

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

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

Profile

Multi Strategy Alternatives Fund (the “Fund”) is an open-ended investment fund (*beleggingsfonds*) for joint account (*besloten fonds voor gemene rekening*) organised and established on 30 July 2014 under the laws of the Netherlands. The Fund is not a legal entity (*rechtspersoon*), but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each of the participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the participants. The Fund commenced operations on 15 January 2015. The most recent Prospectus of the Fund was issued in October 2017.

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

The net asset value (“NAV”) per participation as at 30 June 2018, 31 December 2017 and 30 June 2017 are as follows:

	30 June 2018	31 December 2017	30 June 2017
NAV per participation in accordance with Dutch GAAP²			
Class A participations (in USD)	104.27	105.03	100.48
Class C participations ¹ (in USD)	101.65	102.34	-
NAV per participation in accordance with the Prospectus²			
Class A participations (in USD)	104.28	105.04	100.49
Class C participations ¹ (in USD)	101.66	102.35	-

¹ The Class C participations were issued in November 2017.

² The NAV per participation is calculated in accordance with Dutch GAAP. Refer to note 14 of these interim financial statements for the reconciliation between the NAV calculated in accordance with the Prospectus and the NAV calculated in accordance with Dutch GAAP.

Interim financial statements

BALANCE SHEET

	<i>Note(s)</i>	30 June 2018 USD	31 December 2017 USD
Assets			
Investments			
Investee funds		134,348,995	137,029,170
Derivative financial assets		95,939	59,585
	3	<u>134,444,934</u>	<u>137,088,755</u>
Current assets (fall due in less than 1 year)			
Cash	4	1,391,135	858,768
Interest receivable		8,160	5,922
		<u>1,399,295</u>	<u>864,690</u>
Total assets		<u>135,844,229</u>	<u>137,953,445</u>
Investment liabilities			
Derivative financial liabilities		(100,310)	(57,641)
Investee funds		-	(1,697)
	3	<u>(100,310)</u>	<u>(59,338)</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	5	(63,165)	(61,497)
		<u>(63,165)</u>	<u>(61,497)</u>
Total liabilities		<u>(163,475)</u>	<u>(120,835)</u>
Total assets minus total liabilities		<u>135,680,754</u>	<u>137,832,610</u>
Equity			
Contribution of participants		130,479,908	131,674,712
Unappropriated gain		5,200,846	6,157,898
Total shareholders' equity	6, 14	<u>135,680,754</u>	<u>137,832,610</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>	2018 USD	2017 USD
Investment result			
<i>Direct investment result</i>			
Interest income	7	41,835	11,769
Other income		<u>14,690</u>	<u>12,314</u>
		<u>56,525</u>	<u>24,083</u>
<i>Indirect investment result</i>			
Realised gains on investee funds	3, 9	1,334,665	260,589
Realised gains/(losses) on derivative financial instruments	3, 9	1,046,553	(1,964,781)
Unrealised (losses)/gains on investee funds	3, 9	(3,044,876)	4,404,334
Unrealised (losses)/gains on derivative financial instruments	3, 9	(6,315)	10,163
Foreign currency (losses)/gains on translation	8	<u>(153,619)</u>	<u>333,069</u>
		<u>(823,592)</u>	<u>3,043,374</u>
Total investment (loss)/income		<u>(767,067)</u>	<u>3,067,457</u>
Expenses			
Management fee	11, 12	(58,953)	(57,758)
Administration fee	11	(30,294)	(28,405)
Custody fee	11	(29,466)	(20,753)
Interest expense		(20,618)	(14,525)
Other operational costs		(12,105)	(10,807)
Depositary fee	11	(11,881)	(11,177)
Bank charges		(10,522)	(9,076)
Legal ownership fee		(9,331)	(9,482)
Audit fee		(7,221)	(8,600)
Incorporation credit/(fee)		406	(2,207)
Total expenses	10	<u>(189,985)</u>	<u>(172,790)</u>
Net (loss)/profit		<u>(957,052)</u>	<u>2,894,667</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)

