

# Global Allocation Fund

The Netherlands

ANNUAL REPORT

**for the period from 2 October 2017 (date of commencement of operations)  
to 31 December 2018**

---

## Table of contents

	<b>Page(s)</b>
General information	1
Historical multi-year overview	2
Management report	3-7
Financial statements	
Balance sheet	8
Income statement	9
Statement of cash flows	10
Notes to the financial statements	
General information	11
Significant accounting principles and policies	11-13
Principles for determining the result	13
Notes for individual balance sheet items	
Investments	14-15
Cash	15
Accrued expenses and other payables	15
Share capital	16-17
Notes for individual income statement items	
Interest income	17
Dividend income	17
Investment return	17
Foreign currency translation	18
Costs	18-19
Relevant contracts	19-20
Related party transactions	20
Financial investments and associated risks	20-21
Participants' equity as issued	22
Events after the balance sheet date	22
Date of authorisation	22
Investment portfolio as at 31 December 2018	23
Other information	
Provisions of the Prospectus on distribution policy	24
Provision of information	24
Independent Auditor's report	25-27

---

## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Delegate	Box Consultants B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Depositary	Darwin Depositary Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Juridisch Eigendom Global Allocation Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. (acquired by the Apex Group on 28 December 2018) <sup>1</sup> Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Legal Advisor	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands

<sup>1</sup> On 11 January 2019, Custom House Fund Services (Netherlands) B.V. changed its name to Apex Fund Services (Netherlands) B.V.

## Historical multi-year overview

### Key figures

	2018 <sup>1</sup>
(All amounts in EUR)	
Equity at the beginning of the period	-
Issue of units	49,574,101
Direct investment result	201,812
Indirect investment result	(2,329,263)
	<u>47,446,650</u>
Redemption of units	(11,750,253)
Expenses	(313,149)
<b>Equity at the end of the period</b>	<b><u>35,383,248</u></b>
Investments	35,046,707
Cash	1,034,841
Other assets and liabilities	(698,300)
<b>Equity at the end of the period</b>	<b><u>35,383,248</u></b>
<b>Net loss</b>	
Investment income	201,812
Indirect investment result	(2,329,263)
Expenses	(313,149)
<b>Net loss</b>	<b><u>(2,440,600)</u></b>
<b>Number of units</b>	
Class A	374,014.80
Class B	4,379.11
<b>Unitholders' equity per unit in accordance with Dutch GAAP<sup>2</sup></b>	
Class A	93.54
Class B	90.76
<b>Unitholders' equity per unit in accordance with the Prospectus<sup>2</sup></b>	
Class A	93.64
Class B	90.86
<b>Performance</b>	
Class A	(6.36%)
Class B	(9.14%)

<sup>1</sup> The Fund commenced operations on 2 October 2017. The annual reporting period is from 2 October 2017 (date of commencement) to the 31 December 2018.

<sup>2</sup> The participants' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 15 of these interim 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.

## Management Report

### Report of the Fund Manager

The Global Allocation Fund started operations in October 2017. Between October 2, 2017 and December 31, 2017 the Global Allocation Fund gained +1.19% (Class A).

The Global Allocation Fund (GAF) returned a disappointing (7.46%) (Class A) in 2018. Class B shares returned (8.38%) in 2018.

The below review will cover the period between January 1, 2018 and 31 December, 2018.

### Review 2018

For the GAF 2018 proved to be a challenging year. The main investment objective of the Fund is to achieve long term capital growth. To achieve the objective, the strategy of the Fund is to invest in a diversified portfolio of Investment Funds (including hedge funds), ETF's and structured products.

What went wrong in 2018? Markets started the year full of optimism. The US economy delivered stellar performance, buoyed by tax cuts, which caused a surge in both growth and corporate earnings. The unemployment rate hit an almost 50-year low. The upward drift in inflation was gradual, so there weren't many surprises from the Fed, which hiked rates by 25 basis points per quarter. Global quantitative easing wound down, beginning a reversal of the great search for yield. This challenged fixed income across the board, but not dramatically so. What proved considerably more disruptive in 2018 was US foreign policy. Undeterred by the threat of higher costs for US consumers and businesses, Washington ramped up trade tensions. It seems that there is considerable political appetite among the US electorate, and as a result both Republicans and Democrats, to reconsider US trading relationships, with China very much at the eye of the storm. This trade aggression hit the Chinese economy at a point when growth was already slowing rapidly in response to tighter policy from Beijing. Emerging markets have thus endured the double whammy of slowing growth in China and rising borrowing costs as a result of higher US interest rates. Emerging market equities and debt took a significant hit in 2018. Europe has been caught in the crossfire. Although early tensions between the US and EU over auto tariffs have dissipated for now, European demand has been battered by a downturn in global trading.

