

# Strategy One Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

**for the period from 1 January 2018 to 30 June 2018**

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Administrator	Custom House Global Fund Services Limited Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor*	PricewaterhouseCoopers Accountants N.V. Fascinatio Boulevard 350 3065 WB Rotterdam The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depositary	Darwin Depositary Services B.V. Barbara Strozilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Bewaarder Strategy One Fund Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands

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

## Profile

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, Legal Owner and each participant. The Fund was established on 19 April 2012 and commenced operations on 1 May 2012.

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

The participants’ equity per participation as at 30 June 2018, 31 December 2017 and 30 June 2017 are as follows:

	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
Series A Initial	1,352.91	1,328.69	1,261.27
Series A January 2016	-	1,088.16	1,033.62
Series A January 2018	1,002.68	-	-
Series A February 2017	-	1,091.18	1,036.49
Series A April 2015	-	1,029.37	976.63
Series A May 2015	1,017.47	999.22	946.59
Series A June 2017	-	1,052.77	-
Series A July 2015	-	1,000.61	947.93
Series A July 2016	-	1,138.66	1,081.60
Series A October 2017	-	1,004.65	-
Series B Initial	1,280.66	1,258.56	1,195.18
Series B February 2015	-	1,021.48	969.27
Series B November 2015	-	1,016.95	964.75

## Interim financial statements

### BALANCE SHEET

	<i>Note(s)</i>	<b>30 June 2018 EUR</b>	<b>31 December 2017 EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Equities		1,898,266	1,498,722
Investee funds		11,580,455	12,035,915
Debt instruments		845,117	678,815
Derivative financial assets		372	719
	3	<u><b>14,324,210</b></u>	<u><b>14,214,171</b></u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash	4	1,630,984	1,404,503
Dividend receivable		19,976	5,221
Interest receivable		3,233	2,359
Receivables for securities sold		-	1,583
		<u><b>1,654,193</b></u>	<u><b>1,413,666</b></u>
<b>Total assets</b>		<u><b>15,978,403</b></u>	<u><b>15,627,837</b></u>
<b>Liabilities</b>			
<b>Investment liabilities</b>			
Derivative financial liabilities		(892)	(1,156)
	3	<u><b>(892)</b></u>	<u><b>(1,156)</b></u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Due to custodian	4	(790,594)	(731,100)
Accrued expenses and other payables	5	(58,490)	(81,456)
Subscriptions received in advance	6	-	(200,000)
Payable for securities purchased		-	(100,756)
		<u><b>(849,084)</b></u>	<u><b>(1,113,312)</b></u>
<b>Total liabilities</b>		<u><b>(849,976)</b></u>	<u><b>(1,114,468)</b></u>
<b>Total assets minus total liabilities</b>		<u><b>15,128,427</b></u>	<u><b>14,513,369</b></u>
<b>Equity</b>			
Contributions of participants		12,419,850	12,070,967
Unappropriated gain		2,708,577	2,442,402
<b>Total shareholders' equity</b>	7	<u><b>15,128,427</b></u>	<u><b>14,513,369</b></u>

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

## Interim financial statements

### INCOME STATEMENT

(For the periods ended 30 June 2018 and 2017)

	<i>Note(s)</i>	<b>2018</b> <b>EUR</b>	<b>2017</b> <b>EUR</b>
<b>Investment result</b>			
<i>Direct investment result</i>			
Interest income	8	15,412	19,158
Dividend income	9	81,131	52,317
		<u><b>96,543</b></u>	<u><b>71,475</b></u>
<i>Indirect investment result</i>			
Realised gains on equities	3, 10	14,629	72,469
Realised gains on investee funds	3, 10	252,608	108,290
Realised gains on debt instruments	3, 10	-	22,890
Realised (losses)/gains on derivative financial instruments	3, 10	(32,321)	4,017
Unrealised (losses)/gains on equities	3, 10	(61,903)	53,527
Unrealised gains on investee funds	3, 10	127,698	745,334
Unrealised gains/(losses) on debt instruments	3, 10	1,582	(4,071)
Unrealised losses on derivative financial instruments	3, 10	(83)	(1,152)
Foreign currency gains on translation	11	14,973	29,628
		<u><b>317,183</b></u>	<u><b>1,030,932</b></u>
<b>Total investment income</b>		<u><b>413,726</b></u>	<u><b>1,102,407</b></u>
<b>Expenses</b>			
Management fee	13, 14	(74,633)	(72,233)
Administration fee	13	(14,948)	(14,588)
Incentive fee	13, 14	(13,968)	(547)
Depositary fee	13	(9,983)	(9,983)
Audit fee		(8,876)	(8,659)
Legal ownership fee		(7,976)	(10,206)
Bank charges		(6,776)	(8,628)
Other operational costs		(3,598)	(4,350)
Interest expense		(2,988)	(2,689)
Custody fee	13	(2,905)	(2,861)
Legal fee		(900)	(1,500)
<b>Total expenses</b>	12	<u><b>(147,551)</b></u>	<u><b>(136,244)</b></u>
<b>Net profit</b>		<u><b>266,175</b></u>	<u><b>966,163</b></u>

