

Windmill Trend Evolution Fund

The Netherlands

ANNUAL REPORT

for the year ended 30 June 2018

Table of contents

	Page(s)
General information	1
Historical overview	2-3
Report of the Fund Manager	4-8
Financial statements	
Balance sheet	9
Income statement	10
Statement of cash flows	11
Notes to the financial statements	
General information	12
Significant accounting principles and policies	12-15
Notes for individual balance sheet items	
Investments	15-16
Cash and cash equivalents	16
Subscriptions received in advance	16
Accrued expenses and other payables	16
Share capital	17-18
Notes for individual income statement items	
Investment return	18
Foreign currency gains on translation	18
Costs	19
Relevant contracts	20
Related party transactions	20-21
Financial investments and associated risks	21-22
Participants' equity as issued	23
Schedule of investments by investment strategy	23
Indirect investments	23-26
Provision of information	26
Date of authorisation	26
Investment portfolio as at 30 June	27
Other information	
Provisions of the Prospectus on distribution policy	28
Interests held by the Directors	28
Events after the balance sheet date	28
Independent auditor's report	29-31

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	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 th Floor Beursplein 37 3011 AA Rotterdam The Netherlands
Legal Owner	TMF Bewaar B.V. Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ Den Haag The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custody Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depositary	Darwin Depositary Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

Historical overview

Key figures

	2018	2017
	EUR	EUR
Equity at the beginning of the year	36,140,373	39,317,637
Issue of participations	13,517,795	7,486,877
Indirect investment result	1,408,173	1,994,128
	<u>51,066,341</u>	<u>48,798,642</u>
Redemption of participations	(8,741,556)	(12,362,703)
Expenses	(334,799)	(295,566)
Equity at the end of the year	<u>41,989,986</u>	<u>36,140,373</u>
Investments	41,592,393	36,120,853
Cash and cash equivalents	993,186	906,126
Other assets and liabilities	(595,593)	(886,606)
Net assets at the end of the year	<u>41,989,986</u>	<u>36,140,373</u>
Net profit		
Indirect investment result	1,408,173	1,994,128
Expenses	(334,799)	(295,566)
Net profit	<u>1,073,374</u>	<u>1,698,562</u>
Number of participations		
Class A	311,874.3560	276,902.5644
Class B	20,105.7517	18,650.9821
Participation per share¹		
Class A (in EUR)	128.67	124.43
Class B (in USD)	108.20	103.17
Performance per share		
Class A	3.41%	5.24%
Class B	4.88%	6.28%

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

Historical overview (continued)

	2018	2017
	EUR	EUR
Class A		
Performance		
Changes in value	1,347,286	1,951,497
Expenses	<u>(319,436)</u>	<u>(281,903)</u>
Net investment result	<u>1,027,850</u>	<u>1,669,594</u>
Share performance		
Changes in value	4.32	6.60
Expenses	<u>(1.02)</u>	<u>(0.95)</u>
Net investment result	<u>3.30</u>	<u>5.65</u>
Class B		
Performance		
Changes in value	60,887	42,631
Expenses	<u>(15,363)</u>	<u>(13,663)</u>
Net investment result	<u>45,524</u>	<u>28,968</u>
Share performance		
Changes in value	3.03	2.29
Expenses	<u>(0.76)</u>	<u>(0.73)</u>
Net investment result	<u>2.27</u>	<u>1.56</u>

Report of the Fund Manager

The Windmill Trend Evolution Fund (the “Fund”) generated a positive performance for the period from 1 July 2017 up to and including the date of this report: 30 June 2018 of +3.4% (1 July 2016 up to and including 30 June 2017: +5.2%) for the EUR class and +4.8% for the USD class (1 July 2016 up to and including 30 June 2017: +6.2%).

Windmill Trend Evolution Fund

Monthly return data (EUR Share class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	Itd
2018	2.34%	-5.45%	-1.24%	-0.19%	-0.05%	0.44%							-4.25%	28.69%
2017	0.12%	1.91%	0.20%	2.18%	2.24%	-1.22%	2.18%	1.47%	-0.58%	3.18%	0.23%	1.25%	13.88%	24.52%
2016	2.29%	2.22%	0.63%	-2.44%	-1.22%	0.31%	0.53%	-1.51%	-0.58%	0.25%	-1.90%	3.01%	1.45%	18.03%
2015	6.68%	0.20%	1.55%	-2.51%	-0.77%	-2.60%	2.05%	-0.83%	3.45%	-2.85%	-0.30%	-1.59%	2.06%	16.58%
2014				2.31%	4.35%	1.98%	-2.60%	3.03%	-2.04%	3.09%	4.44%	-1.08%	13.99%	13.99%

The inception date of the Windmill Trend Evolution Fund was April 1, 2014

Past performance does not guarantee future results

Monthly return data (USD Share Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	Itd
2018	2.49%	-5.29%	-1.14%	-0.06%	0.08%	0.61%							-3.43%	8.22%
2017	0.25%	1.91%	0.18%	2.29%	2.59%	-1.17%	2.35%	1.53%	-0.52%	3.21%	0.29%	1.44%	15.22%	12.06%
2016			0.42%	-2.42%	-1.19%	0.36%	0.59%	-1.45%	-0.55%	0.31%	-1.78%	3.06%	-2.74%	-2.74%