In 2018 the majority of the underlying managers and products of GAF were loss making. The portfolio of the GAF generally consists of three categories. This includes:

- Equity Related Investments
- Fixed Income Related Investments
- Alternatives

All categories added negatively to returns during 2018. Especially the equity related investments in Emerging Markets, Japan and Europe experienced a tough year. During the year we increased the exposure to value equity funds given its attractive (relative) valuations. Another reason is that we expect the environment for value stocks to be more favorable compared with other equity style factors (growth and garp).

Also Fixed Income added negatively and within this category it were mainly the structured notes that contributed negatively. During the year we decreased the exposure to high yield bonds given our less favorable outlook.

The contribution of the Alternatives category was slightly negative during 2018. This category exclusively consists of the investment in the Multi Strategy Alternatives Fund. No changes were made here.

As of December 31, 2018 the portfolio of the GAF consists of 26 underlying funds. Direct FX exposures within the fund were not hedged during the full year of 2018.

---

## Management Report (*continued*)

### Outlook 2019

In 2019, Economic conditions are beginning to return to more “normal” settings: GDP growth is slowing toward potential, rates are rising toward neutral, and volatility is reverting to mean. Tightening financial conditions and the waning boost from fiscal and monetary policies may be contributing to a US-led deceleration in global growth, albeit to a still healthy pace of expansion. Trend-like growth could re-assert its gravitational pull over the next few quarters. Headline rates of inflation globally may be driven in the short-term by developments in volatile energy markets. Underlying inflationary pressures still vary widely across regions, reflecting contrasting macro fundamentals and differing levels of slack left in the world’s major economies. We expect developed market central banks to continue pursuing a strategy of gradual normalization, while retaining tactical sensitivity to macro developments. Measured increases in interest rates will now also be accompanied by a progressive unwind of global central bank net asset purchases: a move from QE to QT. Global (geo-)political uncertainties may be important drivers of both returns and volatility in the year ahead, as the market adjusts to trade uncertainties, spillovers from Brexit, and Italian budget risks. A combination of moderating global growth, late-cycle concerns, uncertainty around the timing and sequence of evolving central bank policies, and elevated geopolitical tensions is likely to remain a source of pressure points for investors. These risks create the potential for further spikes in market volatility.

We expect to gradually increase the exposure to value equity funds a bit further. From a regional perspective we do not anticipate big changes anytime soon.

We expect limited changes within the Fixed Income and Alternatives categories although we are always looking for funds or products that offer a better risk/return ratio than any of the existing investments of the GAF.

We expect that Direct FX exposures within the fund will not be hedged during the full year of 2019 either.

### 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 fund or Privium Fund Management B.V.

### Remuneration policy 2018

This policy is based on the situation as of December 31, 2018. The financial year of the Fund Manager ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. In 2018 the aggregate costs for staff totalled EUR 3,946,370. The table below offers an overview of the remuneration at the level of Privium Fund Management B.V.. Information per fund is not available. 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.

## Management Report *(continued)*

### Remuneration policy 2018 *(continued)*

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	26	28
Total fixed remuneration	€144,470	€ 3,714,487	€ 3,858,957
Total variable remuneration	€15,000	€72,413	€87,413
<b>Total remuneration</b>	<b>€159,470</b>	<b>€3,786,900</b>	<b>€3,946,370</b>

Privium Fund Management B.V. has delegated certain portfolio management duties of some of its funds to outside investment advisers ('delegates'). Remuneration of identified staff of delegates is not included in the table. The delegates are subject to regulatory requirements on remuneration policies and disclosures that are comparable with the requirements applicable to Privium Fund Management B.V. Reference to the remuneration of the delegates is included in the Prospectus and annual report of the funds concerned.

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2018 no variable payments regarding the Global Allocation Fund have been paid to any Identified Staff of Privium. Privium Fund Management B.V., the Fund Manager of the various funds, does not charge any employee remuneration fees to the funds, except for the Supermarkt VastGoed fund.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 28 staff members were involved during (some part of) the year, including consultants and including both part-time and full time staff. None of the staff members have earned more than EUR 1,000,000 or more during the year 2018.