	<i>Note</i>	2018 USD	2017 USD
Cash flows from operating activities			
Purchase of investments		(63,088,518)	(17,900,000)
Proceeds from sale of investments		64,056,785	17,969,219
Net payments/(receipts) from derivative financial assets and liabilities		1,046,553	(1,964,781)
Interest received		18,342	-
Interest paid		-	(3,927)
Dividend received		14,690	12,314
Management fee paid		(59,172)	(57,659)
Administration fee paid		(27,848)	(24,603)
Audit fee paid		(9,904)	(12,562)
Custody fee paid		(26,167)	(22,813)
Depository fee paid		(11,881)	(11,177)
Legal fee paid		(9,331)	(9,480)
Incorporation costs received/(paid)		406	(2,207)
Bank charges paid		(10,522)	(9,076)
Other general expenses paid		(12,643)	(19,694)
Net cash flows provided by/(used in) operating activities		<u>1,880,790</u>	<u>(2,056,446)</u>
Cash flows from financing activities			
Proceeds from sales of participations – Class A participations		1,530,000	3,450,000
Proceeds from sales of participations – Class C participations		800,000	-
Payments on redemptions of participations – Class A participations		(3,524,804)	(5,031,486)
Net cash flows used in financing activities		<u>(1,194,804)</u>	<u>(1,581,486)</u>
Net increase/(decrease) in cash		685,986	(3,637,932)
Cash at the beginning of the period		858,768	4,025,330
Foreign currency translation of cash positions		(153,619)	333,069
Cash at the end of the period	<i>4</i>	<u>1,391,135</u>	<u>720,467</u>
Analysis of cash			
Cash		1,391,135	720,467
Total cash	<i>4</i>	<u>1,391,135</u>	<u>720,467</u>

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

Notes to the interim financial statements

1. GENERAL INFORMATION

Multi Strategy Alternatives Fund (the “Fund”) is an open-ended investment fund (*beleggingsfonds*) for joint account (*besloten fonds voor gemene rekening*) organised and established on 30 July 2014 under the laws of the Netherlands. The Fund is not a legal entity (*rechtspersoon*), but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each of the participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the participants. The Fund commenced operations on 15 January 2015. The most recent Prospectus of the Fund was issued in October 2017.

The Fund may issue Class A participations, Class B participations and Class C participations. As at 30 June 2018 and 31 December 2017, only the Class A participations and the Class C participations are in issue.

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

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

The Fund had no employees during the period ended 30 June 2018 and the year ended 31 December 2017.

The Fund Manager is subject to supervision by the AFM (Stichting Autoriteit Financiële Markten) and DNB (Central Bank of the Netherlands). On 22 July 2014, the AFM licence of the Fund Manager was automatically converted into an Alternative Investment Fund Managers Directive (“AIFMD”) licence by the AFM.

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

The interim financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

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

Functional currency

The interim financial statements are presented in United States Dollar (“USD”), which is the Fund’s functional currency.

Recognition and measurement

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

Notes to the interim financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Recognition and measurement *(continued)*

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

Estimates

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

Foreign exchange

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

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

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

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

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

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 2017, no such adjustments were made.

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

Receivables and prepayments

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

Payables and accruals

Payables and accruals are included at fair value.

Notes to the interim financial statements

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

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.

Statement of cash flows

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

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

Shareholders' equity

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

Principles for determining the result

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

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

Interest income and expenses are accounted for in the income statement on the accrual basis.

Tax position

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

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in USD)</i>	1 January to 30 June 2018	1 January to 30 June 2017
Investment in investee funds		
Opening balance	137,027,473	123,020,160
Purchases	63,088,518	18,900,000
Sales	(64,056,785)	(17,969,219)
Realised	1,334,665	260,589
Unrealised	(3,044,876)	4,404,334
As at 30 June	<u>134,348,995</u>	<u>128,615,864</u>
Derivative financial instruments		
Opening balance	1,944	(12,441)
Purchases	-	1,964,781
Sales	(1,046,553)	-
Realised	1,046,553	(1,964,781)
Unrealised	(6,315)	10,163
As at 30 June	<u>(4,371)</u>	<u>(2,278)</u>
Total investments		
Opening balance	137,029,417	123,007,719
Purchases	63,088,518	20,864,781
Sales	(65,103,338)	(17,969,219)
Realised	2,381,218	(1,704,192)
Unrealised	(3,051,191)	4,414,497
As at 30 June	<u>134,344,624</u>	<u>128,613,586</u>

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

(All amounts in USD)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised USD
03/07/2018	EUR	20,720,000	USD	24,111,237	1.1637	1.1683	95,939
31/07/2018	USD	24,131,358	EUR	20,700,000	1.1658	1.1706	(100,310)
Total unrealised loss on open forward currency contracts							<u>(4,371)</u>

* Showing the equivalent of 1 United States Dollar.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

