website maintained by the Fund Manager: [www.priviumfund.com](http://www.priviumfund.com)
- Wft** : the Act on Financial Supervision ("*Wet op het financieel toezicht*"), as amended from time to time

## **IMPORTANT INFORMATION**

### **Warning**

Potential investors are explicitly warned about the financial risks involved in investing in the Fund. Therefore, they should take good notice of the full content of this Prospectus and, if necessary, obtain independent advice in order to be able to make a good assessment of those risks. Due to the investment policy, the value of the assets of the Fund can strongly fluctuate. It is also possible that an investor will lose money invested in the Fund. Past performance offers no guarantee for future results.

### **Responsibility for the contents of this Prospectus**

The Fund Manager accepts responsibility for the accuracy and completeness of the information contained in this Prospectus. This information is in accordance with the facts to the best knowledge and belief of the Fund Manager. No facts are omitted that would change the content of this Prospectus, had such information been included. The distribution and delivery of this Prospectus does not imply that all information contained herein is still correct at that time.

### **Information about the Fund provided by third parties**

The Fund Manager is not responsible for the accuracy of any information concerning the Fund provided by third parties.

### **Selling restrictions regarding other countries**

The distribution of this Prospectus and the offer, sale and delivery of the Units in certain jurisdictions may be restricted by law. The same applies to the subscription and redemption of Units in the Fund. Persons who obtain this Prospectus are required to inform themselves about any such restrictions and to observe them. This Prospectus does not constitute an offer or an invitation to subscribe to or purchase any Units in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction. The Fund Manager is not liable for any infringement whatsoever of any such limitation by any person whatsoever, regardless of whether that person is a potential purchaser of Units or not.

### **Key Investor Information Document**

For this Fund, a Key Investor Information Document has been made according to a prescribed, standardized model, containing information about the Fund, its costs and the risks involved with investing in it. This document can be downloaded from the Website.

### **Applicable Law**

This Prospectus is governed by Dutch law. This Prospectus will be published in the English language only.



## **PROFILE INVESTOR**

Investing in the Fund is, in principle, suitable for investors:

- who seek a portfolio that is invested in and exposed to global equities and who therefore accept exposure to movements in world markets;
- that are willing and able to accept a (considerable) reduction in the value of their investment in the Fund;
- for whom their interest in the Fund represents only a limited percentage of their total investments;
- that do not require any income from their investment;
- that accept the limited liquidity of their investment (redemption is only possible once a month);
- who are able and willing to be invested for more than five (5) years in the Fund.

# 1 STRUCTURE OF THE FUND, GENERAL INFORMATION

## Date of incorporation

The Fund was incorporated on April 22, 2014.

The Fund is a public company limited by shares ("*naamloze vennootschap*"), a legal entity under the laws of the Netherlands.

The Fund is seated in Amsterdam, the Netherlands and is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 60521945. The Fund Articles are posted on the Website and are sent free of charge to Investors when requested.

## Shares and Units

The shares of the Fund ("Shares") are divided in two (2) series ("Shareclasses"): Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both Shareclasses. The investment portfolio of the Fund, the investment results and the costs (with the exception of the management fee and the performance fee) will be (pro rata the amount invested in each Shareclass) allocated to Shareclass A and to Shareclass B. The Shareclasses only differ with respect to the management fee and the performance fee, since no such fees are charged to Shareclass B. As a consequence, the development of the Net Asset Value of the Shareclass A and B will differ.

Investors can invest in the Fund by obtaining depository receipts ("Units") representing an interest in Shareclass A ("A-Units") or Shareclass B ("B-Units"). Units will be issued by the Foundation, who will be the legal owner of the Shares represented by the Units. The Units will be issued in two series ("Unitclasses"): Unitclass A and Unitclass B.

The Net Asset Value of a Unitclass is equal to the Net Asset Value of the Shareclass it represents.

The only reason for this construction is that this way the legal costs involved with issuing and redeeming Shares to/from Investors can be avoided.

## ISIN codes

The ISIN codes of the Unitclasses are:

- Unitclass A: NL0010759700
- Unitclass B: NL0010759718

## Not-listed

The Fund is not listed on a stock exchange or other regulated market.

## Open end

The Fund has an open end structure. On every Transaction Day, barring certain exceptional circumstances as set forth in this Prospectus, the Fund will enable the Foundation to issue (see section 9, "*Subscription*") and redeem (see section 10, "*Redemption, transferability*") Units against their Net Asset Value.

## Fund Manager

The most important tasks and powers of the Fund Manager are:

- to determine and execute the investment policy;
- to conduct (or have conducted) the administration of the Fund;
- to determine the Net Asset Value correctly and on time; and
- to verify that the Fund complies with the relevant regulations.

(See section 4, "*The Fund Manager*").

### **The Custodian**

The Fund Manager has entrusted the custody of the financial instruments of the Fund to the Custodian, a financial institution under prudential supervision.

(See section 5, "*Depositary, Custodian*".)

### **The Administrator**

The Fund Manager has delegated the following tasks to the Administrator:

- conducting the financial and investment administration of the Fund;
- calculating the Net Asset Value; and
- keeping the register of Investors.

(See section 6, "*The Administrator*".)

### **Investors**

The Investors are jointly economically entitled (each proportionally according to the number of Units owned) to the Net Asset Value of the Unitclass they participate in, which value is equal to the Net Asset Value of the corresponding Shareclass. The combined assets of the Investors invested in the Fund are intended for collective investment for their own account and risk.

(See section 7, "*The Foundation, Investors, register, meetings*".)

### **Legal relationship between Investors, Fund, Foundation and Fund Manager**

The legal relationship between the Fund, the Investors, the Foundation and the Fund Manager is governed by the Fund Documents and Book 2 of the Dutch Civil Code ("*Burgerlijk Wetboek*").

### **Reference currency**

The reference currency of the Fund is Euro (€).

### **Net Asset Value**

The Net Asset Value is calculated at least once a month by the Administrator, as is described in section 8 of this Prospectus ("*Determination of Net Asset Value*").

### **Minimum subscription amount**

The minimum amount for investing in the Fund is € 20,000. At the start of the Fund, Units with a Net Asset Value of € 100 were issued. The minimum amount for participation can be lowered at the sole discretion of the Fund Manager.

### **Request for issue or redemption**

Requests for the issue or redemption of Units may be made to the Administrator by means of the forms provided for this purpose on the Website.

(See section 9, "*Subscription*", and section 10, "*Redemption, transferability*".)

### **Limited transferability Units**

Units may only be transferred or encumbered by an Investor with the prior written consent of the Fund Manager.

(See section 10, "*Redemption, transferability*".)

### **Tax position of Fund**

For Dutch tax purposes, the Fund has opted for the status of exempt investment institution ("*Vrijgestelde Beleggings Instelling*" or "*VBI*"), pursuant to which its profits are not subject to corporate income tax in the Netherlands. Subject to the requirements for exempt investments

institutions, no Dutch dividend withholding tax is withheld on dividend payments by the Fund. The Fund does not intend to pay dividends.

(See section 12, "*Fiscal aspects*")

**Duration of the Fund**

The Fund has been established for an indefinite period of time.

(See section 14, "*Duration of the Fund, dissolution and liquidation*")

## 2 INVESTMENT POLICY

### **Investment Objective**

Principia Fund N.V. aims to earn a higher return than average of the world's developed equity markets, as represented by iShares MSCI World UCITS ETF (Acc)<sup>1</sup> euro.

### **Investment Strategy**

The Fund intends to be predominantly invested in global listed equities with a focus on the developed markets and will therefore be exposed to all the risks and rewards associated with the equities selected. The Fund is actively managed and will likely differ materially from the benchmark in order to achieve its objective.

### **Investment Approach**

#### Value Oriented

The investment philosophy is value oriented. Investments are selected based on the objective of finding opportunities where there is believed to be a large discrepancy between price and intrinsic value.

#### Long-term thinking

A long-term approach to investing is used for this Fund. It is believed that focusing on long-term intrinsic value rather than short-term news and events, drives long-term outperformance. In the short-term stock prices can deviate materially from intrinsic value as prices tend to be influenced by market sentiment; however, in the long-term prices tend to reflect underlying fundamentals.

#### Contrarian approach

A focus on long-term value while ignoring short-term sentiment may result in the Fund investing in companies in a contrarian manner in the sense that the companies that are selected may be unpopular, misunderstood or experiencing negative news flow or events. The Fund Manager believes that many investment opportunities arise because crowd behavior among investors can, at times, lead to widespread pessimism, which has the potential to understate long-term prospects for companies.

#### No market timing

It is believed that trying to chase or time short-term stock or market performance via predicting near term news-flow or macro data is futile at best and highly damaging to long-term results at worst. The Fund Manager does not believe superior results can be achieved through market or sector timing.

#### Diversification

Although the Fund aims to be concentrated enough so that stock selection matters substantially to performance; the Fund Manager strongly believes in the benefits of diversification to investment results. The Fund seeks to hold a portfolio of 30 to 40 individually selected securities, with multiple return drivers and avoids excessive concentration in individual securities.

#### Benchmark unconstrained, no preset targets

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<sup>1</sup> ISIN code: IE00B4L5Y983, Bloomberg code: IWDA NA <http://nl.ishares.com/nl/pc/producten/IWDA>

The Fund does not seek to mirror a benchmark and has no preset market capitalization, style, sector or geographic targets. Apart from practical liquidity and portfolio risk controls, the Fund's exposures are driven by the outcome of the Fund's fundamental "bottom-up" value driven process.

#### Divergent performance

Being benchmark unconstrained with a long-term value oriented approach means that the portfolio will likely deviate significantly from the benchmark, both in terms of makeup, as well as performance. While the Fund aims to generate higher long-term returns than the benchmark, it is expected that the Fund's relative short to medium-term performance will be volatile and much higher or lower than the performance benchmark.

