Strategy One Fund

Privium Fund Management BV
Symphony Towers, 26th floor, Financial Offices
Gustav Mahler Square 3, 1082MS Amsterdam
info@priviumfund.com / www.priviumfund.com
+31 (0)20 46 26 644

PRIVIUM FUND MANAGEMENT

31 October 2018

Net asset value	NAV/ share Series A (Initial)	NAV/ share Series B (Initial)	NAV/ share Series A May '15
€ 14,810,209	€ 1,311.91	€ 1,240.75	€ 986.60

Investment Objective Strategy One Fund

Strategy One Fund has a three to five year investment horizon. The Fund invests in a mixture of stocks, bonds and funds that are diversified amongst themselves. The investment allocation has two main characteristics: firstly, allocation is fairly dynamic among asset classes in an attempt to capture opportunities that emerge periodically. The second feature is a clear preference to fund managers that have been known to the team for many years. Due to the longstanding relationship with some of these managers and the economies of scale, Strategy One Fund has an opportunity to invest in funds and shareclasses that are not open to most private investors, saving the unit holder considerable costs.

Track Record*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR
2006								0.4%			19.5%		**20.0%**
2007		3.0%			0.7%			3.4%			3.3%		**10.8%**
2008		3.4%			0.7%			-0.9%			-14.9%		**-12.2%**
2009		4.9%			3.2%			1.5%			30.7%		**43.6%**
2010	2.4%	-0.6%	3.4%	0.9%	1.3%	2.2%	-1.9%	-0.1%	-1.2%	1.3%	3.0%	2.5%	**14.0%**
2011	-0.5%	0.5%	-1.4%	-0.3%	1.6%	-3.2%	3.3%	1.9%	1.1%	0.2%	0.6%	1.9%	**5.5%**
2012	1.4%	0.8%	2.1%	1.0%	-0.3%	0.4%	1.8%	-0.3%	0.6%	-0.8%	0.6%	0.5%	**8.1%**
2013	0.2%	2.2%	1.7%	0.7%	0.8%	-3.3%	1.7%	-1.4%	2.7%	1.9%	1.4%	1.3%	**10.2%**
2014	-0.5%	2.1%	-1.4%	-1.5%	2.1%	0.3%	-0.7%	1.0%	1.4%	-0.6%	2.9%	1.5%	**6.8%**
2015	4.4%	2.9%	2.6%	-2.9%	3.0%	-2.5%	2.4%	-4.3%	-1.8%	2.7%	1.6%	-1.9%	**6.0%**
2016	-4.7%	-3.2%	-0.7%	-0.8%	2.5%	-4.6%	2.3%	-0.1%	-0.4%	-1.0%	0.4%	2.5%	**-7.8%**
2017	0.5%	2.5%	1.9%	1.9%	1.1%	-1.2%	1.1%	-0.4%	2.1%	2.0%	0.1%	0.4%	**12.7%**
2018	1.5%	-2.4%	-1.4%	2.8%	2.0%	-0.6%	1.2%	0.3%	-0.3%	-4.2%			**-1.3%**

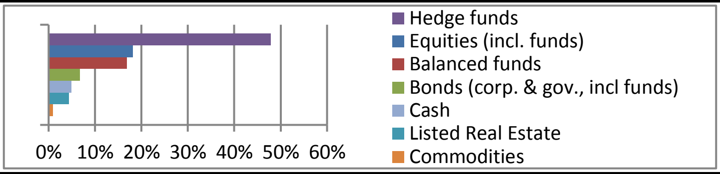
* The track record prior to the launch of the fund (May 1, 2012) relates to the unaudited performance of the total personal portfolio of Hein Jurgens, drawn from historical records. The performance is net of brokerage and custody fees as they were charged. The performance does not take Investment Fund costs into account. This historical track record is for illustration purposes only. The fund performance is based on the returns of the initial series A.