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

(All amounts in USD)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised USD
05/07/2017	EUR	6,500,000	USD	7,423,378	1.1421	1.1426	3,522
05/07/2017	EUR	5,850,000	USD	6,680,991	1.1420	1.1426	3,219
05/07/2017	EUR	2,500,000	USD	2,855,125	1.1421	1.1426	1,375
05/07/2017	EUR	1,000,000	USD	1,142,045	1.1420	1.1426	555
05/07/2017	EUR	1,000,000	USD	1,142,050	1.1421	1.1426	550
05/07/2017	EUR	1,000,000	USD	1,142,060	1.1421	1.1426	540
05/07/2017	EUR	850,000	USD	970,751	1.1421	1.1426	459
05/07/2017	EUR	400,000	USD	456,824	1.1421	1.1426	216
05/07/2017	EUR	20,000	USD	22,842	1.1421	1.1426	10
31/07/2017	USD	22,298,474	EUR	19,500,000	1.1435	1.1442	(12,724)
Total unrealised loss on open forward currency contracts							(2,278)

* Showing the equivalent of 1 United States Dollar.

4. Cash

As at 30 June 2018, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 1,391,135 (31 December 2017: USD 858,768). As at 30 June 2018 and 31 December 2017, no restrictions in the use of these balances exist.

5. Accrued expenses and other payables

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

(All amounts in USD)	30 June 2018	31 December 2017
Administration fee payable	(20,415)	(17,969)
Audit fee payable	(10,390)	(13,073)
Management fee payable	(9,736)	(9,955)
Custody fee payable	(5,899)	(2,600)
FATCA fees payable	(5,374)	(11,045)
Regulator fee payable	(5,183)	-
Interest payable	(4,855)	(5,492)
Other payables	(1,313)	(1,363)
Total accrued expenses and other payables	(63,165)	(61,497)

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital

Structure of the Fund's capital

The Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations, Class B participations and Class C participations. All classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Delegate/Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Delegate/Investment Advisor shall be issued Class A participations against each such participants' individual subscription. Class C participations will pay no management fee, due to the fact that both the Delegate/Investment Advisor and the Fund Manager will waive, respectively, the delegation fee payable out of the management fee and the management fee payable for this Class. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 30 June 2018, only the Class A participations and Class C participations are in issue. As at 30 June 2017, only the Class A participations were in issue.

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

<i>(All amounts in USD)</i>	1 January to 30 June 2018	1 January to 30 June 2017
<i>Contributions of participants</i>		
Balance at the beginning of the period	131,674,712	130,558,338
Issue of Class A participations	1,530,000	3,450,000
Issue of Class C participations	800,000	-
Redemption of Class A of participations	(3,524,804)	(5,031,486)
Total contributions at the end of the period	<u>130,479,908</u>	<u>128,976,852</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	6,157,898	(2,590,855)
Net (loss)/profit for the period	(957,052)	2,894,667
Total undistributed profit at the end of the period	<u>5,200,846</u>	<u>303,812</u>
Equity at the end of the period	<u>135,680,754</u>	<u>129,280,664</u>

Subscriptions and redemptions

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

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

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. 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
Class A participations	1,263,567.5118	14,609.9816	(33,483.8238)	1,244,693.6696
Class C participations	50,082.8611	7,891.7930	-	57,974.6541
Total	1,313,650.3729	22,501.7746	(33,483.8238)	1,302,668.3237

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

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

Capital management

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

7. Interest income

Interest income relates to the interest on custodian balances.

8. Foreign currency (losses)/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 losses of USD 153,619 (2017: gains of USD 333,069). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one United States Dollar is shown):

	2018		2017	
	Average	Closing	Average	Closing
Showing the equivalent of 1 United States Dollar				
Euro	0.8262	0.8559	0.9230	0.9262

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

9. Investment return

<i>(All amounts in USD)</i>	2018		2018	2017
	Profit	Loss	Total	Total
Investee funds				
Realised result	1,546,078	(211,413)	1,334,665	260,589
Unrealised result	1,726,356	(4,771,232)	(3,044,876)	4,404,334
	<u>3,272,434</u>	<u>(4,982,645)</u>	<u>(1,710,211)</u>	<u>4,664,923</u>
Derivative financial instruments				
Realised result	2,405,032	(1,358,479)	1,046,553	(1,964,781)
Unrealised result	36,354	(42,669)	(6,315)	10,163
	<u>2,441,386</u>	<u>(1,401,148)</u>	<u>1,040,238</u>	<u>(1,954,618)</u>
Total result	<u><u>5,713,820</u></u>	<u><u>(6,383,793)</u></u>	<u><u>(669,973)</u></u>	<u><u>2,710,305</u></u>