#### No Leverage

The Fund will not use leverage to enhance investment results.

#### Stock market risk hedges

The Fund does not intend to enter into derivatives transactions to limit its exposure to overall world stock markets;

#### Currency Management

The Fund will not structurally manage currency risk. Currency exposure within the Fund generally tends to mirror the geographic exposure of the Fund's investments. However, currency hedging may take place from time to time by using derivatives like OTC (over the counter) currency forwards, if deemed necessary by the Fund Manager.

#### **Derivatives and other financial instruments the Fund may invest in**

The Fund will, in principle, not use derivatives other than for reducing exposure to certain risks such as currency risk. The Fund does not intend to, but may (to a limited extent) also invest in other investment funds (including ETF's), call options and warrants.

#### **Financing**

The Fund may attract financing up to a maximum of 10% of its Net Asset Value:

- to be able to fulfil its obligations following from redemptions of Units, without having to sell securities;
- to bridge temporary liquidity shortages in case of a purchase of securities which have to be paid out of the proceeds of a sale of other securities.

This means that at any given moment, a maximum of 110% of the Net Asset Value can be invested. Financing will only be attracted if the lender undertakes to solely take recourse on the Fund and not on the Investors. The Fund may pledge the financial instruments held by it as security for the repayment of such financing.

#### **Securities lending**

The Fund may lend up to 100% of its portfolio to third parties to increase the return of the Fund. All proceeds from stock lending are for the Fund only. The instruments may only be lent to established parties against market prices and conditions.

#### **Cash positions**

The Fund Manager may decide to temporarily hold large quantities of cash and equivalents in the Fund. The Fund Manager may deposit excess cash in a bank account or invest the cash in money market funds of regulated financial institutions with a credit rating of at least A (from both S&P and Moody's).

### **Investment restrictions**

The Fund will adhere to the following restrictions in executing its investment policy:

- a maximum of 15% of the Net Asset Value of the Fund may be invested in securities issued by one single issuer;
- a maximum of 10% of the Net Asset Value of the Fund may be invested in collective investment schemes;
- a maximum of 5% of the Net Asset Value of the Fund may be invested in call warrants or call options;
- the Fund will not have short positions in stocks or options;
- the Fund may not enter into over-the-counter or uncovered equity derivatives transactions; and
- borrowing is limited to 10% of the Fund's Net Asset Value and amounts borrowed must be repaid within ninety (90) days.

In case the Fund breaches one or more of those restrictions, the Fund Manager will use its best efforts to ensure that all restrictions are complied with again as soon as possible, in any event within four (4) calendar weeks.

### **Risk management**

It is believed that a detailed, fundamental value based approach, in which the Fund Manager aims to buy securities of companies trading at large discounts to assessed intrinsic value is inherently a risk conscious approach to investing. The Fund Manager defines risk as the probability of long-term capital loss and/or under-performance against investment alternatives. An approach that seeks to buy securities for significantly less than what they are intrinsically worth is logically also seeking to reduce the chances of the aforementioned risks occurring. In addition to a fundamental value based approach, risks are managed by pursuing diversification and through active monitoring of the Fund's exposure to market-, counterparty- and liquidity risk.

A VaR limit is used to ensure that the risk profile of the fund is maintained and to maintain the liquidity profile of the fund, quantitative limits are set.

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the investments of the Fund complies with their underlying obligations. In particular, the Fund Manager can restrict redemptions on certain conditions as further described in this Prospectus.

As and when relevant, but at least on a monthly basis, the Fund Manager shall periodically disclose to the Investors:

- the percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Fund; and
- the risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

### **Changes in the investment policy or investment restrictions**

Any (intended) changes in the investment policy or investment restrictions will be announced as foreseen in section 16 of this Prospectus.

### **Voting in meetings of investors of companies in which the Fund invests**

The Fund or the Fund Manager on behalf of the Fund do not intend to attend the general meetings of shareholders/limited partners/members of the companies invested in by the Fund.

However, in the event the Fund or the Fund Manager on behalf of the Fund shall decide to exercise the voting rights attached to the shares or interests of the companies invested in by the Fund, it will do so in while taking into account the investment objective of the Fund.



### 3 RISK FACTORS

There can be no assurance that the Fund's investment policy will be successful or that the Fund will achieve its investment objectives as described in section 2 ("*Investment Strategy*"). An investment in Units carries a high degree of risk, in line with the risk of the equity market and is suitable only for persons who can bear this risk. Potential Investors should consider among others the risks mentioned below, review this Prospectus carefully and in its entirety, and consult with their professional advisors. Past performance offers no guarantee for future results. This Prospectus does not purport to identify, and does not necessarily identify, all of the risk factors associated with investing in the Units and certain risks not identified herein may be substantially greater than those that are. Accordingly, each prospective Investor, prior to making any investment decision, must conduct and subsequently rely upon its own investigation of risk factors associated with the proposed investment. The value of the investments may fall or rise. Investing in the Fund should therefore be regarded as long-term and should only form part of a diversified investment portfolio. Units of the Fund are suitable for purchase only by sophisticated investors for which an investment in the Fund does not constitute a complete investment program and which fully understand, are willing to assume and have the financial resources necessary to withstand the risks involved in the Fund's investment program, and which are able to bear the potential loss of their entire investment. Prospective Investors should maintain investment holdings with risk characteristics different than those of the Fund. Each prospective Investor is urged to consult with its own professional advisors to determine the suitability of an investment in the Fund and the relationship of such an investment to the prospective Investor's overall investment program and financial and tax position. There can be no assurance that the investment objective of the Fund will be achieved.

Certain risks must be considered that are common with an investment fund of this nature. These include, among others:

#### **Market risk**

The prices of financial instruments can and will rise and fall. A careful selection and spread of investments offers no guarantee of positive or relatively good performance.

#### **Liquidity risk**

Some of the financial instruments in which the Fund may invest are not exchange-traded. Under normal circumstances they will be bought and sold based on the ongoing demand and supply on an exchange. If, due to unforeseen circumstances, normal liquidity conditions do not apply, the Fund could face liquidity risk. This could imply that financial instruments cannot be sold or bought under normal market conditions, leading to significant direct and indirect transaction costs. It may also mean that positions cannot be sold at the anticipated price as established and deemed to be the fair value at the date of deciding to liquidate/sell those positions. Over The Counter transactions ("OTCs") may involve additional risk, as there is no exchange or market on which to close out an open position.

#### **Concentration Risk**

The Fund may have significant exposure to a limited number of investments which, in turn, may have significant exposure to certain risk factors or concentrated performance drivers. The value of the Fund may display a high sensitivity to adverse developments in particular investments or asset classes.

**Currency risk**

The Units are Euro-denominated and will be issued and redeemed in this currency. However, a large part of the Fund may be invested in securities and other instruments which are denominated in currencies other than the Euro. Accordingly, the value of such assets may be affected favourably or unfavourably by exchange rate fluctuations. In addition, potential investors whose assets and liabilities are predominantly denominated in another currency than the Euro should take into account the possibility of foreign exchange losses arising from fluctuations in the exchange rate between the Euro and their home currency. The Fund may deliberately take on currency risk as a part of its investment strategy.

**Derivatives risk**

The Fund may use derivatives to reduce exposure to certain risks such as interest rate risk or currency risk. The use of derivative instruments may involve risks different from, and possibly greater than, the risks associated with investing directly in the underlying asset, rate or index. Derivatives are subject to liquidity risk, interest rate risk, market risk, currency risk and default risk. They also involve the risk of improper valuation and the risk that the changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. The loss on a derivative could exceed the initial principal amount invested.

**Operational risks**

The Fund may experience a loss as a result of inadequate or failing internal processes, controls, persons, systems or as a result of external events. Operational risks include business risks, legal and compliance risks, tax risks, risks of fraud, regulatory risks, process and administrative risks, system risks and staff risks.

**Counterparty risk**

The Fund could lose money if the counter party to a derivatives contract or a repurchase agreement, or the Custodian at which a deposit is held, or the counterparty in a securities lending agreement does not make timely payments or honours its obligations.

**Custody assets**

Due to the insolvency, negligence or fraudulent actions of the Depositary and/or the Custodian, their officers or employees or third parties used for the custody of assets of the Fund, the value of Units may decline and the assets of the Fund held in custody may be lost.

**Securities lending**

Securities lending may lead to a sustained loss for the Fund as a result of the failure of a counterparty to comply with its obligations under the securities lending contract.

**Systemic risk**

Certain events in the world or certain activities from one or more important parties in the financial system can lead to market disruptions, resulting in illiquidity and counterparties not being able to fulfil their obligations. As a consequence considerable losses may arise.

**Political risk**

Political risks may include changes of government, social unrest, riots, (civil) war, and terrorism in the countries to which investments in the Fund are exposed.

**Inflation**

The relative value of Units may decrease as a result of inflation. The Fund may not specifically hedge inflation risk or take other measures to mitigate this specific risk.

**Taxation risk**

Because certain countries may have tax practices that are unclear or subject to changes in interpretation or law (including changes effective retrospectively), the Fund could become subject to additional taxation that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of. Furthermore the risk exists that the existing tax regime for the Fund (exempt investment institution, "VBI") will change.

**Fund management risk**

The performance of the Fund will be highly dependent on the people who manage the assets of the Fund. Death, incapacity to work, resignation, insolvency or withdrawal of one of these people can affect the performance of the Fund adversely.

## 4 THE FUND MANAGER

### The Fund Manager

Privium Fund Management B.V. has been engaged to manage the investment of all of the assets of the Fund. Privium Fund Management B.V. was founded in 2012 and its predecessor was founded in 2007. Privium Fund Management is an asset manager with offices in Amsterdam, London and Hong Kong which focuses on alternative investments and employs several very experienced industry professionals.