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

Past performance does not guarantee future results

Overall report

The Fund started very strongly with an accumulated profit of over 8% for the first half year of the reporting period as at 31 December 2017, mainly led by strong performance in the commodity- and credit sectors, with the other sectors contributing marginally (stocks) or even slightly detracting from the results (currencies and bonds). This trend in performance development continued in January 2018, but on the first Monday of February many markets experienced a sharp reversal (following the biggest loss on one single day of the Dow Jones, measured in points) which for the Fund meant that all sectors generated losses, ending the month with an overall loss of 5.45%.

Following this worst month since the incorporation of the Fund in April 2014, which before was the month of October 2015 with a loss of 2.85%, a period of markets swings in many sectors arose, with overall small losses and profits across various markets offsetting each other. Below we will highlight the ups and downs per sector during the reporting period and the reasons behind these performances, focusing on months with a performance contribution per sector higher than 1%. Not surprisingly, the stock sector experienced two months with a loss in excess of -1% (February and March 2018), and also the credit sector (twice) and the bond sector (once) showed months with a result below -1%. All sectors showed at least one month with a result of more than 1%, with commodities ending on top with 3 separate months generating more than 1% return.

Equity sector highlights

In October 2017 global stock indices rallied unabated, spurred by strong results from several technology bellwethers and further news of potential US tax reforms. The Nikkei 225 hit a 21 year high mid-month, as Japanese Prime Minister Shinzo Abe won a landslide victory in a snap election. Furthermore the Fund profited from the majority of long sector positions it holds. In particular material companies were buoyed by strong commodity prices, and the US software and services sector was lifted by strong results from titans such as Amazon and Alphabet. Small losses were incurred from shorts in European household goods.

January signaled a new year but markets continued in the same vein as they finished 2017. Equities, in particular, raced out the blocks and only paused for breath in the last few days of the month. Dominantly long equity sector positions benefitted from the bullish market theme, notably capital goods and tech stocks in the US. Unsurprisingly, shorts in pharma stocks on both sides of the Atlantic generated losses.

Report of the Fund Manager (*continued*)

Equity sector highlights (*continued*)

The largest ever one-day points loss in the Dow Jones Industrial Average, on the first Monday of February, woke sleepy, optimistic markets with an explosive return of volatility. It was Jerome Powell's first day as Chairman of the Federal Reserve, although the moves were perhaps sparked by the previous Friday's US wage inflation data showing the fastest annual rise in almost a decade. The moves sent ripples that spread to risk assets across the globe. While equity indices managed to claw back some of the selloff by the end of the month, the initial market moves and jump in volatility proved challenging. The Fund entered the month with overall net long exposure across cyclical sectors (capital goods, materials), and much smaller shorts in defensive stocks (utilities and consumer staples). With all sectors selling off, the largest losses came from the capital goods and materials companies in both the USA and Europe, while the short utilities positions did offset somewhat.

Any hopes that in March we would see global risk markets recover from their February correction were dashed, as US President Donald Trump unsettled the markets and volatility remained elevated. While senior departures from the administration, such as Rex Tillerson and Gary Cohn, are perhaps part of the new normal, the announcement of tariffs on steel and aluminum imports sparked fears a global trade war. Despite significantly reduced risk exposure, the increasingly volatile stock markets saw losses coming from both short positions in defensive sectors such as US and European utilities as well as long positions in consumer services and retail. Smaller gains were made on short positions in telecoms, media and material company stocks.

Credit sector highlights

In October 2017 the general surge of the stock markets fueled tightening of credit spreads, benefitting long credit positions across the board with top performers coming from Europe. Sharp reversals in trends during February 2018 impacted the Fund, with long positions and European credit hit in particular. Credit indices saw losses on all long positions, and as a result of heightened volatility, the Fund significantly reduced exposure.

Credit spread widening hit the Fund's long credit positions in May 2018, particularly in Europe where the political uncertainty in Italy unsettled markets. The investment-grade iTraxx main index widened 15 points, the most in more than two and a half years.

Commodities sector highlights

Commodity prices soared in general over the month of October, and the Fund's commodities were no exception. News of a strike in South Africa further propelled coal prices, making the Fund's long position the best performer over the month, and gains were also made in European electricity and natural gas. Small losses were incurred from a long in iron ore.

In April 2018 UK natural gas prices, in particular, rose over 16% on the month as sources were squeezed as a result of the cold winter. Long positions here and in European electricity were significantly profitable.

May was a strong month for commodities, largely driven by long positions in European natural gas and power markets. European power prices have been driven up by very low hydro stocks in the Nordic region, where 50% of power generation originates from hydro sources. The coldest winter since 2012 depleted European gas storage to the lowest in at least a decade, driving up prices.