### Remuneration Investee Funds

The Global Allocation Fund invests, amongst other securities, in other Investee Funds. These Funds are managed by other Investment Managers. These Investment Managers are regulated and need to comply with the local legislation in the countries in which they are regulated.

The Investment Objective and Investment Strategy of the Investee Funds are guided by a clear framework and should avoid any excessive risk taking. The Investment Managers of the Investee Funds each have remuneration policies in place as required by law. This both includes fixed and variable remuneration. In the audited financial statements of the Investee Funds these remuneration policies are explained in greater detail. Also on the websites of the Investment Managers these remuneration policies have been published.

## Management Report *(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 2018 NAV	Expected impact on 2019 NAV if risk materializes	Adjustments to risk management in 2018 or 2019
Price/Market Risk	No	The portfolio of the Global Allocation Fund consists of long only equity investments, long only fixed income investments, investments in structured products and investments in hedge funds. Asset allocation decisions will be a major driver of the returns of the Fund. Another component of the returns will be the selection of the underlying investments itself. Price fluctuations due to general equity and bond market movements will therefore be an important part of the return. This risk is inherent when securities like equities and bonds are traded.	The Fund lost -7.46% in 2018 (Class A). 2018 was a difficult year for financial markets. The MSCI World Index (EUR) returned -6.8% and the MSCI Europe Index (EUR) lost -14.1%.	Investments are selected after a thorough due diligence process but the occurrence of this risk will also largely depend on general market circumstances.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Manager Risk	No	The Fund maintains investments in other investment funds. These funds are managed by external Fund Management companies. A rigid due diligence process is in place when investment funds or structured products are selected.	The impact was neutral since the biggest part of the returns in 2018 can be contributed to the asset allocation.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investment funds will perform better than general equity markets over the long term.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Interest rate risk	No	Around 38.7% of the portfolio is invested in Fixed Income related investments. This includes cash as well. The Fund is therefore exposed to interest rate risk.	Dispersions between fixed income investments were rather large. Investments in Emerging Market Debt and Corporate Credit experienced a difficult year.	This will largely depend on interest rate movements.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Foreign Exchange risk	Partially	Direct FX risk is currently not being hedged. As of December 31, 2018 74% of the investments were denominated in EUR. The remaining 26% was invested in USD denominated investments. The Fund has the possibility to hedge FX risks going forward.	Over 74% of the investments are denominated in EUR.	This will largely depend on FX movements.	No. The Fund Manager is comfortable with the risk exposure currently in place.
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. The Fund Manager is comfortable with the risk exposure currently in place.
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes. The Fund also maintains positions in funds that invest in fixed income (corporate credit, emerging market debt, sovereign debt, etc).	Dispersions between fixed income investments were rather large. Investments in Emerging Market Debt and Corporate Credit experienced a difficult year.	Medium (for the credit investments, but this will largely depend on the movements in credit markets)	No. The Fund Manager is comfortable with the risk exposure currently in place.
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 several Privium Funds.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. As of December 31, 2018 the leverage calculations according to the Gross method and Commitment method were as follows: Gross method: 98.95% and Commitment method: 100%.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.



## Management Report (*continued*)

### 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 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 2018 functioned effectively as described. During 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. The 2018 update was completed in October 2018. During the fourth quarter of 2018 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.

## Financial statements

### BALANCE SHEET

(As at 31 December)

	<i>Note(s)</i>	<b>31 December 2018 EUR</b>
<b>Assets</b>		
<b>Investments</b>		
Investee funds		28,158,231
Debt instruments		5,472,165
Equities		1,416,311
	3	<u><b>35,046,707</b></u>
<b>Current assets (fall due in less than 1 year)</b>		
Cash	4	1,034,841
Bank interest receivable		147
		<u><b>1,034,988</b></u>
<b>Total assets</b>		<u><b>36,081,695</b></u>
<b>Liabilities</b>		
<b>Current liabilities (fall due in less than 1 year)</b>		
Due to broker		(650,250)
Accrued expenses and other payables	5	(48,197)
		<u><b>(698,447)</b></u>
<b>Total liabilities</b>		<u><b>(698,447)</b></u>
<b>Total assets minus total liabilities</b>		<u><b>35,383,248</b></u>
<b>Participants' equity</b>		
Contribution of participants		37,823,848
Unappropriated loss		(2,440,600)
<b>Total participants' equity</b>	6, 15	<u><b>35,383,248</b></u>