Privium Fund Management B.V., a limited liability company ("*besloten vennootschap met beperkte aansprakelijkheid*") is the sole director ("*directie*") of the Fund. The Fund Manager is registered in the Trade Register of the Chamber of Commerce of the Netherlands under number 34268930. The articles of association of the Fund Manager are deposited at the offices of the Fund Manager and are sent free of charge to Investors when requested.

### Key tasks

The key tasks of the Fund Manager are determining and implementing the investment policy of the Fund.

### Wft-license/AIFMD-license

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) Wft, and as a consequence (and subject to compliance with the other requirements applicable pursuant to the Wft) may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule. (For further information reference is made to section 16, "*Act on financial supervision ("Wft") AIFMD*").

### The board of the Fund Manager

The board of the Fund Manager consists of Messrs. C.H.A. (Clayton) Heijman and M. (Mark) Baak. Messrs. C.H.A. (Clayton) Heijman and M. (Mark) Baak are the daily policy makers of the Fund.

Clayton Heijman is the founder and a Director of Privium Fund Management B.V.. As a Dutch national, he obtained a degree from the Dutch H.E.A.O. in Utrecht in 1983 and a Master in Business Administration from Webster University in Leiden in 1986, with an emphasis in marketing and management. After working for Kas-Bank and merchant bank MeesPierson he joined Goldman Sachs as an executive director in the Equity Finance & Prime Brokerage division from 1994. In 1998 he joined Fortis as a Managing Director to set up the Prime Fund Solutions activities. After leaving in 2006 he became a Managing Director at Credit Agricole-Calyon. In 2008 he started and became the CEO of Darwin Platform, a firm that provides start up support to new investment management initiatives and offers COO support.

Mark Baak is a Director of Privium Fund Management B.V. and brings over 15 years of experience in the asset management industry, with a focus on alternatives. At Finles Capital Management, he set up and headed the fund management team. In his role as Head of

portfolio management, he was responsible for external manager selection and portfolio management. He received his master degree in economics from the Vrije Universiteit in Amsterdam and is registered at the Dutch Securities Institute and a CAIA charter holder. He initiated the Dutch hedge fund index and is a regular columnist and speaker at industry seminars. Mark Baak has worked for Privium Fund Management B.V. since the launch of the company in 2012.

### **Fund Manager's other activities**

As at the date of this Prospectus, the Fund Manager manages the following investment funds, other than the Fund:

- a) Amsterdams Klimaat & Energiefonds, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, making investments aimed at reducing CO2 emissions;
- b) FMO Privium Impact Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, co-investing alongside the Dutch Development Bank (FMO);
- c) Windmill Trend Evolution Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, a fund of funds investing in investment funds mainly focussed on innovative systematic strategies that invest outside the mainstream markets;
- d) Privium Sustainable Alternatives Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, a fund of funds investing in investment funds and companies mainly focused on sustainable alternatives;
- e) Still Equity Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, predominantly investing in European equities with a value bias;
- f) Strategy One Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in a mixture of (hedge) funds, stocks, and bonds;
- g) Multi Strategy Alternatives Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in a diversified portfolio of investment funds worldwide, predominantly hedge funds;
- h) Supermarkt Vastgoed FGR, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in direct supermarket real estate;
- i) Dutch Mezzanine Fund I, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in mezzanine debt opportunities such as capital for organic growth, acquisitions, recapitalizations or management buyouts;
- j) Dutch Mezzanine Fund II, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in mezzanine debt opportunities such as capital for organic growth, acquisitions, recapitalizations or management buyouts;
- k) Global Allocation Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in a diversified portfolio of investment funds (including hedge funds or other (alternative) collective investment

vehicles worldwide), listed investee companies, stocks, bonds, futures, currency forward contracts and in commodity related instruments; and

- l) The Cangaru Alternatives Fund, a fund for joint account (*fonds voor gemene rekening*) organized and established under the laws of the Netherlands, investing in a diversified portfolio of investment funds worldwide, predominantly hedge funds.

The Fund Manager has an effective conflicts of interest policy in place.

#### **Equity of the Fund Manager, annual and semi-annual accounts**

The Fund Manager's equity is at least € 125,000. The annual accounts of the Fund Manager will be made available at the Fund Manager's premises and on the Website no later than six (6) months after the end of the financial year and are available free of charge. The semi-annual accounts of the Fund Manager will be made available at the Fund Manager's premises and on the Website no later than nine (9) weeks after 30 June of each calendar year and are available free of charge.

#### **Delegation of duties**

The Fund Manager will delegate certain financial, accounting, administrative and other services to the Administrator and one or more other external service providers. The Fund Manager will not delegate its portfolio management function and risk management function with respect to the Fund.

#### **Limitation of liability**

The Fund Manager is only liable to the Investors for any damage suffered by them insofar as such damage is the consequence of a deliberate act ("*opzet*") or wilful misconduct ("*grove schuld*") by the Fund Manager.

#### **Coverage professional liability risks**

To cover potential professional liability risks resulting from activities the Fund Manager carries out with respect to the Fund, the Fund Manager holds a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

#### **Withdrawal Fund Manager**

If the Fund Manager desires to end its activities with regard to the Fund, it will notify the Investors thereof and convene a meeting of Investors at least two (2) months in advance. The meeting of Investors may decide to appoint another fund manager or to dissolve the Fund. If the meeting decides not to dissolve the Fund but no successor of the Fund Manager is appointed within two (2) months after the meeting, the Fund is automatically dissolved. In case the Fund is dissolved, it will be liquidated in accordance with section 14 of this Prospectus.

## 5 THE DEPOSITARY, THE CUSTODIAN, THE EXTERNAL AUDITOR

### A. THE DEPOSITARY

#### Introduction

The appointment of an independent AIFMD depositary (*bewaarder*) within the meaning of article 4:62m Wft of a fund's assets is mandatory for a licensed Dutch fund manager. The Depositary is appointed to provide various duties as set out in article 21 AIFMD to the Fund in the interest of the Investors.

The Depositary:

- is a legal person entrusted with the depositary duties over of the Fund assets;
- is separate from the Fund Manager; and
- shall only act in the interest of the Investors;
- .

Darwin Depositary Services B.V., a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam and its registered office at Barbara Strozzilaan 101, 1083HN Amsterdam, the Netherlands, and registered with the Trade Register of the Chamber of Commerce of the Netherlands under registration number 59855622 will be the depositary (*bewaarder*) of the Fund within the meaning of article 4:62m Wft.

#### Duties Depositary

Pursuant to a depositary agreement entered into among the Fund, the Fund Manager and the Depositary (the "Depositary Agreement"), the key responsibilities of the Depositary are:

- to monitor the cash flows of the Fund (ensuring in particular that all payments made by or on behalf of Investors upon the subscription for Units have been received and that all cash of the Fund has been booked in cash accounts opened in the name of the Fund or in the name of the Fund Manager acting on behalf of the Fund or in the name of the Depositary acting on behalf of the Fund with the proper entity);
- to provide safe-keeping of the Fund assets (i.e. custody for financial instruments that can be held in a financial instruments account or that can be physically delivered to the Depositary, and verification of the ownership by the Fund of all other assets);
- to verify the compliance of the Fund Manager with the Fund Documents and the law;
- to ensure that the Net Asset Value is calculated in accordance with the Fund Documents and the law; and
- to perform various oversight duties with regards to issue and redemption of Units, remission of consideration for transactions by the Fund, application of income by the Fund.

In accordance with the provisions of the Depositary Agreement, the Depositary shall not re-use the Fund Assets without the prior consent of the Fund Manager.

The Depositary may delegate the safekeeping of financial instruments that can be held in custody in accordance with art 21(11) of the AIFMD to the Custodian. No conflicts of interest are expected to arise from such delegation.

In its capacity of a depositary (*bewaarder*) of the Fund within the meaning of article 4:62m FSA, the Depositary shall act solely in the interests of the Investors. The Depositary will not

be exclusively dedicated to the Fund and may perform any other activities for the Fund than those referred to above or depositary duties for other funds or fund managers.

A copy of the Depositary Agreement shall be provided by the Fund Manager upon request at cost price.

### **Liability, Indemnification and Removal of the Depositary**

The Depositary shall be liable towards the Fund or the Investors for a loss suffered by them resulting from the Depositary's negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) of the AIFMD. The Depositary shall be liable towards the Fund or the Investors for any loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments held in custody has been delegated. However, pursuant to a written agreement between the Depositary and the Custodian, such liability may be transferred from the Depositary to the Custodian and consequently the Custodian may be held liable by the Fund Manager or by the Depositary on behalf of the Fund Manager for the loss of financial instruments held in custody, the custody of which has been delegated by the Depositary to the Custodian in accordance with article 21(11) AIFMD (the "Losses"). Notwithstanding the foregoing, the Custodian shall not be liable for any Losses arising out of or in connection with or caused directly or indirectly by any acts or omissions of the Depositary.

Subject to certain restrictions set forth in the Depositary Agreement, the Depositary will be indemnified out of the Fund assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

The Fund Manager reserves the right to, at its own discretion, but with due observance of any applicable terms as set forth in the Depositary Agreement, terminate the Depositary Agreement provided that it appoints a substituting depositary.

## **B. THE CUSTODIAN AND THE PRIME BROKER**

### **The Custodian**

The Fund Manager has engaged ABN AMRO Clearing Bank N.V. to provide custody services to the Fund and to hold in custody the relevant Fund assets pursuant to a custody agreement entered into among the Fund Manager and the Custodian.

### **The Prime Broker**

The Fund Manager has not engaged a prime broker for the Fund.

## **C. THE EXTERNAL AUDITOR**

Ernst & Young Accountants LLP has been appointed as independent auditor of the Fund. Ernst & Young Accountants LLP is a member of the Netherlands Institute of Chartered Accountants and are under supervision of the AFM based on the Audit Profession Act (*Wet toezicht accountantsorganisaties*).