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

## Interim financial statements

### STATEMENT OF CASH FLOWS (For the periods ended 30 June 2018 and 2017)

	Note(s)	2018 EUR	2017 EUR
<b>Cash flows from operating activities</b>			
Purchases of investments	3	(2,136,316)	(2,179,735)
Proceeds from sale of investments	3	2,261,372	2,510,408
Net (receipts)/payments from derivative financial instruments	3	(32,321)	4,017
Interest received		14,538	29,773
Interest paid		(3,085)	(2,951)
Dividend received		66,376	48,986
Management fee paid	13, 14	(74,130)	(71,552)
Incentive fee paid	13, 14	(27,609)	(18)
Administration fee paid	13	(15,880)	(11,895)
Audit fee paid		(10,854)	(229)
Legal ownership fee paid		(12,486)	(9,608)
Depository fee paid	13	(9,983)	(9,982)
Custody fee paid	13	(2,893)	(2,822)
Bank charges paid		(7,502)	(8,627)
Other general expenses paid		(6,096)	(7,548)
<b>Net cash flows provided by operating activities</b>		<b>3,131</b>	<b>288,117</b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations*	7	2,922,352	100,000
Payments on redemptions of participations**	7	(2,573,469)	(250,000)
Subscriptions received in advance	6	(200,000)	100,000
<b>Net cash flows provided by/(used in) financing activities</b>		<b>148,883</b>	<b>(50,000)</b>
<b>Net increase in cash</b>		<b>152,014</b>	<b>238,117</b>
Cash at the beginning of the period		673,403	103,069
Foreign currency translation of cash positions		14,973	29,628
<b>Cash at the end of the period</b>	4	<b>840,390</b>	<b>370,814</b>
<b>Analysis of cash</b>			
Cash		1,474	1,153
Due from custodian		1,629,510	1,224,476
Due to custodian		(790,594)	(854,815)
<b>Total cash</b>	4	<b>840,390</b>	<b>370,814</b>

\*Includes issues amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

\*\*Includes redemptions amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

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

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## Notes to the interim financial statements

### 1. GENERAL INFORMATION

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law, and was established on 19 April 2012. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each participant. The Fund commenced operations on 1 May 2012. The Legal Owner of the Fund is registered with the Trade Register of the Netherlands under registration number 851589492. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26<sup>th</sup> Floor, 1082 MS Amsterdam, the Netherlands.

The Fund may issue Class A and Class B participations. Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations can be held by investors residing in the United Kingdom. As at 30 June 2018 and 2017, both the Class A participations and Class B participations are in issue.

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

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

The Fund had no employees during the periods ended 30 June 2018 and 2017.

The Fund Manager is in possession of an AFM (Stichting Autoriteit Financiële Markten) license as referred to in article 2:65(1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license (2:65 Wft new) by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule.

As a result of the implementation Darwin Depository Services B.V. had been appointed as Depository in accordance to article 4:37h FSA.

The interim financial statements have been authorised for issue by the Fund Manager on 16 August 2018.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The interim financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Transaction costs are expensed in the income statement if these are related to financial assets carried at fair value through profit or loss.

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

#### Functional currency

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



## Notes to the interim financial statements

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

#### Recognition and measurement

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

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

#### Estimates

The preparation of interim financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. If necessary, for the purposes of providing the view required under Art. 2:362.1 DCC, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the interim financial statements in question.

#### Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates are recognised in the income statement. Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

Translation differences in non-monetary assets such as equities, investment in investee funds, debt instruments and derivative financial instruments held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

#### Classification of participations

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

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

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. Liabilities are initially recognised at fair value and subsequently measured at amortised cost. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes. Financial investments and financial derivatives are initially measured at fair value which is the fair value of the consideration given or received. Financial investments are subsequently re-measured at fair value.