Bonds sector highlights

Fixed income markets enjoyed a strong month in July 2017 with gains in most markets, in particular Brazilian and Canadian swaps. Brazilian swaps generated positive returns as the Fund increased long receiver positioning during the month while rates fell further. The Fund also profited from short payer positioning in Canada as the central bank raised its key interest rate to 0.75% citing strong economic growth despite low inflation.

Report of the Fund Manager (*continued*)

Bonds sector highlights (*continued*)

As 2017 drew to a close, in December 2017 several themes from earlier in the year persisted, with the fixed income rollercoaster continuing, as US 10-year yields approached March highs. Europe was no better, with 10-year Bund yields rising over ten basis points in two days on a hawkish tone from ECB policymakers. The election of Cyril Ramaphosa as new leader of the South African National Congress was clearly seen by the market as likely to help eradicate corruption and kick-start the economy. This news did not suit the Fund's payer position in interest-rate swaps ("IRS"), however, which ended the month of December as both fixed income's and the Fund's worst performer.

Currency sector highlights

Currency attributions dominated the Fund's returns in June 2018 as the Fund's short EM positioning, in place since the start of the quarter, bore fruit. The JP Morgan EM Currency Index fell 2.5% on the month, taking the quarterly loss to around 10%. Top Fund performer was the Brazilian real, which fell 4% against the US dollar despite two rounds of intervention by the central bank over the month, and there were no meaningful losing trades.

Outlook

The Fund Manager is positive about the future of the Windmill Trend Evolution Fund. We expect the selected investments funds to be able to generate positive performance in the period ahead. Especially when compared with long-only investments in traditional asset classes like equities and bonds we see the Windmill Trend Evolution Fund as a good alternative as well as a diversifier in a total investment portfolio.

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

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

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

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

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

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

Remuneration policy 2017

This policy is based on the situation as of December 31, 2017 and no information is yet available for the full year of 2018. The financial year of the Fund Manager ends on December 31 of any year. The financial year of the Windmill Trend Evolution Fund ends on June 30 of any year, while the financial year of all other Funds of which Privium is the Fund Manager will end on December 31 of any year.

Report of the Fund Manager (*continued*)

Remuneration policy 2017 (*continued*)

For some of the funds the compensation consists of both a management and a performance fee. In 2017 the aggregate costs for staff totalled EUR 2.451.200 -. In the table below the Board of Privium Fund Management is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	19	21
Total fixed payment	€120,600	€2,330,600	€2,451,200

Variable payments to staff members in senior management roles are dependent on the profitability of the company. Variable payments to identified staff outside senior management depend on the profitability of the company and/or the performance of the funds. In 2017 no variable payments regarding the Windmill Trend Evolution Fund have been paid to any Identified Staff of Privium Fund Management B.V..

Privium Fund Management BV, the investment manager of the fund, does not charge any employee remuneration fees to the fund (except for the Supermarkt VastGoed fund). Employee remuneration is paid out of the management and performance fees (if any). In total 21 staff members were involved during (some part of) the year, including both part-time and full time staff.

Control Statement

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the “Wet op het financieel toezicht and the ‘Besluit gedragstoezicht financiële ondernemingen’ (“Bgfo”)”. During 2017 and the first half of 2018 we assessed the various aspects of the Privium operations as outlined in the AO/IB (Handbook). We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2017 and the first half of 2018 functioned effectively as described. During 2017 and during the first half of 2018 a number of independent service providers have conducted checks on Privium’s operations as part of their ongoing responsibility. No errors have been signalled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. In May 2018 an update of the Handbook was completed. During the fourth quarter of 2017 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager. These are mostly related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Report of the Fund Manager *(continued)*

Risk management and willingness to take risks

In the table below we list the various risk to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund's NAV's.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2017 NAV	Expected impact on 2019 NAV if risk materializes	Adjustments to risk management in 2018 or 2019
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge funds). These funds are managed by external Fund Managers. A rigid due diligence process is in place when investment funds are selected.	The Fund does not have an official benchmark. As a reference, between July 1 2017 and June 30 2018, the MSCI World (LC) gained +8.80%, the HFRX Global Hedge Fund Index (USD) lost -0.48% and the HFRX Macro/CTA Index (USD) lost -1.27% during this time period.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better than general asset classes over time.	No
Interest rate risk	No	The Fund does not maintain any direct interest bearing financial instruments except for cash maintained on the bank account of the Fund. The underlying funds may invest in interest rate sensitive positions. However based on current positioning of the underlying funds the Fund Manager is of the opinion that overall interest rate risk is low.	None	None	No
Concentration risk	No	The fund maintains a significant investment in the AHL Evolution Fund. As of June 30, 2018 this investment represented 77% of the NAV of the Windmill Trend Evolution Fund.	Large	Large	No
Foreign Exchange risk	Yes	Any direct FX risk will be hedged within the fund.	None	None	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO Bank N.V.. ABN AMRO Bank N.V. has an A credit rating and we would reconsider the relationship if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable to the service providers of the various Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk		The Fund is not using leverage (no implied leverage and no actual borrowings). Nevertheless as of June 30, 2018 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 103.31% and Commitment method: 99.97%.	None	None	None