## 6 THE ADMINISTRATOR

### Introduction

Custom House Fund Services (Netherlands) B.V. is appointed to provide certain financial, accounting, administrative and other services to the Fund and the Foundation.

Custom House Fund Services (Netherlands) B.V. is a limited liability company and was established in Rotterdam, The Netherlands. The company is providing third party fund administration services to investment funds. The Administrator is part of the Custom House Group, a global independent administrator.

### Duties Administrator

Pursuant to the agreement between the Administrator, the Fund and the Foundation, the Administrator is responsible, inter alia, for the following matters (under the general supervision of the Fund Manager):

- to verify that Investors who redeem Units receive the correct redemption amount and that Investors who subscribe receive the correct number of Units;
- maintaining the register of Investors;
- administrative processing of subscriptions and redemptions and transfers of Units;
- preparing and maintaining the Fund's financial and accounting records and statements;
- determining the Net Asset Value of the Shareclasses, the Unitclasses and the Units (on a monthly basis);
- preparing the financial statements of the Fund;
- arranging for the provision of accounting, clerical and administrative services;
- maintaining corporate records; and
- disbursing payments of fees and salaries, if any.

The Administrator shall not, in any way or at any time, be involved with any investment decision to be made on behalf of the Fund, nor with the execution thereof (all of which will be made by the Fund Manager), nor with the effect of such investment decisions on the performance of the Fund. Although the Administrator is responsible for the administration of the Fund, the Administrator shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, any side letters, restrictions or guidelines or any other term or condition applicable to it. The Administrator is not involved directly or indirectly with the business affairs, organization, sponsorship or management of the Fund. The Administrator is a service provider to the Fund and is not responsible for the preparation of this offering memorandum or the activities of the Fund and therefore accepts no responsibility for the accuracy or adequacy any information contained in this offering memorandum. The Administrator is not responsible for any trading decisions of the Fund, the Fund Manager (or the monitoring thereof) nor any matter other than as specified in the Administration Agreement. The Administrator does not act as guarantor or offeror of the Units. The Administrator shall not be responsible for tax basis reporting to Investors.

In accordance to the administration agreement entered between the Fund and the Administrator, the Administrator (including its directors, officers, employees, and agents) will not be liable to the Fund or its shareholders for, and will be indemnified against, any loss or damage suffered by the Fund or the Administrator in the absence of gross negligence, bad faith, wilful default, fraud or dishonesty of the Administrator. Moreover,

as the Administrator is not responsible for the safekeeping or the custody of the assets of the Fund, the Administrator will not be liable for any loss, liability, claim, demand or expense which may be suffered or incurred by the Fund to the extent that the loss, liability, claim, demand or expense was suffered or incurred by the acquisition and/or the custody of any unlisted security.

## 7 THE FOUNDATION, INVESTORS, REGISTER OF INVESTORS, MEETINGS, CONFLICTS OF INTEREST

### A. THE FOUNDATION

#### The Foundation

Stichting Administratiekantoor Principia (the "Foundation"), having its offices at Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands, is a foundation ("*stichting*") established under the laws of the Netherlands on May 16, 2014 in Amsterdam, and it is registered in the Trade Register of the Chamber of Commerce of the Netherlands under number 60521538.

The Foundation's statutory purpose is (see article 2 of the Foundation Articles):

*"The foundation's objects are to acquire title to shares in Principia Fund N.V. (this company hereinafter referred to as the "Company"), for the purpose of holding and administering those shares, in consideration for which the foundation shall issue depositary receipts, to exercise the voting and other rights attaching to those shares, collect the dividends and other distributions paid on the shares and pass those onto the holders of depositary receipts, and to perform any such act as may be conducive to attaining these objects, with due observance of the applicable terms and conditions of administration."*

The Foundation is not responsible for verifying that the assets of the Fund are managed within the investment restrictions as mentioned in the Prospectus (this is one of the tasks of the Administrator).

#### Board of the Foundation

The board of the Foundation currently consists of one corporate director, TMF Management B.V., which is represented by its managing directors and proxyholders via a dual signatory procedure as filed with the Trade Register of the Chamber of Commerce of the Netherlands. [TMF Management B.V. is a limited liability company established under the laws of the Netherlands on 20 February 1970 in Amsterdam, the Netherlands, having its offices at Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands and it is registered in the Trade Register of the Chamber of Commerce of the Netherlands under number 33126512.]

#### Costs of the Foundation borne by the Fund

The costs of the Foundation will be for the account of the Fund.

#### Liability

The Foundation is only liable towards the Fund and the Investors for damages suffered as a result of negligent or intentional failure to properly fulfill its obligations ("*niet naar behoren nakomen van zijn verplichtingen als gevolg van opzet of nalatigheid*").

### B. INVESTORS

#### Entitlement to Net Asset Value Fund

An Investor is economically entitled to the Net Asset Value of the Unitclass it participates in, in proportion to the number of Units it holds in such Class. The net Asset Value of a Unitclass is equal to the Net Asset Value of the corresponding Shareclass.

### **Liability of Investors**

Investors are not liable for the obligations of the Fund Manager or the Depositary and shall not bear the losses of the Unitclass they participate in further than up to the amount they paid into such Unitclass in return for the Units they hold.

### **Equal treatment of Investors**

In comparable circumstances the Fund Manager will treat the Investors of a Unitclass in an equal manner.

### **Fair treatment of Investors**

For each decision regarding the Fund, the Fund Manager will evaluate and consider if the consequences thereof will be unfair towards the Investors, taking into account what they might reasonably expect, given the contents of the Fund Documents and applicable regulations.

## **C. REGISTER OF INVESTORS**

The Administrator keeps, on behalf of the Fund Manager and the Foundation, a register of Investors (in electronic or other form) in which the names and addresses of the Investors (as amended from time to time) are listed (the "Register"). The Register will mention with respect to each Investor: (i) the number of Units it holds in which Unitclass; (ii) the bank account number on which it wishes to receive payments. (Such bank account needs to be at a credit institution with a registered office in a member state of the European Union, the European Economic Area or another state for which a derived identification is permitted under the Act on Prevention of Money Laundering and Financing of Terrorism ("*Wet ter voorkoming van witwassen en financiering van terrorisme*").

An Investor shall inform the Administrator promptly about any changes to the registered information.

The Register will be updated by the Administrator after each issue and redemption of Units.

An Investor may ask the Administrator for an extract of its registration in the Register of Investors without costs, though only with regard to its own registration.

## **D. MEETINGS OF INVESTORS**

### **General**

This subject is covered in article 8 of the Foundation Articles. Here below follows a summary of the most important rules applicable to meetings of Investors set out therein. In addition it is set out what the role of the Fund Manager will be with respect to such meetings.

### **Meetings**

A meeting of Investors will be held when the board of the Foundation so desires and on the request of: (i) the Fund Manager; or (ii) Investors holding in aggregate at least 25% of the total number of Units.

### **Convening a meeting, agenda, place of meeting**

The Foundation will be responsible for convening Investors' meetings and setting the agenda for the meeting. The invitation to the meeting will be notified to the Investors no later than on the fourteenth (14<sup>th</sup>) calendar day before the meeting on the Website and at their (e-mail) addresses.

The directors of the Fund Manager will be invited to attend the meetings of Investors and have the right to take the floor at such meetings. The accountant of the Fund may be invited by the Foundation to attend Investors' meetings. The chairman of the meeting may allow others to attend the meeting (in whole or in part) and to address the meeting.

Investors' meeting will be held in Amsterdam, the Netherlands. If the rules regarding the invitation and location of the meeting are not followed, decisions can nevertheless be made validly, provided: (i) all Investors are present or represented at the meeting; and (ii) voting is unanimous.

#### **Chairman of the meeting**

Investors' meetings will be chaired by a person appointed by the board of the Foundation. The chairman of the meeting will appoint a secretary.

#### **Voting rights, representation**

Each whole Unit has one vote. All decisions by the Investors' meeting will be taken with an absolute majority of the votes cast. Abstentions and invalid votes will be considered as not having been cast. If the vote is tied, the chairman of the meeting will have the deciding vote. The chairman of the meeting shall determine the manner of voting.

An Investor may have himself represented at the meeting, subject to written authorization, by another Investor or by a person mentioned in article 8.4 of the Foundation Articles. An Investor may only represent one other Investor.

#### **Minutes**

The secretary of the meeting will make minutes thereof. The minutes need to be approved by the chairman and the secretary of the meeting.

### **E. CONFLICTS OF INTEREST**

#### **General**

In the business and operations of the Fund, conflicts of interest may arise in respect of investment and divestment transactions, the hiring of services providers as well as other transactions. The Fund's organisational documents will provide for provisions safeguarding the appropriate equitable solution of such conflict of interest situation.

The Fund will not directly enter into any transaction at non-arm's length terms and conditions.

#### **Involvement of the Fund Manager in other funds**

The Fund Manager and its affiliates may advise and manage, and in the future may continue to advise and manage, other clients and/or investment funds having substantially similar fund objectives and investment strategy as those of the Fund.

The Fund Manager and its affiliates will allocate investment opportunities among such clients and funds on an equitable basis in their good faith discretion, based on the applicable investment guidelines of such investors and funds, portfolio diversification requirements and other appropriate factors.

## 8 DETERMINATION OF NET ASSET VALUE

### Monthly determination by the Administrator

The Net Asset Value per Unit of each Unitclass will be expressed in Euros and will be determined by the Fund Manager on a monthly basis as of the most recent Valuation Day. It will be communicated to the Investors on the Website. At the discretion of the Fund Manager, NAV's may be calculated to facilitate intra month subscriptions and redemptions. Costs associated with these additional NAV's calculation will be charged to the subscribing and/or redeeming Investors on a pro rata basis.