Gains and losses arising from fair value changes are calculated based on historical cost and recognised in the income statement as 'realised gains on equities', 'realised gains on investee funds', 'realised gains on debt instruments' and 'realised (losses)/gains on derivative financial instruments' or 'unrealised (losses)/gains on equities', 'unrealised gains on investee funds', 'unrealised gains/(losses) on debt instruments' and 'unrealised losses on derivative financial instruments'.

The Fund's investment in investee funds are valued based on the reporting received from the administrators of those funds. As at 30 June 2018, the value of investment in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("NAV") of the investee funds.

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## Notes to the interim financial statements

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

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

The profit or loss of the Fund on its investment in investee funds is the aggregate of the Fund's attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 30 June 2018 and 31 December 2017, no such adjustments were made.

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

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

#### *Receivables*

The value of accounts receivable will be deemed to be the full amount unless it is unlikely to be paid or received in full. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

#### *Accounts receivable*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

#### *Interest income and interest expense*

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

#### *Payables and accruals*

Payables and accruals are included at fair value.

#### **Cash**

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

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

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

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

#### **Shareholders' equity**

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

## Notes to the interim financial statements

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

#### Principles for determining the result

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

The changes in value of the investments held by the Fund are accounted for in the income statement.

Dividends from equities are included on the ex-dividend date.

Income and expenses are accounted for in the income statement on the accrual basis. Income and expenses are allocated to the share classes of the Fund on a pro-rata basis, except for costs specific to a particular class of participations.

#### Tax position

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

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

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

(All amounts in EUR)

	<b>1 January to 30 June 2018</b>	<b>1 January to 30 June 2017</b>
<b>Investment in equities</b>		
As at 1 January	1,498,722	1,830,352
Purchases	963,171	806,117
Sales	(516,353)	(1,081,404)
Realised	14,629	72,469
Unrealised	(61,903)	53,527
<b>As at 30 June</b>	<b>1,898,266</b>	<b>1,681,061</b>
<b>Investment in investee funds</b>		
As at 1 January	12,035,915	11,013,298
Purchases	907,670	1,193,619
Sales	(1,743,436)	(1,074,279)
Realised	252,608	108,290
Unrealised	127,698	745,334
<b>As at 30 June</b>	<b>11,580,455</b>	<b>11,986,262</b>
<b>Investment in debt instruments</b>		
As at 1 January	678,815	824,118
Purchases	164,720	180,097
Sales	-	(354,725)
Realised	-	22,890
Unrealised	1,582	(4,071)
<b>As at 30 June</b>	<b>845,117</b>	<b>668,309</b>

## Notes to the interim financial statements

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

#### 3. Investments (continued)

<i>(All amounts in EUR)</i>	<b>1 January to 30 June 2018</b>	<b>1 January to 30 June 2017</b>
<b>Investment in derivative financial instruments</b>		
As at 1 January	(437)	1,046
Purchases	32,321	-
Sales	-	(4,017)
Realised	(32,321)	4,017
Unrealised	(83)	(1,152)
<b>As at 30 June</b>	<b>(520)</b>	<b>(106)</b>
<b>Total investments</b>		
As at 1 January	14,213,015	13,668,814
Purchases	2,067,882	2,179,833
Sales	(2,259,789)	(2,514,425)
Realised	234,916	207,666
Unrealised	67,294	793,638
<b>As at 30 June</b>	<b>14,323,318</b>	<b>14,335,526</b>

The table below provides an analysis of the forward currency contracts as at 30 June 2018:

<b>Expiration date</b>	<b>Contract currency</b>	<b>Bought</b>	<b>Contract currency</b>	<b>Sold</b>	<b>Contract rate</b>	<b>Valuation rate</b>	<b>Unrealised EUR</b>
03/07/2018	GBP	700,000	EUR	790,978	1.1300	1.1305	372
31/07/2018	EUR	790,141	GBP	700,000	1.1288	1.1300	(892)
<b>Total unrealised loss on open forward currency contracts</b>							<b>(520)</b>

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

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

#### 4. Cash

As at 30 June 2018, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 1,474 (31 December 2017: EUR 945). As at 30 June 2018 and 31 December 2017, no restrictions in the use of these balances exist.

Cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 1,629,510 (31 December 2017: EUR 1,403,558) and amounts due to ABN AMRO Clearing Bank N.V. of EUR 790,594 (31 December 2017: EUR 731,100), representing amounts held in custodian accounts.