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

## Financial statements

### INCOME STATEMENT

(For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018)

	<i>Note(s)</i>	<b>2018 EUR</b>
<b>Investment income</b>		
<i>Direct investment result</i>		
Interest income	7	191,878
Dividend income	8	9,934
		<u><b>201,812</b></u>
<i>Indirect investment result</i>		
Realised losses on investee funds	3, 9	(217,408)
Realised gains on debt instruments	3, 9	51,710
Realised gains on equities	3, 9	23,221
Unrealised losses on investee funds	3, 9	(1,359,238)
Unrealised losses on debt instruments	3, 9	(846,920)
Unrealised losses on equities	3, 9	(29,576)
Foreign currency gains on translation	10	48,948
		<u><b>(2,329,263)</b></u>
<b>Total investment loss</b>		<u><b>(2,127,451)</b></u>
<b>Expenses</b>		
Administration fee	12	(67,740)
Custody fee	12	(54,656)
Management fee	12, 13	(53,329)
Incorporation costs	11	(52,129)
Depositary fee	12	(36,858)
Audit fee		(20,340)
Other operational costs		(15,306)
Interest expense		(5,518)
Bank charges		(3,562)
Legal fees		(1,222)
<b>Total expenses</b>	11	<u><b>(310,660)</b></u>
<b>Net loss before tax</b>		<b>(2,438,111)</b>
Withholding tax		(2,489)
<b>Net loss after tax</b>		<u><u><b>(2,440,600)</b></u></u>

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

## Financial statements

### STATEMENT OF CASH FLOWS

(For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018)

	<i>Note</i>	<b>2018</b> <b>EUR</b>
<b>Cash flows from operating activities</b>		
Purchases of investments		(52,492,754)
Proceeds from sale of investments		15,051,246
Interest received		191,731
Interest paid		(4,637)
Dividend received		9,934
Incorporation costs paid		(52,129)
Administration fee paid		(59,993)
Management fee paid		(50,075)
Depository fee paid		(36,858)
Custody fee paid		(39,568)
Other general expenses paid		(11,394)
Audit fee paid		(3,025)
Bank charges paid		(3,562)
Withholding tax paid		(2,489)
Legal fees paid		(1,222)
<b>Net cash flows used in operating activities</b>		<b><u>(37,504,795)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from sales of participations		49,574,101
Payments on redemptions of participations		(11,750,253)
Distribution from equity investments		16,590
<b>Net cash flows provided by financing activities</b>		<b><u>37,840,438</u></b>
<b>Net increase in cash</b>		<b>335,643</b>
Cash at the beginning of the period		-
Foreign currency translation of cash positions		48,948
<b>Cash at the end of the period</b>	<b>4</b>	<b><u><u>384,591</u></u></b>
<b>Analysis of cash</b>		
Cash		1,034,841
Due to broker		(650,250)
<b>Total cash</b>	<b>4</b>	<b><u><u>384,591</u></u></b>

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

## Notes to the financial statements

(For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018)

### 1. GENERAL INFORMATION

Global Allocation Fund (the “Fund”) is structured as an open-ended investment fund (*beleggingsfonds*) and a fund for joint account (*fonds voor gemene rekening*) organised and established under the laws of the Netherlands and was established in August 2017. 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 2 October 2017. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, the Netherlands.

The Fund has two classes of participations, Class A participations and Class B participations. The sole difference between the different classes is that Class A participants pay a lower management fee, due to the fact that the Delegate waived its delegation fee that is payable out of the management fee for this Class. Only investors that are a client of the Delegate are issued Class A participations against each such participant’s individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. As at 31 December 2018, both Class A participations and Class B participations are in issue.

The investment objective of the Fund is to achieve long term capital growth. To achieve this, the strategy of the Fund is to invest in a diversified portfolio of investment funds (including hedge funds or other (alternative) collective investment vehicles worldwide), listed investee companies, stocks, debt instruments, futures, forward currency contracts and in commodity related instruments including, but not limited to ETF’s, ETP’s, REIT’s, index funds and structured products.

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

The Fund had no employees during the period ended 31 December 2018.