Financial statements

BALANCE SHEET

(As at 30 June)

	<i>Note(s)</i>	2018 EUR	2017 EUR
Assets			
Investments			
Investee funds		41,579,845	36,152,145
Derivative financial assets		12,548	-
	3	<u>41,592,393</u>	<u>36,152,145</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	<u>993,186</u>	<u>906,126</u>
		993,186	906,126
Total assets		<u>42,585,579</u>	<u>37,058,271</u>
Liabilities			
Investment liabilities			
Derivative financial liabilities		-	(31,292)
	3	<u>-</u>	<u>(31,292)</u>
Current liabilities (fall due in less than 1 year)			
Subscriptions received in advance	5	(537,896)	(822,948)
Accrued expenses and other payables	6	(57,697)	(63,658)
		<u>(595,593)</u>	<u>(886,606)</u>
Total liabilities		<u>(595,593)</u>	<u>(917,898)</u>
Total assets minus total liabilities		<u>41,989,986</u>	<u>36,140,373</u>
Equity			
Contribution of participants		36,921,424	32,145,185
Unappropriated profit		5,068,562	3,995,188
Total participants' equity	7, 14	<u>41,989,986</u>	<u>36,140,373</u>

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

Financial statements

INCOME STATEMENT (For the years ended 30 June)

	<i>Note(s)</i>	2018 EUR	2017 EUR
Investment income			
<i>Indirect investment result</i>			
Realised losses on investee funds	3, 8	(28,970)	(111,384)
Realised (losses)/gains on derivative financial instruments	3, 8	(57,134)	7,274
Unrealised gains on investee funds	3, 8	1,449,584	2,158,973
Unrealised gains/(losses) on derivative financial instruments	3, 8	43,840	(62,378)
Foreign currency gains on translation	9	853	1,643
		1,408,173	1,994,128
Total investment income		1,408,173	1,994,128
Expenses			
Management fee	11, 12	(233,831)	(202,619)
Administration fee	11	(37,274)	(33,851)
Depositary fee	11	(19,965)	(19,058)
Legal owner fee		(17,885)	(16,793)
Other general expenses		(12,534)	(10,343)
Audit fee	11	(10,890)	(10,890)
Bank charges		(2,420)	(2,012)
Total expenses	10	(334,799)	(295,566)
Net profit		1,073,374	1,698,562

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

Financial statements

STATEMENT OF CASH FLOWS

(For the years ended 30 June)

	<i>Note</i>	2018 EUR	2017 EUR
Cash flows from operating activities			
Proceeds from sale of investments		10,944,079	6,249,649
Purchase of investments		(14,951,165)	(1,228,000)
Net (receipts)/payments for derivative financial instruments		(57,134)	7,274
Management fee paid		(231,192)	(200,140)
Administration fee paid		(35,625)	(33,491)
Depositary fee paid		(19,965)	(19,058)
Legal owner fee paid		(30,419)	(4,138)
Other general expenses paid		(19,564)	(3,417)
Audit fee paid		-	(10,890)
Bank charges paid		(2,420)	(2,012)
Custody fee paid		(1,575)	(8,400)
Net cash flows (used in)/provided by operating activities		<u>(4,404,980)</u>	<u>4,747,377</u>
Cash flows from financing activities			
Proceeds from sale of class A participations		13,101,574	7,896,000
Proceeds from sale of class B participations		131,169	330,825
Payments on redemption of class A participations		(8,741,556)	(12,444,218)
Net cash flows provided by/(used in) financing activities		<u>4,491,187</u>	<u>(4,217,393)</u>
Net increase in cash and cash equivalents			
		86,207	529,984
Cash and cash equivalents at the beginning of the year		906,126	374,499
Foreign currency translation of cash positions		853	1,643
Cash and cash equivalents at the end of the year	4	<u>993,186</u>	<u>906,126</u>
Analysis of cash and cash equivalents			
Cash at bank		749,712	814,950
Due from broker		243,474	91,176
Total cash and cash equivalents	4	<u>993,186</u>	<u>906,126</u>

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

Notes to the financial statements

1. GENERAL INFORMATION

Windmill Trend Evolution Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account for Dutch tax purposes (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and the participants. The Fund commenced operations on 1 April 2014. The Fund will be managed by Privium Fund Management B.V. as sole Alternative Investment Fund Manager (AIFM) of the Fund. The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund Documents and applicable laws. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depositary or other service providers.

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

The investment objective of the Fund is to achieve medium-term capital gains for the participants. To achieve this objective, the Fund primarily invests in Class A1 Evolution EUR shares (the “AHL shares”) issued from the Class A Segregated Portfolio of AHL (Cayman) SPC (the “AHL Fund”). The Fund may acquire interests in other investment funds mainly focused on innovative systematic strategies that invest outside the mainstream markets.

The Fund may issue Class A and Class B participations. As at 30 June 2018 and 2017, both the Class A participations and Class B participations are in issue. Prospective participants can subscribe for Class A participations in EUR and for Class B participations in USD.