## Notes to the interim financial statements

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

#### 5. Accrued expenses and other payables

As at 30 June 2018 and 31 December 2017, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	<b>30 June 2018</b>	<b>31 December 2017</b>
Audit fee payable	(15,721)	(17,699)
Incentive fee payable	(13,928)	(27,569)
Management fee payable	(12,629)	(12,126)
Administration fee payable	(8,793)	(9,725)
FATCA fee payable	(3,000)	(6,000)
Legal ownership fee payable	(1,499)	(6,009)
Legal fee payable	(900)	-
Interest payable	(799)	(896)
Regulator fee payable	(600)	-
Custody fee payable	(598)	(586)
Other payables	(23)	(846)
<b>Total accrued expenses and other payables</b>	<b><u>(58,490)</u></b>	<b><u>(81,456)</u></b>

#### 6. Subscriptions received in advance

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

As at 30 June 2018, there were no subscriptions received in advance. As at 31 December 2017, the subscriptions received in advance amounts to EUR 200,000. On 2 January 2018, the Fund issued 150.524 participations in the Series A Initial participations to the subscribing participants.

#### 7. Share capital

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

The Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 30 June 2018 and 2017, both the Class A participations and Class B participations are in issue. The Fund does not impose any special rights to any of the classes.

Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations are created specifically for investors residing in the United Kingdom. The Fund Manager will seek approval for the Class B participations (but not the Class A participations) as a reporting fund for United Kingdom tax purposes. The costs concerned with such approval and further reporting fund requirements, if any, may be charged by the Fund Manager to the Class B participants. In line with the Prospectus, the results for the year will not be distributed.

## Notes to the interim financial statements

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

#### 7. Share capital (continued)

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

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

<i>(All amounts in EUR)</i>	<b>1 January to 30 June 2018</b>	<b>1 January to 30 June 2017</b>
<i>(Profit after appropriation of result)</i>		
<i>Contributions of participants</i>		
Balance at the beginning of the period	12,070,967	13,031,462
Issue of participations*	2,922,352	100,000
Redemption of participations**	<u>(2,573,469)</u>	<u>(250,000)</u>
<b>Total contributions at the end of the period</b>	<b><u>12,419,850</u></b>	<b><u>12,881,462</u></b>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	2,442,402	707,474
Net profit	<u>266,175</u>	<u>966,163</u>
<b>Total undistributed gain at the end of the period</b>	<b><u>2,708,577</u></b>	<b><u>1,673,637</u></b>
<b>Equity at the end of the period</b>	<b><u>15,128,427</u></b>	<b><u>14,555,099</u></b>

\*Includes issues amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

\*\*Includes redemptions amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

##### Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The minimum initial subscription for each participant is EUR 100,000. The Class A and Class B participations were issued at an initial subscription price of EUR 1,000 per participation and thereafter at the NAV per participation. Participations may be issued in an existing or a new series on each dealing day at the discretion of the Fund Manager.

Participations are subject to a 6-month lock-up period after which participants will have the possibility to redeem participations as of the first dealing day following 30 calendar days prior written notice to the Administrator.

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

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

## Notes to the interim financial statements

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

#### 7. Share capital (continued)

##### Subscriptions and redemptions (continued)

The movement of the participations during the period ended 30 June 2018 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	5,907.769	1,627.765*	-	7,535.534
Series A January 2016	150.000	-	(150.000)**	-
Series A January 2018	-	200.000	-	200.000
Series A February 2017	100.000	-	(100.000)**	-
Series A April 2015	1,000.000	-	(1,000.000)**	-
Series A May 2015	1,000.000	-	-	1,000.000
Series A June 2017	100.000	-	(100.000)**	-
Series A July 2015	25.000	-	(25.000)**	-
Series A July 2016	25.000	-	(25.000)**	-
Series A October 2017	500.000	-	(500.000)**	-
Series B Initial	2,496.631	444.594**	(40.000)	2,901.225
Series B February 2015	50.000	-	(50.000)**	-
Series B November 2015	500.000	-	(500.000)**	-
<b>Total</b>	<b>11,854.400</b>	<b>2,272.359</b>	<b>(2,490.000)</b>	<b>11,636.759</b>

\*An amount of 1,477.241 relates to roll-ups.

\*\*Relates to roll-ups.