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

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

The financial statements have been authorised for issue by the Fund Manager on 21 June 2019.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

The 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 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 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.

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

---

## Notes to the financial statements

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

#### **Functional currency**

The financial statements are presented in Euro (“EUR”), 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.

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**

Assets and liabilities denominated in currencies other than the EUR are converted to EUR 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 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 losses on investee funds’, ‘realised gains on debt instruments’, ‘realised gains on equities’, ‘unrealised losses on investee funds’, ‘unrealised losses on debt instruments’ and ‘unrealised losses on equities’.

#### *Receivables and prepayments*

The value of accounts receivable and prepayments 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 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 participations of the Fund. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

#### **Participants' equity**

All references to net asset value ("NAV") throughout the financial statements are equivalent to 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 equities are included at the date when they are declared. Dividend withholding tax is presented gross on the income statement.

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 financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

(All amounts in EUR)

##### Investment in investee funds

Opening balance	-
Purchases	38,727,230
Sales	(8,975,763)
Realised	(217,408)
Unrealised	(1,359,238)
Distribution	(16,590)
<b>As at 31 December</b>	<b>28,158,231</b>

**For the period from 2  
October 2017 (date of  
commencement of  
operations)  
to 31 December 2018**

(All amounts in EUR)

##### Investment in debt instruments

Opening balance	-
Purchases	8,748,685
Sales	(2,481,310)
Realised	51,710
Unrealised	(846,920)
<b>As at 31 December</b>	<b>5,472,165</b>

**For the period from 2  
October 2017 (date of  
commencement of  
operations)  
to 31 December 2018**

(All amounts in EUR)

##### Investment in equities

Opening balance	-
Purchases	5,016,839
Sales	(3,594,173)
Realised	23,221
Unrealised	(29,576)
<b>As at 31 December</b>	<b>1,416,311</b>

**For the period from 2  
October 2017 (date of  
commencement of  
operations)  
to 31 December 2018**



## Notes to the financial statements

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

#### 3. Investments (continued)

##### Movement in schedule of investments (continued)

<i>(All amounts in EUR)</i>	<b>For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018</b>
<b>Total investments</b>	
Opening balance	-
Purchases	52,492,754
Sales	(15,051,246)
Realised	(142,477)
Unrealised	(2,235,734)
Distribution	(16,590)
<b>As at 31 December</b>	<b>35,046,707</b>

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value based on how that fair value is determined.

#### 31 December 2018

	<b>Total EUR</b>	<b>Quoted prices (unadjusted) in active markets EUR</b>	<b>Other EUR</b>
Investment in investee funds (assets)	28,158,231	4,915,891	23,242,340
<b>Total</b>	<b>28,158,231</b>	<b>4,915,891</b>	<b>23,242,340</b>

#### 4. Cash

As at 31 December 2018, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 1,034,841. As at 31 December 2018, amounts due to ABN AMRO Clearing Bank N.V. of EUR 650,250. As at 31 December 2018, no restrictions in the use of these balances exist.

#### 5. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	<b>31 December 2018</b>
Audit fee payable	(17,315)
Custody fee payable	(15,088)
Administration fee payable	(7,747)
Other payables	(3,912)
Management fee payable	(3,254)
Interest payable	(881)
<b>Total accrued expenses and other payables</b>	<b>(48,197)</b>

## Notes to the 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 investment fund and was established in Amsterdam in August 2017. The Fund has two classes of participations, Class A participations and Class B participations. The sole difference between the different classes is that Class A participants pay a lower management fee, due to the fact that the Delegate waived its delegation fee that is payable out of the management fee for this Class. Only investors that are a client of the Delegate are issued Class A participations against each such participant's individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. As at 31 December 2018, both Class A participations and Class B participations are in issue.

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

	<b>For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018</b>
<i>(All amounts in EUR)</i>	
<i>Contributions of participants</i>	
Balance at the beginning of the period	-
Issue of participations	49,574,101
Redemption of participations	(11,750,253)
<b>Total contributions at the end of the period</b>	<b>37,823,848</b>
<i>Unappropriated loss</i>	
Balance at the beginning of the period	-
Net loss after tax	(2,440,600)
<b>Total undistributed loss at the end of the period</b>	<b>(2,440,600)</b>
<b>Equity at the end of the period</b>	<b>35,383,248</b>

##### *Subscriptions and redemptions*

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a weekly dealing day at the subscription price. The minimum initial subscription for each participant is EUR 100,000. The Class A participations and Class B participations were issued at an initial subscription price of EUR 100 per participation. The Fund's policy allows for redemptions on a weekly basis and notice of 3 business days must be provided.