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

The Fund had no employees during the years ended 30 June 2018 and 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 financial statements have been authorised for issue by the Fund Manager on 1 November 2018.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the Netherlands (“Dutch GAAP”) including the guidelines for annual reporting RJ 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code.

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

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

Functional currency

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

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

Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the income statement. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

Translation differences in non-monetary assets such as investment in investee funds held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

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

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

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.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

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

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

Forward currency contracts

The Fund may use forward currency contracts to hedge the currency exposure. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward currency contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price.

Payables and accruals

Payables and accruals are included at fair value.

Cash and cash equivalents

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

Statement of cash flows

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

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

Participants' equity

All references to net assets and NAV throughout the financial statements are equivalent to total participants' 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.

Dividends from investee funds, if any, are included at the date when they are declared.

Expenses are accounted for in the income statement on the accrual basis. Transaction costs in relation to investee funds are capitalised. Income and expenses are allocated to the share classes of the Fund on a pro-rata basis, except for costs specific to a particular class of shares.

Tax position

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

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2018	2017
Investment in investee funds		
As at the beginning of the year	36,152,145	39,126,205
Purchases	14,951,165	1,228,000
Sales	(10,944,079)	(6,249,649)
Realised	(28,970)	(111,384)
Unrealised	1,449,584	2,158,973
As at 30 June	41,579,845	36,152,145
Investment in derivative financial instruments		
As at the beginning of the year	(31,292)	31,086
Purchases	57,134	-
Sales	-	(7,274)
Realised	(57,134)	7,274
Unrealised	43,840	(62,378)
As at 30 June	12,548	(31,292)
Total investments		
As at the beginning of the year	36,120,853	39,157,291
Purchases	15,008,299	1,228,000
Sales	(10,944,079)	(6,256,923)
Realised	(86,104)	(104,110)
Unrealised	1,493,424	2,096,595
As at 30 June	41,592,393	36,120,853

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

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
09/07/2018	USD	100,000	EUR	84,977	1.17679	1.16874	585
09/07/2018	USD	2,065,000	EUR	1,754,899	1.17671	1.16874	11,963
Total unrealised gain on open forward currency contracts							12,548

* Showing the equivalent of 1 Euro.

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

(All amounts in EUR)

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

* Showing the equivalent of 1 Euro.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash and cash equivalents

As at 30 June 2018, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 749,712 (2017: EUR 814,950). As at 30 June 2018 and 2017, no restrictions in the use of these balances exist.

As at 30 June 2018, cash and cash equivalents also include amounts due from Nederlandsche Betaal & Wisselmaatschappij N.V. amounting to EUR 243,474 (2017: EUR 91,176). This amount includes margin requirements. Margin represents cash deposited with the broker transferred as collateral against forward currency contracts.

5. 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, the subscriptions received in advance amounts to EUR 537,896 (2017: EUR 822,948). On 2 July 2018, the Fund issued 4,179.453 participations of Class A to the subscribing participants.

6. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	2018	2017
Audit fee payable	(20,873)	(9,983)
Management fee payable	(18,996)	(16,357)
Administration fee (including annual report fee) payable	(12,855)	(11,206)
Brokerage fee payable	(1,825)	(1,575)
FATCA fee payable	(1,712)	(8,752)
Licence fee payable	(1,000)	(3,000)
Other payables	(436)	(251)
Legal owner fee payable	-	(12,534)
Total accrued expenses and other payables	<u>(57,697)</u>	<u>(63,658)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital

Structure of the Fund's capital

Windmill Trend Evolution Fund is structured as a contractual fund with an open-ended structure and is subject to Dutch law.

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

<i>(All amounts in EUR)</i>	2018	2017
<i>Contributions of participants</i>		
Balance at the beginning of the year	32,145,185	37,021,011
Issue of class A participations	13,386,626	7,156,052
Issue of class B participations	131,169	330,825
Redemption of class A participations	(8,741,556)	(12,362,703)
Total contributions at the end of the year	<u>36,921,424</u>	<u>32,145,185</u>
<i>Unappropriated profit</i>		
Balance at the beginning of the year	3,995,188	2,296,626
Net profit	1,073,374	1,698,562
Total undistributed profit at the end of the year	<u>5,068,562</u>	<u>3,995,188</u>
Equity at the end of the year	<u>41,989,986</u>	<u>36,140,373</u>

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The subscription price is equal to the NAV per participation as at the valuation date immediately preceding the applicable subscription date. The minimum subscription for each participant is EUR 10,000 for Class A participations and USD 100,000 for Class B participations. The minimum subscription amount may be waived by the Fund Manager in its sole discretion.

The Fund Manager will redeem participations at the request of a participant on a monthly redemption day. The redemption price of a participation is equal to the NAV per participation as at the valuation date immediately preceding the redemption date on which the relevant participant is redeemed. Applications for redemptions must be received at least ten business days before the relevant redemption date. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants.