10. 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 USD)</i>	2018	2017
Expenses accruing to the Fund Manager		
Management fee	(58,953)	(57,758)
Other expenses		
Administration fee	(30,294)	(28,405)
Custody fee	(29,466)	(20,753)
Interest expense	(20,618)	(14,525)
Depositary fee	(11,881)	(11,177)
Bank charges	(10,522)	(9,076)
Legal ownership fee	(9,331)	(9,482)
Audit fee	(7,221)	(8,600)
FATCA fees	(5,548)	(5,029)
Regulatory fee	(5,350)	(4,539)
Other operational costs	(1,207)	(1,239)
Incorporation credit/(fee)	406	(2,207)
Total	<u><u>(189,985)</u></u>	<u><u>(172,790)</u></u>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the 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 interest expense of USD 20,618 (2017: USD 14,525), bank charges of USD 10,522 (2017: USD 9,076), FATCA fees of USD 5,548 (2017: USD 5,029), regulatory fee of USD 5,350 (2017: USD 4,539) and other operational costs of USD 1,207 (2017: USD 1,239) which are not detailed in the Prospectus.

Notes to the interim financial statements

11. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee of 0.09% of the NAV of Class A participations and 1.09% of the NAV of Class B participations as at the last day of each calendar month. The management fee is calculated monthly and payable monthly in arrears. The Fund Manager pays a delegation fee to the Delegate for the Class B participations. No management fee is applicable to Class C participations.

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

Administrator

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

The Administrator also charges a fee of EUR 5,000 per annum for the preparation of the financial statements.

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

Custodian

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

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual minimum fee of EUR 16,500, (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. This also includes a fee for management of the legal owner. Details of depository fees changes for the periods are disclosed in the income statement.

12. RELATED PARTY TRANSACTIONS

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

The Global Allocation Fund maintains an investment in the Fund, a fund also being managed by the Fund Manager and Box Consultants B.V. has also been appointed as Delegate of the Fund. The investment in the Fund are maintained in the Class C participations and no management fee is applicable.

The Fund Manager is considered a related party.

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

	Paid	Balance
	USD	USD
Management fee	(59,172)	(9,736)

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

	Paid	Balance
	USD	USD
Management fee	(57,659)	(9,955)

Notes to the interim financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

Market risk

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

Market price risk

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

As at 30 June 2018 and 31 December 2017, price risk arises on the Fund's investment in investee funds.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash which is subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks. Therefore, the Fund is not exposed to significant interest rate risks.

Currency risk

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

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

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such the Fund has a settlement risk of USD 0.02 million (31 December 2017: USD 0.04 million) and a credit risk exposure towards the counterparty as at 30 June 2018 of USD 95,939 (31 December 2017: USD 59,585).

The Fund's exposure to foreign exchange movements as at 30 June 2018 and 31 December 2017 is as follows:

	Net position USD	2018 Notional amount forwards USD	Total currency exposure USD	Net position USD	2017 Notional amount forwards USD	Total currency exposure USD
Currency						
Euro	197,103	(20,121)	176,982	(393,236)	(42,203)	(435,439)

All forward contracts will mature within 1 month (31 December 2017: 1 month). The notional amounts represent the undiscounted cash flow at the maturity date.

Notes to the interim financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

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, derivative financial assets and interest receivable. The carrying values of financial assets (excluding any investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to USD 1,495,234 (31 December 2017: USD 924,275).

Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participations redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of one month must be provided.

The Fund is exposed to liquidity risk as the investments of the Fund in investee funds cannot immediately be converted into cash. The liquidity risk involved with the investee funds will be dependent on the redemption policies of the individual investee funds. Some of the investee funds may be or become illiquid, and the realisation of investments from them may take a considerable time and/or be costly. The Fund's investment 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

14. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the equity in accordance with the Prospectus and the equity as determined in accordance with Dutch Accounting Standard 210 (“Dutch GAAP”).

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

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

	30 June 2018 USD	31 December 2017 USD
Net assets attributable to holders of participations in accordance with the Prospectus	135,696,403	137,854,050
Adjustments		
Unamortised incorporation costs	(15,649)	(21,440)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	<u>135,680,754</u>	<u>137,832,610</u>
Number of participations		
Class A participations	1,244,693.6696	1,263,567.5118
Class C participations	57,974.6541	50,082.8611
NAV per participation in accordance with the Prospectus		
Class A participations	104.28	105.04
Class C participations	101.66	102.35
NAV per participation in accordance with Dutch GAAP		
Class A participations	104.27	105.03
Class C participations	101.65	102.34

15. 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.

16. PROVISION OF INFORMATION

The interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager, or available for download free of charge from the Fund Manager’s website: www.priviumfund.com.

17. DATE OF AUTHORISATION

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