The movement of the participations during the period ended 31 December 2018 was as follows:

	<b>Participations at the beginning of the period</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the period</b>
Class A participations	-	487,637.012	(113,622.217)	374,014.795
Class B participations	-	9,379.108	(5,000.000)	4,379.108
<b>Total</b>	<b>-</b>	<b>497,016.120</b>	<b>(118,622.217)</b>	<b>378,393.903</b>

## Notes to the financial statements

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

#### 6. Share capital (continued)

##### Capital management

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

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

(For the period from 2 October 2017 (date of commencement of operations) to 31 December 2018)

#### 7. Interest income

Interest income relates to the interest on custodian balances.

#### 8. Dividend income

Dividend income relates to dividend from equity instruments.

#### 9. Investment return

(All amounts in EUR)

	2018		2018
	Profit	Loss	Total
<b>Investee funds</b>			
Realised result	74,069	(291,477)	(217,408)
Unrealised result	239,060	(1,598,298)	(1,359,238)
<b>Total result</b>	<b>313,129</b>	<b>(1,889,775)</b>	<b>(1,576,646)</b>

(All amounts in EUR)

	2018		2018
	Profit	Loss	Total
<b>Debt instruments</b>			
Realised result	51,710	-	51,710
Unrealised result	-	(846,920)	(846,920)
<b>Total result</b>	<b>51,710</b>	<b>(846,920)</b>	<b>(795,210)</b>

(All amounts in EUR)

	2018		2018
	Profit	Loss	Total
<b>Equities</b>			
Realised result	28,438	(5,217)	23,221
Unrealised result	14,677	(44,253)	(29,576)
<b>Total result</b>	<b>43,115</b>	<b>(49,470)</b>	<b>(6,355)</b>
<b>Total result</b>	<b>407,954</b>	<b>(2,786,165)</b>	<b>(2,378,211)</b>

## Notes to the financial statements

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

#### 10. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the period ended 31 December 2018, this amounted to gains of EUR 48,948. The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	<b>2018</b>	
	<b>Average</b>	<b>Closing</b>
<i>(Showing the equivalent of 1 Euro)</i>		
United States Dollar	1.1809	1.1469

#### 11. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the period ended 31 December 2018.

	<b>2018</b>
<i>(All amounts in EUR)</i>	
<b>Expenses accruing to the Fund Manager</b>	
Management fee	(53,329)
<b>Other expenses</b>	
Administration fee	(67,740)
Custody fee	(54,656)
Incorporation costs	(52,129)
Depository fee	(36,858)
Audit fee	(20,340)
Other operational costs	(8,521)
FATCA fee	(6,785)
Interest expense	(5,518)
Bank charges	(3,562)
Legal fees	(1,222)
<b>Total</b>	<b>(310,660)</b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 31 December 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 other operational costs of EUR 8,521, interest expense of EUR 5,518, bank charges of EUR 3,562 and legal fees of EUR 1,222 which are not detailed in the Prospectus. The Fund also incurs incorporation costs of EUR 52,129.

## Notes to the financial statements

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

#### 11. Costs (continued)

##### Ongoing charges ratio

The ongoing charges ratio is the ratio of the total 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 unitholders' equity i.e., monthly.

For the period ended 31 December 2018, the ongoing charges ratio for the Fund is as follows:

	<b>2018</b>
Ongoing charges ratio including interest*	0.87%
Ongoing charges ratio excluding interest*	0.85%
Ongoing charges ratio including interest**	0.86%
Ongoing charges ratio excluding interest**	0.84%
Ongoing charges ratio including expenses of underlying funds	0.51%

##### Turnover factor

For the period ended 31 December 2018, the turnover factor for the Fund is 17.39%\* (17.16%\*\*). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average unitholders' equity.

\*These are not annualised.

\*\* Annualised.

#### 12. 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 equal to:

- (i) Class A participations: 10 basis points (0.10%) of the participants' equity.
- (ii) Class B participations: 110 basis points (1.10%) of the participants' equity.