The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

The movement of participations during the year ended 30 June 2018 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	276,902.5644	101,974.9597	(67,003.1681)	311,874.3560
Class B	18,650.9821	1,454.7696	-	20,105.7517
Total	<u>295,553.5465</u>	<u>103,429.7293</u>	<u>(67,003.1681)</u>	<u>331,980.1077</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital (continued)

Subscriptions and redemptions (continued)

The movement of participations during the year ended 30 June 2017 is as follows:

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

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.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

8. Investment return

(All amounts in EUR)	2018		2018	2017
	Profit	Loss	Total	Total
Investee funds				
Realised results	11,701	(40,671)	(28,970)	(111,384)
Unrealised results	1,752,146	(302,562)	1,449,584	2,158,973
	1,763,847	(343,233)	1,420,614	2,047,589
Derivative financial instruments				
Realised results	-	(57,134)	(57,134)	7,274
Unrealised results	43,840	-	43,840	(62,378)
	43,840	(57,134)	(13,294)	(55,104)
Total result	1,807,687	(400,367)	1,407,320	1,992,485

9. 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 year ended 30 June 2018, this amounted to gains of EUR 853 (2017: gains of EUR 1,643). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

Showing the equivalent of 1 Euro	2018		2017	
	Average	Closing	Average	Closing
United States Dollar	1.1934	1.1683	1.0818	1.1426

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Costs

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

<i>(All amounts in EUR)</i>	2018	2017
Expenses accruing to the Fund Manager		
Management fee	(233,831)	(202,619)
Other expenses		
Administration fee (including annual report fee)	(37,274)	(33,851)
Depositary fee	(19,965)	(19,058)
Legal owner fee	(17,885)	(16,793)
Other general expenses	(12,534)	(10,343)
Audit fee	(10,890)	(10,890)
Bank charges	(2,420)	(2,012)
Total expenses	(334,799)	(295,566)

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 years ended 30 June 2018 and 2017, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the years, the Fund also incurred costs such as legal owner fee of EUR 17,885 (2017: EUR 16,793), other general expenses of EUR 12,534 (2017: EUR 10,343) and bank charges of EUR 2,420 (2017: EUR 2,012) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding costs of transactions on financial instruments and interest costs) to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e. monthly. The ongoing charges ratio includes performance fees, where applicable.

For the year ended 30 June 2018, the ongoing charges ratio for the Fund is as follows:

	2018
Ongoing charges ratio	0.78%
Ongoing charges ratio including expenses of underlying funds	2.13%

For the year ended 30 June 2017, the ongoing charges ratio for the Fund is as follows:

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

Turnover factor

This ratio demonstrates the rate at which the Fund's portfolio is turned over. For the year ended 30 June 2018, the turnover factor for the Fund is 8.69% (2017: (33.60)%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

Notes to the financial statements

11. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to a management fee of 0.55% of the NAV of the Fund (before deduction of management fee), as at the last calendar day of each month. The management fee is subject to a minimum of EUR 50,000 per annum and is payable monthly in arrears. The Fund Manager pays a delegation fee to the Delegate from the management fee.

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

Administrator

The Fund has entered into an administration agreement with Custom House Fund Services (Netherlands) B.V. The Administrator charges a fee based on 0.08% of the NAV of the Fund up to EUR 30 million, 0.06% of the NAV between EUR 30 million and EUR 50 million, 0.04% of the NAV between EUR 50 million and EUR 100 million and 0.02% of the NAV above EUR 100 million, to be calculated monthly and paid quarterly in arrears and with a minimum annual fee of EUR 15,000 per annum. The Administrator also charges a fee of EUR 5,000 per annum for the preparation of the Fund's annual report.

In addition, effective 1 February 2015, certain trading duties were transferred from TMF Bewaar B.V. to the Administrator. The Administrator charges a fee of EUR 250 per initial trade, EUR 175 per subsequent trade and EUR 75 per tax document required for an underlying investment.

Details of administration fees (including annual report fees) charged for the years are disclosed in the income statement.

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

Depository

Darwin Depository Services B.V. charges a fee of 1.4 basis points of the assets under management. This fee is subject to a minimum of EUR 16,500 per annum and is payable quarterly in advance.

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 10,890 (2017: EUR 10,890) audit fee for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

12. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

Notes to the financial statements

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions from 1 July 2017 to 30 June 2018 and balances as at 30 June 2018

	Paid EUR	Balance EUR
Management fee	(231,192)	(18,996)

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

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

The Delegate is also considered a related party. As at 30 June 2018, the Investment Advisor and/or its employees held 4,758.0351 Class A shares in the Fund (2017: 6,838.2538) and 256.5200 Class B shares in the Fund (2017: 152.7056).

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to achieve medium-term capital gains for the participants.

The Fund attempts to accomplish its objective by primarily investing in AHL shares issued from the AHL Fund and may acquire interests in other investee funds established worldwide mainly focused on similar innovative systematic strategies that invest outside the mainstream markets.