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

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	6,937.696	-	(198.096)	6,739.600
Series A January 2016	150.000	-	-	150.000
Series A February 2017	-	100.000	-	100.000
Series A April 2015	1,000.000	-	-	1,000.000
Series A May 2015	1,000.000	-	-	1,000.000
Series A July 2015	25.000	-	-	25.000
Series A July 2016	25.000	-	-	25.000
Series B Initial	2,753.631	-	-	2,753.631
Series B February 2015	50.000	-	-	50.000
Series B November 2015	500.000	-	-	500.000
<b>Total</b>	<b>12,441.327</b>	<b>100.000</b>	<b>(198.096)</b>	<b>12,343.231</b>

## Notes to the interim financial statements

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

#### 7. Share capital (continued)

##### Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. As at 30 June 2018 and 2017, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 8. Interest income

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

#### 9. Dividend income

Dividend incomes relates to dividend from equity instruments.

#### 10. Investment return

<i>(All amounts in EUR)</i>	<b>Profit</b>	<b>2018 Loss</b>	<b>2018 Total</b>	<b>2017 Total</b>
<b>Equities</b>				
Realised result	25,288	(10,659)	14,629	72,469
Unrealised result	31,569	(93,472)	(61,903)	53,527
	<u>56,857</u>	<u>(104,131)</u>	<u>(47,274)</u>	<u>125,996</u>
<b>Investee funds</b>				
Realised result	270,623	(18,015)	252,608	108,290
Unrealised result	379,633	(251,935)	127,698	745,334
	<u>650,256</u>	<u>(269,950)</u>	<u>380,306</u>	<u>853,624</u>
<b>Debt instruments</b>				
Realised result	-	-	-	22,890
Unrealised result	11,549	(9,967)	1,582	(4,071)
	<u>11,549</u>	<u>(9,967)</u>	<u>1,582</u>	<u>18,819</u>
<b>Derivative financial instruments</b>				
Realised result	18,621	(50,942)	(32,321)	4,017
Unrealised result	-	(83)	(83)	(1,152)
	<u>18,621</u>	<u>(51,025)</u>	<u>(32,404)</u>	<u>2,865</u>
<b>Total result</b>	<u>737,283</u>	<u>(435,073)</u>	<u>302,210</u>	<u>1,001,304</u>



## Notes to the interim financial statements

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

#### 11. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the period ended 30 June 2018, this amounted to gains of EUR 14,973 (2017: gains of EUR 29,628). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2018		2017	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Danish Krone	7.4479	7.4524	7.4371	7.4368
Great Britain Pound	0.8797	0.8846	0.8601	0.8773
Swiss Franc	1.1699	1.1564	1.0768	1.0947
United States Dollar	1.2102	1.1683	1.0834	1.1426

#### 12. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2018 and 2017.

<i>(All amounts in EUR)</i>	2018	2017
<b>Expenses accruing to the Fund Manager</b>		
Management fee	(74,633)	(72,233)
Incentive fee	(13,968)	(547)
<b>Other expenses</b>		
Administration fee	(14,948)	(14,588)
Depositary fee	(9,983)	(9,983)
Audit fee	(8,876)	(8,659)
Legal ownership fee	(7,976)	(10,206)
Bank charges	(6,776)	(8,628)
Other operational costs	(3,598)	(4,350)
Interest expense	(2,988)	(2,689)
Custody fee	(2,905)	(2,861)
Legal fee	(900)	(1,500)
<b>Total</b>	<b>(147,551)</b>	<b>(136,244)</b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2018, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as bank charges of EUR 6,776 (2017: EUR 8,628), other operational costs of EUR 3,598 (2017: EUR 4,350), interest expense of EUR 2,988 (2017: EUR 2,689) and legal fee of EUR 900 (2017: EUR 1,500) which are not detailed in the Prospectus.

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## Notes to the interim financial statements

### 13. RELEVANT CONTRACTS

#### Fund Manager

##### *Management fee*

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

##### *Incentive fee*

The Fund Manager is also entitled to an annual incentive fee calculated per series equal to 5% of the amount by which the NAV per participation increased over the High Water Mark (“HWM”) per participation. In calculating the incentive fee in an absolute amount, an equitable adjustment shall be made for participations subscribed and redeemed during the financial year and any distributions paid to participants during the financial year shall be added back. The incentive fee in respect of the relevant outstanding participations of the series shall be payable to the Fund Manager as to 90% of the estimated amount thereof one month after the end of the relevant financial year. The balance shall be payable within 14 days following completion of the audit of the accounts for the relevant financial year. On redemption of participations during a financial year an amount equal to any accrued incentive fee in respect of such participations shall be deducted from the redemption price and due to the Fund Manager.

No incentive fee will be levied if, at the relevant valuation date, there has been no increase in the NAV per participation of the relevant series over the higher of the HWM per participation applicable to the relevant series of participations. Details of incentive fees charged for the periods are disclosed in the income statement.