### Valuation policies and principles

The assets of the Fund will be valued in accordance with Dutch GAAP and, more specific, in accordance with the following policies and principles:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price ("*slotkoers*") on the relevant Business Day. If no trades occurred on such day, it will be valued at the closing bid price for long positions and closing ask price for short positions. Where prices for a particular security are available on more than one exchange or system, the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Fund Manager in its sole discretion determines to be providing the fairest criteria in ascribing a value to such security;
- investments, other than securities which are dealt in or traded through a clearing firm or an exchange or through a financial institution, will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Fund Manager may determine at its discretion which market shall prevail;
- any security which is neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its estimated fair value as determined by the Fund Manager in good faith having regard to the price at which any recent and comparable transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Fund Manager in its sole discretion deems relevant in considering a positive or negative adjustment to the valuation;
- investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty, or such other fair value as determined by the Fund Manager in good faith;
- deposits will be valued at their cost plus accrued interest;
- prices (whether of an investment or cash) which are in a foreign currency other than the Euro will be converted into Euros at the rate (whether official or otherwise) which the Fund Manager at its absolute discretion deems applicable as at close of business on the relevant Business Day.

The determination of the Net Asset Value has been delegated to the Administrator. The Administrator will follow the valuation policies and procedures adopted by the Fund as set out

above. If and to the extent that the Fund Manager is responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any Investor, the Fund Manager or any other person in so doing. The Administrator shall only be liable to the Fund for damages resulting from its own gross negligence ("*schuld*") or willful misconduct ("*opzet*").

The reasonable decision of the Fund Manager regarding the Net Asset Value, including the determination whether a method of valuation fairly indicates fair market value, and the selection of experts for purposes of assessing the value of the Fund's assets and the value of all accrued debts, liabilities and obligations of the Fund, shall be conclusive and binding upon all Investors.

The valuation of the assets of the Fund shall be performed in accordance with article 19 of the AIFMD.

### **Suspension of the calculation of the Net Asset Value**

The Fund Manager may decide to temporarily suspend the determination of the Net Asset Value for, inter alia, the following reasons:

- one or more of the stock exchanges or markets on which a significant part of the Fund's investments are listed or are traded are closed, or the trade in the Fund's investments is limited or suspended;
- circumstances arise (outside the influence of the Fund Manager) which are directly or indirectly associated with political, economic, military or monetary conditions which prevent the determination of the value of the Fund;
- the means of communication or the calculation facilities which are normally used in determining the value of the Fund are no longer functioning or the value cannot be determined quickly or accurately enough by the Administrator for another reason; or
- according to the Fund Manager there is an emergency situation, as a result of which it is not appropriate or possible to value the investments without seriously damaging the interests of the Investors.

### **Calculation errors**

In case of any errors in the calculation of the Net Asset Value, the Fund Manager will, within three (3) Business Days, prepare a report stating: (i) the errors that were made; (ii) which correction needs to be made to the Net Asset Value per Unit; (iii) which correction needs to be made with respect to the number of Units issued on subscriptions against the incorrect Net Asset Value.

If:

- the mistake was made by the Fund Manager or the Administrator; and
  - the difference between the assumed and the correct Net Asset Value was greater than 0.5%; and
  - the disadvantage to the Investor amounts to at least € 250; and
  - the mistake dates from no longer than one month before it being discovered,
- the Fund will provide compensation (in cash or in Units) for the relevant Investor for the actual losses incurred.

## 9 SUBSCRIPTION

### Minimum subscription amount

The minimum subscription amount is € 20,000. The Fund Manager may decide, but is not obliged, to lower this minimum amount in individual cases. The minimum of subsequent subscription amounts is € 1,000.

### Criteria for subscription to A- or B- Units

A- or B- Units may be subscribed to by:

- *B-Units*: persons working for the Fund Manager or related to the Fund;
- *A-Units*: all other persons.

In case an Investor holding B-Units no longer fulfils the criteria for participating in Unitclass B, the Fund Manager may convert its Units in A-Units.

### Issue of Units

The Fund will enable the Foundation to issue Units on each Transaction Day at the Net Asset Value per Unit on the preceding Valuation Day, plus an anti-dilution levy of maximum 0.15% of the subscription amount, as applicable. The Fund and the Foundation will see to it that after the issue of Units in a Unitclass: (i) the Net Asset Value of the corresponding Shareclass is increased with the subscription amount paid; (ii) the NAV of the Unitclass involved is equal to the NAV of the Shareclass this Unitclass relates to; and (iii) the Unitholders of that Unitclass are entitled (through their Units) to the NAV of the relevant Shareclass. The subscription fee is for the benefit of the Fund and will be used to cover the trading costs and spreads on positions of the Fund incurred as a result of the effectuation of the subscription. The Units shall be issued in Amsterdam, the Netherlands.

### Subscription requests (at least ten (10) Business Days prior to the Transaction Day), subscription form

Applications for the subscription of Units should be submitted to the Administrator at least ten (10) Business Days prior to the desired Transaction Day. To subscribe, a subscription form must be filled out which is available on the Website and at the offices of the Fund Manager. The subscription request should indicate the amount in € for which subscription is requested.

### Payment (at least three (3) Business Days prior to the Transaction Day)

Payment is possible only through a bank account in the name of the Investor with a credit institution with a registered office in a member state of the European Union, the European Economic Area or another state for which derived identification ("*afgeleide identificatie*") is permitted under the Act on Prevention of Money Laundering and Financing of Terrorism ("*Wet ter voorkoming van witwassen en financiering van terrorisme*"). The subscription amount must be received in the account of the Fund ultimately three (3) Business Days prior to the relevant Transaction Day. No interest will be paid over the subscription amount for the period between the payment of the subscription amount and the issuance of Units. The interest which is accrued benefits the Fund.

### Consequences if payment or subscription request are not received in time

If either:

- the relevant completed and signed subscription form; or
- payment of the subscription amount have not been received timely,

the application shall be held over until the following Transaction Day, in which case Units will then be issued on that Transaction Day. Nonetheless the Fund Manager may, but is not obliged



to, permit in such case the issue of Units on the desired Transaction Day if both the request for subscription as well as the subscription amount are received before the Transaction Day.

### **Number of Units issued, fractions**

The number of Units issued equals:

- the subscription amount paid by the Investor; divided by
- the Net Asset Value of a Unit on the Transaction Day.

Fractions of Units may be issued, up to four (4) decimals.

### **Confirmation**

The Administrator will send Investors a confirmation of the number of Units issued within five (5) Business Days after determination of the Net Asset Value. The Investor acknowledges that any instructions or requests sent via the Administrator shall not be deemed by the Investor to have been received by the Fund or the Administrator unless written acknowledgement of receipt of same has been received by the Investor.

### **Rejection or suspension of subscription**

The Fund Manager may reject or temporarily suspend a request for subscription if:

- the calculation of the Net Asset Value is suspended by the Administrator;
- the Fund Manager considers that subscription would be contrary to a legal provision;
- the application of the legally required "Know Your Customer" procedure gives, in the Fund Managers' opinion, reason for this;
- the Fund Manager is of the opinion that: (i) the subscription could reasonably be expected to lead to disproportional damage to the interests of the majority of the existing Investors; or (ii) investing of the amounts received could, considering market conditions, be irresponsible or impossible; or
- it has been decided that the Fund will be liquidated.

Furthermore the Fund Manager may at all times reject an application in individual cases, without stating his reasons. In case of rejection, the Fund Manager will inform the respective (legal) person hereof within a reasonable period and any payments already received will be returned promptly.

### **Discontinuation of subscription because of the size of the Fund ("soft close" and "hard close")**

If the Fund Manager believes that a further increase in the size of the Fund would lead to lower returns, then the Foundation, on the request of the Fund Manager, can decide to refuse requests for subscription of new Investors for a certain period (a so called "soft close"). In such case, new subscriptions by existing Investors remain possible. If by then the Fund is still growing too fast, the Fund Manager may also decide to refuse subscriptions requests of existing Investors (a so called "hard close"). In either case, the redemption of Units will not be suspended.

## 10 REDEMPTION, TRANSFERABILITY

### Redemption

The Fund will enable the Foundation on each Transaction Day, if so requested by an Investor, to redeem Units at the Net Asset Value thereof on the Business Day preceding such Transaction Day (the "redemption amount"), less a fee (the "anti-dilution levy") of maximum 0.15% of the redemption amount, as applicable. After effectuation of a redemption of Units: (i) the Net Asset Value of the corresponding Shareclass is decreased with the redemption amount paid; (ii) the NAV of the Unitclass involved is equal to the NAV of the Shareclass this Unitclass relates to; and (iii) the Unitholders of this Unitclass are entitled (through their Units) to the NAV of the corresponding Shareclass. The redemption fee is intended to cover the costs of redeeming the Units (and the transaction and other costs connected therewith incurred by the Fund when selling investments in order to enable the Foundation to pay the redemption amount).

### Minimum redemption amount

The minimum redemption amount is € 1,000. The Fund Manager may decide, but is not obliged, to lower this amount in individual cases.

### Submission redemption request

Investors should send a completed redemption form to be received by the Administrator at least ten (10) Business Days before the desired Transaction Day, failing which the redemption request will be held over until the following Transaction Day. The Fund Manager may decide, in its absolute discretion, to shorten this period between receiving a redemption form and the actual redemption.

### Redemption form on Website

For redemption, the redemption form can be used which can be downloaded from the Website.

### Unilateral decision to redemption

The Fund Manager can unilaterally decide to redeem all Units held by an Investor, if his acting constitutes a breach of legal provisions, the provisions of the Fund Documents, or if, taking into account the Funds interest, continuation of the relationship cannot be reasonably expected of the Fund Manager. Legislation currently applicable to the Fund requires that, as part of compliance thereto, certain documents must be monitored to ensure that they are timely and up-to-date. In order to comply with this requirement, the Administrator and/or the Fund Manager will require that certain documents are delivered by the Investor to the Administrator and/or the Fund Manager on a periodic basis. The Administrator and/or the Fund Manager may contact the Investor to request such documents, and, by signing the subscription form, the Investor confirms that it will provide the documents so requested on a timely basis. Any Investor who does not or cannot provide the additional KYC documentation may be forcibly redeemed from the Fund.