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

The investee funds, to which the fund subscribes, may also indirectly expose the Fund to the financial risks as detailed above and because of this indirect exposure the financial risks discussed herein may not fully indicate the total exposure of the Fund.

Market risk

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

Interest rate risk

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

Currency risk

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

As at 30 June 2018, 100% (2017: 100%) of the assets and liabilities of the Fund are denominated in the functional currency and therefore the Fund is not exposed to currency risk from its assets and liabilities as at the reporting dates.

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Currency risk (continued)

Currency risk arises from the Fund's share classes. Class B participations are denominated in a currency other than EUR and are therefore exposed to currency fluctuations. It is the Fund's intention to hedge the currency exposure of USD participants to the Fund's base currency through the utilisation of forward currency contracts. Any profits or losses of currency hedges shall be allocated to the Class B participations. The tables below outline the USD exposure of the Class B participations as at 30 June 2018 and 2017 and the notional amount of the forward currency contracts used to mitigate the risk.

	Net position EUR	2018 Notional Amount Forwards EUR	Net Currency Exposure EUR	Net position EUR	2017 Notional Amount Forwards EUR	Net Currency Exposure EUR
Currency						
United States Dollar	(1,033)	(325,124)	(326,157)	1,685,299	(1,732,890)	(47,591)

The forward currency contracts mature within 1 month of the reporting date. The notional amounts represent the undiscounted cash flow at the maturity date.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents and derivative financial assets. The carrying values of financial assets (excluding any investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 1,005,734 (2017: EUR 906,126).

Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants' redemptions. To manage this liquidity risk the Fund has a ten day notice period for the participants. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants. The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

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

As at 30 June 2018 and 2017, the Fund invests in the AHL Fund. The Fund may redeem their investment in the AHL Fund on a monthly dealing day, provided 5 business days notice is given before the relevant dealing day. Payments are ordinarily made by the AHL Fund within 10 business days of the valuation day. Please see note 16 for further information regarding the AHL Fund.

Notes to the financial statements

14. PARTICIPANTS' EQUITY AS ISSUED

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

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

	2018	2017
	EUR	EUR
Participants' equity attributable to holders of participations in accordance with the Prospectus	42,001,539	36,167,331
Adjustments		
Unamortised incorporation costs	(11,553)	(26,958)
Adjusted participants' equity attributable to holders of participations in accordance with Dutch GAAP	<u>41,989,986</u>	<u>36,140,373</u>
Number of participations		
Class A	311,874.3560	276,902.5644
Class B	20,105.7517	18,650.9821
Participation per share in accordance with the Prospectus		
Class A	128.70	124.52
Class B	108.22	103.24
Participation per share in accordance with Dutch GAAP		
Class A	128.67	124.43
Class B	108.20	103.17

15. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2018	% of	2017	% of
	EUR	NAV	EUR	NAV
Strategy				
CTA Systematic	41,579,845	99.0	36,152,145	100.0
Total	<u>41,579,845</u>	<u>99.0</u>	<u>36,152,145</u>	<u>100.0</u>

16. INDIRECT INVESTMENTS

The information regarding the Fund's indirect investments is as follows:

AHL (Cayman) SPC - Class A Evolution Segregated Portfolio

General information:

AHL (Cayman) SPC - Class A Evolution Segregated Portfolio (the "Company") was incorporated as a segregated portfolio company with limited liability in the Cayman Islands. The Company operates as an open-ended mutual fund and is regulated under the Mutual Funds Law (as amended) of the Cayman Islands.

The Company currently has five share classes in issue, namely Class A1 USD, Class A1 AUD, Class A1 EUR, Class A1 JPY and Class Z USD.

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

The financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio have been issued with an unqualified opinion for the year ended 30 June 2018 by Ernst & Young Ltd and are available at the office of the Fund Manager.

Further information:

(i) Details of the Fund's investment in the Company

As at 30 June 2018, the Fund holds 25,791,440 (2017: 22,111,579) Class A1 EUR shares in the Company and the Fund's investment in the Company represents 85.37% (2017: 84.67%) of the NAV of the Fund.

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

	2018 USD	2017* USD
Assets		
Cash and cash equivalents	59,269,457	820,485,887
Balances due from broker	14,015,331	5,657,333
Investment in financial assets at fair value	2,110,044,401	1,371,728,269
Net unrealised gain on forward currency contracts	319,261	7,027,036
Other assets	183,000	185,964
Total assets	<u>2,183,831,450</u>	<u>2,205,084,489</u>
Liabilities		
Balances due to broker	915,186	-
Equalisation payable	2,338,347	4,154,087
Net unrealised loss on forward currency contracts	513,522	307,968
Subscriptions received in advance	10,211,714	41,239,236
Redemptions payable	72,782	5,981,540
Accrued expenses and other liabilities	33,784,044	37,740,613
Total liabilities	<u>47,835,595</u>	<u>89,423,444</u>
Net assets attributable to holders of redeemable participating shares	<u>2,135,995,855</u>	<u>2,115,661,045</u>
Net Asset Value per share:		
Class A1 USD (based on 1,019,736,167 (2017: 1,031,011,799) shares in issue)	USD 1.7929	USD 1.6816
Class A1 AUD (based on 21,084,713 (2017: 21,470,871) shares in issue)	AUD 1.7686	AUD 1.6602
Class A1 EUR (based on 130,136,594 (2017: 187,568,099) shares in issue)	EUR 1.4786	EUR 1.4136
Class A1 JPY (based on 49,500,000 (2017: 49,500,000) shares in issue)**	JPY 108.8721	JPY 103.8170
Class Z USD (based on 4,202,146 (2017: 4,080,832) shares in issue)	USD 1.5466	USD 1.4074