#### Administrator

The Fund has entered into an administration agreement with Custom House Global Fund Services Limited. The Administrator charges a fee based on 0.175% of the NAV of the Fund up to EUR 10 million, 0.150% of the NAV between EUR 10 million and EUR 30 million, 0.120% between EUR 30 million and EUR 50 million and 0.100% on the NAV above EUR 50 million. There is a minimum fixed fee of EUR 7,500 per annum (excluding VAT). The Administrator also charges a fixed fee of EUR 5,000 per annum for the preparation of the annual report. No VAT has to be paid on these amounts.

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

#### Custodian

ABN AMRO Clearing Bank N.V. are appointed as Custodian of the Fund. The Custodian is entitled to receive fees from the Fund in accordance with its customary charges.

#### Depositary

The Fund has entered into a depositary agreement with Darwin Depositary Services B.V. The Depositary charges an annual fee of EUR 16,500 (excluding VAT) in remuneration for its service to the Fund. The fee is payable quarterly in advance. Details of depositary fees charged for the periods are disclosed in the income statement. The Depositary is liable for the loss of a financial instrument taken into custody.

### 14. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

## Notes to the interim financial statements

### 14. RELATED PARTY TRANSACTIONS (CONTINUED)

As at 30 June 2018, related parties of the Fund held 611.33 (31 December 2017: 611.33) participations of Series A Initial participations and 2,647.71 (31 December 2017: 2,283.70) participations of Series B Initial participations.

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

*Transactions from 1 January 2018 – 30 June 2018 and balances as at 30 June 2018*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(74,130)	(12,629)
Incentive fee	(27,609)	(13,928)

*Transactions from 1 January 2017 – 30 June 2017 and balances as at 31 December 2017*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(71,552)	(12,126)
Incentive fee	(18)	(27,569)

### 15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

The Fund attempts to accomplish its objective by investing in a diversified portfolio of stocks and bonds and other securities that are selected on the basis of their potential positive contribution to the Fund's investment objectives, for example alternative investment funds or other alternative collective investment vehicles. The Fund Manager selects a number of complementary investment strategies in order to diversify risk.

In its investment process, the Fund Manager takes a predominantly top-down approach to capitalise on varying market conditions. The Fund Manager limits positions in single stocks to 5% (at cost) of total assets, unless it is a publicly quoted fund. The position in individual (hedge) funds is limited to 15% (at cost) of total assets and the position in single bonds is limited to 20% (at cost) of total assets.

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

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, interest rate risk and currency risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relates to the Fund's investment in debt instruments. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk.

## Notes to the interim financial statements

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

#### Market risk (continued)

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency. The Fund's exposure to foreign exchange movements as at 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018		31 December 2017	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
<b>Currency</b>				
Danish Krone	108	0.0	-	-
Great Britain Pound	1,588,906	10.5	1,461,235	10.1
Swiss Franc	442,454	2.9	316,844	2.2
United States Dollar	818,860	5.4	737,290	5.1

##### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investment in equity instruments and investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 2,499,682 (31 December 2017: EUR 2,093,200).

##### Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to liquidity risk of meeting participants' redemptions. To manage this liquidity risk the Fund has a 6 month lock-up period and a 30 day notice period for the participants. In addition, the Fund is not obliged to redeem more than 50% of the total participations in issue on any dealing day.

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

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

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

## Notes to the interim financial statements

### 16. NET ASSET VALUE AS ISSUED

To determine the participants' equity per participation in accordance with Dutch GAAP, the following schedule is presented as at 30 June 2018 and 31 December 2017.

	<b>30 June 2018 EUR</b>	<b>31 December 2017 EUR</b>
<b>Participants' equity per participation</b>		
Series A Initial	1,352.91	1,328.69
Series A January 2016	-	1,088.16
Series A January 2018	1,002.68	-
Series A February 2017	-	1,091.18
Series A April 2015	-	1,029.37
Series A May 2015	1,017.47	999.22
Series A June 2017	-	1,052.77
Series A July 2015	-	1,000.61
Series A July 2016	-	1,138.66
Series A October 2017	-	1,004.65
Series B Initial	1,280.66	1,258.56
Series B February 2015	-	1,021.48
Series B November 2015	-	1,016.95

### 17. EVENTS AFTER THE BALANCE SHEET DATE

No material events occurred after the balance sheet date that could influence the transparency of the interim financial statements.

### 18. PROVISION OF INFORMATION

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

### 19. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 16 August 2018.