### Payment redemption amount

Redemption sums (Net Asset Value Units redeemed minus redemption fee) will be paid within ten (10) Business Days of calculating the Net Asset Value to the same account from which Investors' subscription was originally remitted agrees otherwise. In the case the Administrator has not received all the requested KYC requirements, even though the redemption request will be processed, redemption proceeds will be held in the name of the redeeming Investor at the Fund's bank account without any interest accruing in favour of the Investor and the

Investor will bear all associated risks until such time as the Administrator receives the outstanding KYC requirements.

**Suspension of redemption**

The Fund Manager may suspend the granting of a request for redemption if:

- the calculation of the Net Asset Value is suspended by the Administrator; or
- it believes that redemption would be contrary to a legal provision; or
- it believes that the redemption of Units could lead to disproportional damage to the interests of the majority of the existing Investors. Such an occasion might be the necessary sale of investments to allow redemption, taking market conditions into account, which is irresponsible towards the remaining Investors or impossible; or
- it has been decided that the Fund will be liquidated.

**Limited transferability of Units**

Units may only be transferred, pledged or otherwise encumbered by an Investor with the prior written consent of the Fund Manager, which consent may be withheld without motivating the reasons therefore.

**Sufficient safeguards for fulfilment of obligations following redemption**

Sufficient safeguards are available to enable the Fund to fulfil its obligations to redeem Units and to pay the redemption sums, except in case of statutory provisions prohibiting the redemption, or when redemption has been suspended as foreseen in this Prospectus.

## 11. FEES AND EXPENSES

### A. COSTS CHARGED TO INVESTORS INDIVIDUALLY

#### Subscription and redemption fees

An anti-dilution levy of maximum 0.15% of the subscription amount may be charged as described below, which will be for the benefit of the Fund. (See section 9, "Subscription").

An anti-dilution levy of maximum 0.15% of the redemption amount may be charged as described below, which will be for the benefit of the Fund. (See section 10, "Redemption, transferability").

An anti-dilution levy in relation to subscriptions and/or redemptions shall be always calculated taking into account the net flow and the gross flow of such subscriptions and redemptions within a given month. By way of example: should the total subscription amounts in a given month amount to € 400,000 and the total redemption amounts to € 200,000, the following anti-dilution levy shall be charged on the relevant subscription amount:  $\frac{€ 200,000}{€ 600,000} \times 0.15\% = 0.05\%$ . Should the total subscription amounts equal the total redemption amounts in a given month, no anti-dilution levy shall be charged.

### B. COSTS CHARGED TO THE FUND

#### Management Fee

The Fund Manager is entitled to an annual management Fee (the "Fee") on Shareclass A that varies between a minimum of 1% and a maximum of 2%, based on the three-year rolling outperformance/ underperformance vs. the benchmark. The fee percentage is based on the Net Asset Value (before management fee) of Shareclass A as at the last valuation day of each calendar month. The Fee is payable monthly in arrears out of the assets of the Fund.

The Fee is designed to align the Fund Manager's interest with those of investors. This is achieved by the Fee having the following key attributes:

1. Performance oriented. The Fee percentage is directly related to the excess return achieved by the Fund; and
2. Long-term oriented. The Fee percentage is based on the rolling three-year return of Shareclass A which focusses the attention of the Fund manager on the long-term return of the Fund.

To calculate the Fee, the return of Shareclass A is defined as the percentage change in the Net Asset Value of the Class based on closing prices. All expenses other than the Fee are accounted for.

The Fee is 1.5% per annum when the performance of the Fund is equal to the return of the benchmark over the three years ending on the date of the calculation. A maximum fee of 2% is payable if the return of Shareclass A is superior to that of the benchmark by 20% over the three years ending on the date of the calculation. A minimum fee of 1% is payable if the return of Shareclass A is below that of the benchmark by 20% over the three years ending on the date of the calculation.

For example, assume the Shareclass A has a cumulative three-year return of 25% before the Fee, while the benchmark returned 15%, for a cumulative outperformance of 10% over this period. The Fee for the last month in this three-year period would be accrued at 1.75% (being 1.5% + 0.5% times one twentieth of the excess return of 10%).

Alternatively, assume that the Shareclass A has a cumulative three-year return of 20% before the Fee, while the benchmark returned 30%, for a cumulative underperformance of 10% over this period. The Fee for the last month in this three-year period would be accrued at 1.25% (being 1.5% + 0.5% times one twentieth of the underperformance of 10%).

### **Transaction costs**

Any transaction fee charged when securities are bought will be deemed to constitute part of the purchase price. Any transaction fee charged when securities are sold will be deducted from the proceeds of the sale.

### **Operational costs**

#### General

Operational costs inter alia include all costs of legal, tax, administrative, accounting, audit, reporting, trading, custody, depositary, legal ownership and similar services and advice provided to the Fund and all costs of communications with and meetings of the Investors.

#### Custody

The annual custody fee will amount to approximately 0.03% of the NAV of the Fund, inclusive of VAT.

#### Depositary

The Fund will pay to the Depositary in remuneration of its service to the Fund, limited to AIFMD depositary duties, an annual fee equal to €16,500 exclusive of VAT

#### Administrator

The Fund will pay the Administrator in remuneration for its services to the Fund:

#### *Variable fee*

an annual fee (to be calculated and paid monthly in arrears on the basis of the NAV of the Fund before deduction of the management fee) based on the following sliding scale:

part up to € 30 million	ten (10) basis points
part between € 30 and € 50 million	eight (8) basis points
part above € 50 million	six (6) basis points

with a minimum of € 15,000 per annum.

#### *Fixed fee for annual report preparation and FACTA/CRS reporting*

A fee of € 5,000 per annum for each of these services.

No VAT has to be paid over these amounts.

#### Foundation

The Foundation will be entitled to a fee based on the time spent by the directors thereof. This will presumably amount to an amount of approximately € 5,000 per annum, exclusive of VAT.

#### Auditor and AFM/DNB

This concerns the cost of supervision by AFM and DNB (approximately € 1,500 per annum, no VAT) and the costs of the auditor (€ 10,000 per annum for auditing the annual accounts of the Fund and € 2,500 per annum for fulfilling the requirements for UK tax reporting, those amounts to be increased with VAT).

#### Other costs

The Fund will furthermore bear the other costs, fees and expenses of the Fund and the Foundation, such as, without limitation to: costs of subscription and redemption not covered by subscription and redemption fees, fees and expenses of legal and tax advisers, all taxes and fees payable to governments or agencies, all expenses of meetings of Investors and of preparing, printing and distributing financial and other reports, proxy forms, information memorandums and similar documents, any other organisational and operating expenses. These fees, costs and expenses shall be negotiated by the Fund Manager in the best interest of the Investors and are expected not to exceed in a given year 0.05% of the average Net Asset Value of the Fund during such year.

#### **Start-up costs**

The Fund bears the start-up costs in connection with the establishment of the Fund, equal to € 72,000,-in aggregate (inclusive of VAT):

- payable to the Fund Manager for its efforts in connection with the formation of the Fund; for legal, accounting and tax advisory fees, for research costs, incorporation expenses and set-up fee payable to the Foundation; and
- the costs of compliance with new regulatory rules pursuant to implementation of the AIFMD and rules promulgated thereunder.

These start-up costs shall be capitalized and amortized in equal installments over a period of five (5) years.

#### **C. COSTS FOR THE ACCOUNT OF THE FUND MANAGER**

The Fund Manager will bear any expenditure not associated with the Fund's investments. This will include the cost of:

- labour, predominantly related to managing the Fund and its assets;
- marketing;
- additional software and systems; and
- any other expenses needed to ensure the operation of the Fund Manager.

#### **D. ONGOING CHARGES FIGURE ("OCF")**

The ongoing charges figure ("OCF") is the total amount of the costs of the Fund incurred in a year (except for transaction costs, interest costs and costs related to the issue and redemption of Participations that are chargeable to the Fund) expressed as a percentage of the Fund's average Net Asset Value for the year concerned. The OCF will be calculated for each Shareclass at the end of each financial year and published annually in the Fund's annual reports.

The OCF is estimated to be (assuming that the Net Asset Value of the Fund is € 20 million during the whole year and a performance in line with the benchmark): 1.97%% for Unitclass A and 0.47%% for Unitclass B.

<b>Ongoing Charges Figure estimate, class A, ex performance fee (based on Euro 20 million AUM)</b>	
Management fee	1.50%
Administrator	0.13%
AIFMD depositary	0.10%
Stichting Administratie Kantoor	0.03%
Set-up costs	0.09%
Custodian	0.03%
Audit & reporting	0.07%
Other expenses	0.03%
<b>Total (ex performance fee)</b>	<b>1.97%</b>
<b>Ongoing Charges Figure estimate, class B, ex performance fee (based on Euro 20 million AUM)</b>	
Management fee	0.00%
Administrator	0.13%
AIFMD depositary	0.10%
Stichting Administratie Kantoor	0.03%
Set-up costs	0.09%
Custodian	0.03%
Audit & reporting	0.07%
Other expenses	0.03%
<b>Total (ex performance fee)</b>	<b>0.47%</b>

## 12 FISCAL ASPECTS

### General

The information below is intended as general non-exhaustive overview of the relevant tax aspects and is based on the present tax legislation in the Netherlands. Investors or potential Investors in the Fund are advised to consult their tax adviser for more information on the specific tax consequences of an investment in the Fund.