* As at 30 June 2018, the comparative information in the above balance sheet of the Company has been regrouped or reclassified where necessary, to conform to the current year's presentation of the balance sheet which agrees to the signed financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio for the year ended 30 June 2018.

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

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

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

	2018 USD	2017* USD
Investment income		
Interest income	7,082,735	1,812,719
Other income	2,186,236	1,922,940
Total investment income	9,268,971	3,735,659
Operating expenses		
Interest expense	4,440	11,601
Management fees	45,157,555	35,657,825
Performance fees	35,588,775	35,449,931
Services manager fees	1,908,100	1,620,756
Professional fees	129,682	83,484
Depositary fees	330,994	267,688
Directors' fees	12,000	12,000
Other expenses	62,138	97,156
Total operating expenses	83,193,684	73,200,441
Net investment loss	(73,924,713)	(69,464,782)
Realised and movement in unrealised gain on investments, derivatives and foreign currency		
Realised gain on investments, derivatives and foreign currency	170,198,384	91,283,336
Movement in unrealised gain from investments, derivatives and foreign currency	57,965,585	120,744,908
Net realised and movement in unrealised gain on investments, derivatives and foreign currency	228,163,969	212,028,244
Net increase in net assets resulting from operations	154,239,256	142,563,462

* For the year ended 30 June 2018, the comparative information in the above statement of operations of the Company has been regrouped or reclassified where necessary, to conform to the current year's presentation of the statement of operations which agrees to the signed financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio for the year ended 30 June 2018.

(iv) Investment portfolio of the Company as at 30 June

The investment portfolio of the Company comprises the following investments as at 30 June (expressed as a percentage of the total assets of the Company):

	2018	2017
AHL Evolution Fund	65.66%	64.84%
Debt – Investment in securities at fair value - long	33.12%	0.00%
Forward currency contracts - long	0.00%	0.33%
Forward currency contracts - short	(0.01%)	(0.01%)
Total	98.77%	65.16%

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

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

	2018	2017
	USD	USD
Net assets at the beginning of the year	2,115,661,045	1,730,955,865
Increase in net assets resulting from operations	154,239,256	142,563,462
(Decrease)/increase in net assets resulting from capital transactions	(135,720,186)	243,795,832
Increase/(decrease) in net assets resulting from effects of equalisation	1,815,740	(1,654,114)
Net assets at the end of the year	<u>2,135,995,855</u>	<u>2,115,661,045</u>

17. PROVISION OF INFORMATION

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

18. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 1 November 2018.

Investment portfolio as at 30 June 2018

2018

Assets	Currency	Fair value EUR	% of NAV
Investee funds			
AHL Alpha (Cayman) Limited- Class Euro	EUR	3,838,256	9.1
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	32,007,110	76.2
Man AHL Evolution Frontier Limited	EUR	5,159,377	12.3
Man AHL Trend Alternative	EUR	575,102	1.4
		41,579,845	99.0

Investment portfolio as at 30 June 2017

2017

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

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. Any amounts which it determines to distribute shall be paid to participants pro rata to the number of participations held by each of them.

Interests held by the Directors

As at 30 June 2018 and 2017, none of the Directors of the Fund Manager hold shares in the Fund.

Events after the balance sheet date

There were no material events which occurred after the balance sheet date that could influence the transparency of these financial statements.

Independent auditor's report

To: The shareholders and the directors of Privium Fund Management B.V. as investment manager of Windmill Trend Evolution Fund.

Report on the audit of the financial statements for the year ended 30 June 2018 included in the annual report

Our opinion

We have audited the financial statements for the year ended 30 June 2018 of Windmill Trend Evolution Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Windmill Trend Evolution Fund as at 30 June 2018, and of its result and its cash flows for the period ending on 30 June 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The Financial statements as at 30 June 2018
- The following statements for the period ending on 30 June 2018: Profit and loss statement and cash flow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Windmill Trend Evolution Fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

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

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

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

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

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

Independent auditor's report (*continued*)

Report on other information included in the annual report (*continued*)

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

Description of responsibilities for the financial statements

Responsibilities of the board of directors for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors

Independent auditor's report (*continued*)

Description of responsibilities for the financial statements (*continued*)

Our responsibilities for the audit of the financial statements (continued)

- Concluding on the appropriateness of the board of director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

The Hague, 1 November 2018

Ernst & Young Accountants LLP

signed by R.J. Bleijjs