Monthly comment

October stood up to its reputation of being notoriously difficult. All asset classes endured a torrid month. If complacency is one of the words most associated with the pre-Lehman years, then paranoia may be the one tied to this cycle, a strategist wrote. Geopolitical risk added to the poor music, but in reality none where particularly new and the global economy remains in rude health. The biggest problem however is that investors don't believe it. For the year as a whole, only during the 1970s stagflation period and the global financial crisis have so many asset classes had negative returns in a year. Bonds suffered on the back of strong growth (inflationary) and equities followed suit as this implies growing wages, increased input prices and therefore pressure on margins. The reality however is different for the various economic areas. In the US, strong growth and labour shortages have indeed created inflationary pressures. In China, which is suffering economically form Mr Trump's tariffs, the government is providing stimulus and in Europe after many years of very low growth we are finally seeing some much needed consumer growth. The interest rate differential between the US and the EU has historically not been as wide at 3.5%. This creates enormous opportunities, unfortunately market participants as so often (in the short term), sold indiscriminately. The market nature of the various economic pacts are also very different, with European markets being more value orientated than US. Global exchanges ended in the red for the year for most exchanges, the MSCI world in Euro's gave up gains for the year, European markets are down close to 10%. The only saviour is the strength of the Dollar, up 5%, but as our investors are Euro/Sterling dominated it is highly inappropriate to carry the market weighting (close to 50%) in Dollars. Bond markets have been compounding difficulties as the rising inflation has put an end to the 30 year rally. To note is that especially core inflation is still extremely low and therefore no shocks are to be expected. Within the fund the biggest losses came from Alken Capital One (down close to 15%), which was to be expected as the net exposure was still 180% at the end of the month. Remarkably the fund is now down only 4% for the year, with EuroFirst300 down 12%. The biggest disappointment came from European banks (that should benefit from inflationary pressures). The 6% fall at Egerton, our biggest holding, was probably the least expected. The fund only has a 60% gross exposure and should have done better. Syncona endured profit taking on the back of falling tech and biotechnology in the US. On the plus side Odey was up 8% and our positions in defensive funds did well, Gold was up close to 5% (in Euros) and our positions in European Pharma performed well. One point of notice are our positions in listed funds (Boussard, Pershing, Third point, Syncona and Fidelity China), all saw their prices fall much more than their net asset value (nav). The two most affected where Boussard which saw its discount to nav increasing by 7% and especially Third point which has seen his share price fall by 17% whereas the underlying nav has fallen only by 6%. This happens from time to time when markets are "stressed" but in reality these managers have big ego's and do not like to see these exceptional discounts over a prolonged period, especially if their non-listed funds are closed. Broussard, Pershing and Third point are now trading at a discount of over 21% and we would not be surprised if Third point would close the fund at some stage (giving us 26% upside). At the time of writing Pershing announced that Bill Ackman, the manager of the fund bought another 100m Dollar worth of his own fund. The game with these funds is to be patient while their performance is good and then be handsomely rewarded with corporate action. Our managers keep on seeing ample of opportunities and while there are set backs form time to time, we are very happy with the composition of our portfolio. We expect to see the upcoming period as a period where we see a significant reduction in political risk (US mid-terms are over at time of writing with no big surprises), a rapprochement between the USA and China at the G20, a solution to Brexit, with only Italy remaining an issue. Coupling this with better valuations (especially in Europe), deleveraged trading positions, more share buy backs and estimates not disappointing (at time of writing), prices should recover towards the end of the year.

Top 5 positions
Name
Egerton
Phaidros Balanced Fund
Pictet Water Fund
Alken Absolute Return Fund
Syncona

Asset Allocation



Fund overview			
Management fee:	1,0%	**Subscription & redemption:**	Monthly
Performance fee:	5,0%	**Redemption notice period:**	30 days
High Water Mark	Yes	**Base currency**	EURO
Hurdle rate	0,0%	**Minimum Investment**	EUR 100.000,-
Redemption fee	0,5% (credited to the fund)	**ISIN code (A class & B class)**	NL0010187993 & NL0010556536

Start date fund	May 1, 2012	**Administrator:**	Custom House Fund Services (Netherlands) B.V.
Investment Manager:	Privium Fund Management BV	**Depositary:**	Darwin Depositary Services
Investment Team:	Hein Jurgens Mark Baak	**Custodian**	ABN AMRO
		Accountant:	PwC

Privium Fund Management B.V. (Privium) is authorised and regulated by the Dutch Authority for the Financial Markets (www.afm.nl) as an Alternative Investment Fund Manager (AIFM). Both Privium as well as the Fund are included in the register of the AFM. This communication is neither an offer to sell nor a solicitation to invest. Past performance is not indicative of future results. The value of investments and any income generated may go down as well as up and is not guaranteed. For more information, please refer to the Key Investor Information Document or 'KIID' and the Prospectus on the website of Privium (www.priviumfund.com/funds).