### The Fund

#### A. Corporate income tax

For Dutch corporate income tax purposes, the Fund, a public company limited by shares ("*naamloze vennootschap*"), a legal entity under the laws of the Netherlands, has opted for the status of exempt investment institution ("*vrijgestelde beleggingsinstelling*" or, abbreviated, "*VBI*"), pursuant to article 6a of the Dutch Corporate Income Tax Act 1969 ("*Wet op de vennootschapsbelasting 1969*"). The status of VBI provides the Fund but also the investor with great flexibility. As no restrictions apply as for the types of investors, every type of investor is allowed to participate in the Fund. Most importantly: a VBI is also completely exempt from corporate income tax in the Netherlands. The Fund may not be eligible for tax treaty benefits.

In order to obtain and keep the status of VBI, all conditions of article 6a of the Corporate Income Tax Act 1969 should be satisfied, of which the most important are:

- the Fund may only invest in qualifying investments, being financial instruments as mentioned in article 6a of the Corporate Income Tax Act 1969;
- the Fund should have an open-end character;
- the Fund should have a minimum of two (2) investors;
- the Fund should adhere the concept of risk-spreading in its investments.

#### B. Dividend withholding tax

Distributions of the Fund are not subject to Dutch dividend withholding tax as a result of the VBI status. The exemption does not apply to accumulated profit reserves prior to the VBI status (if any). The Fund cannot claim a refund or credit for (Dutch or foreign) withholding tax.

### The Investors

#### A. Individuals

Pursuant to the Personal Income Tax Act 2001 ("*Wet op de inkomstenbelasting 2001*"), an individual who is resident of the Netherlands and owns an investment of less than 5% of the Unitclass issued by the Foundation, which should not be attributed to an enterprise and should not be considered to be miscellaneous activities ("*overige werkzaamheden*"), is taxed on the average of the fair value of the investment, which is determined as the average of the value of the investment on 1 January. Depending on the total value, the individual is deemed to realize a 2% to 5.38% return on this value (percentages for the year 2018),, taxed at a flat rate of 30%. The actual income received is not subject to tax.

Individuals that own less than 5% of a Unitclass and who are not resident of the Netherlands are in general not taxed with Income Tax in the Netherlands.

If the Investor holds a so-called substantial interest ("*aanmerkelijk belang*") in the Fund (5%



or more of a Unitclass), the Investor is deemed to realize a 5.38% return on the value of the investment as at January 1 (percentage for the year 2018). The deemed return is reduced with the actual income derived on the Fund during the year, but not below zero. The deemed return and any income received during the year is taxed at a flat rate of 25%, whereby the deemed return increases the cost price ("*verkrijgingsprijs*") of the Units. The alienation of Units is taxed at a flat rate of 25% in case and insofar the redemption sums exceed the cost price.

Individuals that own more than 5% of a Unitclass and who are not a resident of the Netherlands are advised to consult their tax advisor for more information of the applicable tax treaty for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (if any).

In cases where the Units are either allocated to the individual's enterprise or where the investment in the Units is considered to be a miscellaneous activity, the results will be taxed at a progressive rate with a maximum of 52%. Furthermore, a mark to market rule applies, on the basis of which the Investor has to report its interest in the Fund at fair value on its tax balance sheet at every year-end. As a result, (unrealized) capital gains are immediately taxed. In case the Investor holds its Units via a separate entity, the Investor may have to report its interest in that separate entity at fair value annually.

#### *B. Dutch corporate Investors*

For corporate investors, which are subject to Dutch corporate income tax and to which no special regime applies, all income from the investment in the Fund is included in the taxable result. Moreover, the Investor should report its interest in the Fund at fair market value on its tax balance sheet at every year-end.

#### **UK tax reporting status**

The Fund has applied for the UK tax reporting status.

#### **Annual statement**

After every calendar year, each Investor will receive, within two (2) months, a statement from the Administrator, containing information relevant for his tax return. For holders of Units in Unitclass A, the statement will contain the data necessary for UK residents to fill in their tax return.

## **13 DISTRIBUTION POLICY**

The dividends and interest received by the Fund, as well as possible capital gains, will not be distributed but will be reinvested. Notwithstanding the foregoing, the Fund Manager may, at its sole discretion and at any time, decide to make distributions to the Investors.

Any distribution (including profit distributions) to the Investors, including the amount, composition and manner of payment, shall be published on the Website.

## **14 DURATION OF THE FUND, DISSOLUTION AND LIQUIDATION**

### **Duration of the Fund**

The Fund has been established for an indefinite period of time.

### **Dissolution ("*ontbinding*") and liquidation ("*vereffening*")**

The Fund Manager may propose the Investors to dissolve ("*ontbinden*") the Fund. In case of dissolution, the Fund Manager takes care of the liquidation of the Fund ("*vereffening*") and will account to ("*rekening en verantwoording afleggen aan*") the Investors. (See articles 31 and 32 of the Fund Articles.)

## 15 REPORTS AND OTHER INFORMATION

### Prospectus

A copy of the Prospectus (with appendices) will be distributed free of charge to anybody upon request. It is also available on the Website.

### Annual report

The Fund's financial year runs from January 1 up to and including December 31. The financial statements will be made up in accordance with Dutch GAAP (Generally Accepted Accounting Principles), the Wft and the Bgfo, will be reported in Euros (€) and will be published within six (6) months after the end of the financial year. In the annual report, a comparative overview will be included regarding the development of the assets and the Fund's benefits and costs over the preceding three years. The annual accounts will be audited by the accountant of the Fund and have to be approved by the Foundation (in its capacity as shareholder). The published annual reports, in which the annual accounts are included, are deemed to be an integral part of this Prospectus, and they are available free of charge at the offices of the Fund Manager and can also be downloaded from the Website.

### Monthly reports

Furthermore, a monthly report will be posted on the Website within two (2) weeks after the end of each month. This report will specify at least:

- the value of the Fund's portfolio;
- the number of outstanding Units per Unitclass;
- the Net Asset Value per Unit of each Unitclass at the end of the previous month;
- the general composition of the Fund's portfolio.

### Website of the Fund Manager

The Website will in any event contain the following information:

- the Fund's Prospectus (and its appendices);
- the license of the Fund Manager;
- intended amendments of the Prospectus (and an explanation regarding those amendments);
- the actual amendments of the Prospectus decided upon (and an explanation regarding those amendments);
- the annual accounts of the Fund for the last three (3) book years;
- the most recent monthly report of the Fund;
- the most recent annual accounts of the Fund Manager as of the end of the book year; and
- the Key Investor Information Document of the Fund ("*essentiële beleggersinformatie*").

### Information available at the offices of the Fund Manager

The following information is available at the offices of the Fund Manager (and a copy of it can be obtained from the Fund Manager free of charge by e-mail):

- all information mentioned above; and
- all information concerning the Fund, the Fund Manager and the Depositary that must be deposited with the Trade Register, pursuant to applicable laws and regulations.

## 16 REGULATORY CONSIDERATIONS

### **License**

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) Wft, and as a consequence (and subject to compliance with the other requirements applicable pursuant to the Wft) may offer the Fund to professional and non-professional investors within the Netherlands.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule. This Prospectus is prepared in conformity with the Wft as in force on the date of this Prospectus.

### **Regulatory changes**

The regulatory environment for investment funds continues to evolve. In the light hereof, during the existence of the Fund, additional and/or amended legislation and regulations affecting the Fund, the Fund Manager, the Foundation, the Depositary and the Administrator may come into force.

The Fund Manager may amend the Fund Documents if the Fund Manager reasonably determines that a regulatory change has a material adverse effect on the Fund and/or the Foundation and/or the Fund Manager, such that (i) the material adverse effect of the applicable change is removed or mitigated, and (ii) the Fund shall bear its reasonable allocable portion of the costs in relation to the implementation of and compliance with the change (it being understood such allocation is in principle determined on the basis of the number of funds managed by the Fund Manager that fall within the scope of such change).

### **Supervision by AFM**

The Fund Manager operates under the supervision of the AFM and DNB as foreseen in the applicable provisions of the Wft. For the sake of an adequate functioning of the financial markets and the position of investors, investment funds have to comply with demands with regard to professionalism and reliability of its managers, financial safeguards, (operational) management and the providing of information to Investors, the public and the supervisors.

### **AO/IC**

The Fund Manager and the Fund have a description of the administrative organisation and internal control that is compliant with the rules as set out in the Wft and the Bgfo.

### **Change of conditions or investment policy**

The Fund Manager may only change the investment policy with respect to the Fund by amending this Prospectus. An amendment to the Prospectus can be made by the Fund Manager. A proposed change to the Prospectus or to the conditions of the Fund will be announced on the Website. In addition, an explanation to the proposed change will be published on the Website.

Notice of effected amendments made will also be made on the Website. In addition, an explanation to the amendments will be published on the Website.

### **Implementation of amendments to the conditions or investment policy**

Any amendments to the Prospectus causing a change to the investment policy or resulting in a decrease of the rights or safeguards of the Investors or increasing burdens laid upon them,

may only come into force one (1) month after the intended amendments have been announced on the Website. During this period, Investors may redeem their Units under the usual conditions.

#### **Withdrawal of licence at request of Fund Manager**

In case the Fund Manager decides to request the AFM to withdraw its license, the Investors will be informed thereof by notice to their e-mail address and publication on the Website.

#### **Prevention of Money Laundering and Financing of Terrorism**

Measures aimed at the prevention of money laundering and financing of terrorism will require each applicant for Units to evidence its identity to the Administrator ("KYC requirements"). The procedure used by the Administrator is compliant with the Dutch Act on the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*). The Administrator reserves the right to request such other information as is necessary to verify the identity of an applicant. Pending the provision of evidence satisfactory to the Administrator as to the identity, the evidence of title in respect of interests may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as mentioned above, the Fund Manager may, in its absolute discretion, refuse to allot the Units applied for in which event the subscription proceeds will be returned without interest and/or less any other costs incurred by the Fund relating to the transaction of the applicant to the account from which such proceeds were originally debited.

In the event that changes in KYC requirements occur either in policy or in legislation after the Units have been allotted, Investors will be obliged to provide additional KYC documentation to satisfy such changed requirements within a reasonable period of time following a request for such additional documentation. Any Investor who does not or cannot provide the additional KYC documentation may be forcibly redeemed from the Fund in accordance with the mandatory redemption provisions as set forth above.

Investors should be aware that the total subscription amount will be at risk once it has been invested in the Fund. An Investor's failure to comply with applicable KYC requirements may result in the return of an amount lower than the invested amount.

#### **The U.S. Foreign Account Tax Compliance Act**

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), the United States will impose a withholding tax of 30 percent on certain U.S. sourced gross amounts not effectively connected with a U.S. trade or business paid to certain "Foreign Financial Institutions", including the Fund, unless some information reporting requirements are complied with.

The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of "recalcitrant account holders" as described in §1.1471-5(g)(2) of the Foreign Account Tax Compliance Act). A fund's ability to satisfy its obligations under an agreement with the U.S. Internal Revenue Service ("IRS") will depend on each participant of such fund providing the fund with any information, including information concerning the direct or indirect owners of such participant, that the fund determines is necessary to satisfy such obligations. Any such information provided to a fund will be shared either with the local tax authority or the IRS, depending on the Model of the Intergovernmental Agreement. An investment fund that is classified as subject to FATCA requirements will be required to register with the IRS and obtain a Global Intermediary Identification Number ("GIIN") and agree to have policies and procedures in

place to identify certain direct and indirect U.S. account holders or equity holders. For these purposes the Fund would fall within the definition of a foreign financial institution ("FFI") for the purpose of FATCA.

Each prospective Investor agrees by signing the subscription form to provide such information upon request from the Fund Manager or the Administrator. If a fund fails to satisfy such obligations or if a participant of a fund fails to provide the necessary information to such fund, as applicable, payments of U.S. source income and payments of proceeds will generally be subject to a 30 per cent withholding tax.

The Fund may exercise its right to completely redeem a participant that fails to provide the Fund or the Administrator with the requested information in order for the Fund to satisfy its FATCA obligations, and the Fund may take any other action deemed necessary in relation to a participant's shares or redemption proceeds to ensure that such withholding is eventually borne by the relevant participant whose failure to provide the necessary information gave rise to the withholding tax. Each prospective Investor in the Fund should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

The Fund will endeavour to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantee or assurance that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected and the Fund may suffer loss as a result.

#### *The Common Reporting Standard*

The Netherlands is one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development (the "Common Reporting Standard" or the "CRS"). Financial institutions resident in jurisdictions which have agreed to the CRS, should report certain account holder information to their local tax authorities who will then exchange such information with countries where account holders are tax residents. It can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, the CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further inter-governmental agreements will therefore be entered into with other third countries by the Dutch government from time to time to enable reporting to such third countries' tax authorities ("Foreign Tax Authorities") as provided in the CRS.

By investing or continuing to invest in the Fund, Investors shall be deemed to acknowledge that:

- a) the Fund is considered to (i) be a reporting financial institution under the CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the Netherlands certain confidential information in relation to the Investor, including but not limited to the

- Investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Investor's investment;
- b) the competent tax authority of the Netherlands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities;
  - c) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
  - d) the Fund may require the Investor to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the Netherlands;
  - e) in the event an Investor does not provide the requested information and/or documentation, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Investors being subject to withholding tax or penalties under the relevant legislative or inter- governmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor concerned;
  - f) no Investor affected by any such action or remedy shall have any claim against the Fund (or its agent, including the Administrator) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the CRS, any further inter-governmental agreements or any of the laws and regulations related to the CRS; and
  - g) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the Netherlands and the Foreign Tax Authorities or as otherwise required by law.

Investors should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of residence and/or citizenship (as applicable).

### **Processing of personal data**

Pursuant to and in compliance with the Regulation (EUR) 2016/679 of the European Parliament and of the Council dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "Regulation"), the Fund Manager, qualifying as a controller within the meaning of the Regulation, will at all times act in accordance with and pursuant to the Fund Documents and the provisions of the Regulation applicable to it, having special notice for the obligations with respect to the principles relating to processing of personal data, the accountability obligation, the registration obligation and the obligations relating to the processing of the personal data. The Administrator, qualifying as the processor within the meaning of the Regulation, will at all times act in accordance with and pursuant to the provisions of the Regulation as applicable to it.

By means of the subscription form, the Fund Manager provides the Investor with the relevant obligatory information to be mandatorily provided to the Investor in accordance with and pursuant to Article 13 of the Regulation. The Fund Manager will provide the Investor with the relevant information that the Investor may request in accordance with the provisions of the Regulation.



## 17 ADDITIONAL INFORMATION

### **Delegation of core tasks**

The Fund Manager has delegated the financial administration and calculation of the Net Asset Value to the Administrator. The Administrator only serves an administrative and executing role in favour of the Fund and is not responsible for carrying out the investment policy.

The Foundation has delegated the administration of Investors to the Administrator.

This has been documented in outsourcing agreements that comply with the rules as set out Bgfo.

There are no conflicts of interest between the Fund Manager and the Administrator, the Foundation and the Administrator.

### **Related parties**

The Fund will not enter into any investment, divestment or other business transaction with the Fund Manager, the Depositary, any other funds managed by the Fund Manager or affiliates of the Fund Manager or with related party funds.

### **Distribution policy**

The Fund Manager may use external distribution channels for marketing of the Fund. In such case, these distributors may receive a fee in the form of a percentage of the funds which they have attracted for the Fund, or a part of the annual fee the Fund Manager receives from the Fund. In all cases, these fees are paid by the Fund Manager and are therefore not borne by the Fund.

### **Inducements**

The Fund Manager does not receive inducements (as meant in article 24 of the Delegated Regulation) from third parties other than research from brokers. This research is designed to enhance the quality of the asset management and receiving it does not impair compliance with the Fund Manager's duty to act in the best interest of the Fund and its Investors.

### **Complaints**

Complaints regarding the Fund, the Fund Manager or the Administrator may be submitted in writing or by e-mail to the Fund Manager. The Fund Manager will confirm the receipt of a complaint within five (5) Business Days and will inform the complainant about the procedure that will be followed.

### **Applicable law and competent court**

The Fund Documents will be governed by Dutch law. The competent court in Amsterdam, the Netherlands will have exclusive jurisdiction to settle any claims, actions or disputes arising out or in connection with the Fund Documents (subject to appeal as provided by law).

A final judgment obtained in a court of any member state of the European Union and which is enforceable in such member state will be recognized and enforced by the courts of the Netherlands without re-trial or re-examination of the merits:

- on the basis of and subject to the limitations imposed by the Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (as amended); and
- subject to limitations imposed by Regulation (EC) No. 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims (as amended) and the rules and regulations promulgated pursuant thereto.

**Historical performance, latest annual report and net asset value of the Fund**

The historical performance of the Fund, the latest Net Asset Value and the latest annual report of the Fund as at the date of this Prospectus are referred to Schedule 1 attached hereto.

## **18 DECLARATION OF THE FUND MANAGER**

The Fund Manager declares that itself, the Fund, the Depositary and the Prospectus comply with the rules set out in the Wft and the regulations based on the Wft.

Amsterdam, May 31, 2018

Privium Fund Management B.V.

## 19 ASSURANCE REPORT

To: the fund manager of the Principia Fund N.V.

### Engagement and responsibilities

We have performed an assurance engagement concerning the contents of the prospectus of the Principia Fund N.V.. In this context, we examined whether the prospectus dated May 31, 2018 of the Principia Fund N.V., Amsterdam, contains at least the information required by or pursuant to the Dutch Financial Supervision Act for a prospectus of an alternative investment fund.

Unless explicitly stated otherwise in the prospectus, we have not audited the information included in the prospectus.

Privium Fund Management B.V. is as alternative investment fund manager of the Principia Fund N.V. responsible for preparing the prospectus that contains at least the information required by or pursuant to the Dutch Financial Supervision Act for a prospectus of an alternative investment fund. It is our responsibility to provide a statement as referred to in Section 115x, subsection 1, under e, of the Decree on the Supervision of the Conduct of Financial Enterprises pursuant to the Financial Supervision Act (the Decree).

### Scope

We conducted our examination in accordance with Dutch law, including Standard 3000A, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (attestation agreements). This requires that we plan and perform our examination to obtain reasonable assurance about whether the prospectus contains at least the information required by or pursuant to the Dutch Financial Supervision Act for a prospectus of an alternative investment fund.

Pursuant to Section 115x, subsection 1 under c of the Decree, the prospectus of an alternative investment fund contains the information which investors need in order to form an opinion on the alternative investment fund and the costs and risks attached to it. Dutch law does not require the auditor to perform additional procedures with respect to Section 115x, subsection 1, under c, of the Decree.

We are independent of Privium Fund Management B.V. and the Principia Fund N.V. 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).

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

### **Opinion**

Our opinion has been formed on the basis of the scope outlined above. In our opinion, the prospectus dated May 31, 2018 of the Principia Fund N.V. contains, in all material respects, at least the information required by or pursuant to the Dutch Financial Supervision Act for a prospectus of an alternative investment fund.

Amsterdam, May 31, 2018

Ernst & Young Accountants LLP

Signed by R.J. Bleijs

**SCHEDULE 1**  
**HISTORICAL PERFORMANCE, NET ASSET VALUE AND ANNUAL REPORT**

**1. HISTORICAL PERFORMANCE**

The historical performance of the Fund is published on the website of the Fund Manager.

**2. LATEST NET ASSET VALUE**

The latest Net Asset Value per A-Unit is 127.29.

The latest Net Asset Value per B-Unit is 133.72.

**3. LATEST ANNUAL REPORT**

The latest annual report is published on the website of the Fund Manager.