The management fee is calculated on the last calendar day of each month, payable monthly in arrears out of the Fund's assets. The Fund Manager has entered into a delegation agreement with Box Consultants B.V. Certain portfolio management responsibilities have been delegated to Box Consultants B.V. The Fund Manager pays a delegation fee to the Delegate for the Class B participations only. No delegation fee is paid to Box Consultants B.V. regarding the Class A participations. Details of management fees charged for the period are disclosed in the income statement.

##### **Administrator**

The Fund has entered into an administration agreement with Apex Fund Services (Netherlands) B.V. (formerly known as Custom House Fund Services (Netherlands) B.V.). The Administrator charges an annual fee, to be calculated and paid monthly in arrears on the basis of the participants' equity of the Fund before deduction of the management fee, and with a minimum of EUR 50,000 per annum. This annual fee is based on the following sliding scale:

- Part up to EUR 100 million 10 basis points
- Part between EUR 100 million and EUR 200 million 8 basis points
- Part above EUR 200 million 6 basis points

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

## Notes to the financial statements

### 12. RELEVANT CONTRACTS (CONTINUED)

#### 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 fee equal to 0.014% of the net asset values of the Fund (based on the average of the net asset values of the Fund at the end of each calendar quarter) with a minimum of EUR 24,000, payable quarterly in advance for depository services provided to the Fund. Details of depository fees charged for the period are disclosed in the income statement.

#### Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of USD 17,315 audit fee (including VAT) for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

#### Legal Owner

TCS Governance B.V. has been appointed as Management Board of the Legal Owner. The remuneration consists of an annual fixed fee of EUR 3,500 and variable remuneration of 0.0125%.

### 13. 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 maintains an investment in the Multi Strategy Alternatives 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 Multi Strategy Alternatives Fund is 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 period.

*Transactions from 2 October 2017 – 31 December 2018 and balances as at 31 December 2018*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(50,075)	(3,254)

### 14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The investment objective of the Fund is to achieve long term capital growth. To achieve this, the strategy of the Fund is to invest in a diversified portfolio of investment funds (including hedge funds or other (alternative) collective investment vehicles worldwide), listed investee companies, stocks, debt instruments, futures, forward currency contracts and in commodity related instruments including, but not limited to ETF's, ETP's, REIT's, index funds and structured products.

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.

The funds, to which the Fund subscribes, indirectly expose the Fund to various risks which are not outlined below. These risks are monitored by the Investment Manager of the Fund.

## Notes to the financial statements

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

#### 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 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.

#### 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. As at 31 December 2018, interest rate risk arises on most of the Fund's investments in fixed income.

#### Currency risk

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

	31 December 2018	
	Fair value EUR	% of participants' equity
<b>Currency</b>		
United States Dollar	9,258,810	26.2

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investment in equity instruments) best represent the maximum credit risk exposure as at the reporting date and amounts to EUR 1,034,988.

The current credit rating of ABN AMRO Clearing Bank N.V. is 'A', as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

#### 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 weekly creation and cancellation of participants and it is therefore exposed to the liquidity risk of meeting participants' redemptions. The Fund's policy allows for redemptions on a weekly basis and notice of 3 business days must be provided.

The Fund's listed securities are considered to be readily realisable as they are listed on recognised exchanges.

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

## Notes to the financial statements

### 15. 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 be expensed immediately.

To determine the participants' equity in accordance with Dutch GAAP the following schedule is presented as at 31 December 2018.

	<b>31 December 2018</b>
	<b>EUR</b>
<b>Participants' equity attributable to holders of participations in accordance with the Prospectus</b>	35,422,295
<b>Adjustments</b>	
Unamortised incorporation costs	(39,047)
<b>Adjusted participants' equity attributable to holders of participations in accordance with Dutch GAAP</b>	<b><u>35,383,248</u></b>
<b>Number of participations</b>	
Class A participations	374,014.80
Class B participations	4,379.11
<b>Participants' equity per participation in accordance with the Prospectus</b>	
Class A participations	93.64
Class B participations	90.86
<b>Participants' equity per participation in accordance with Dutch GAAP</b>	
Class A participations	93.54
Class B participations	90.76

### 16. EVENTS AFTER THE BALANCE SHEET DATE

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

### 17. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 21 June 2019.



## Investment portfolio as at 31 December 2018

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
Comgest Growth Emerging Markets	EUR	806,468	2.3
Comgest Growth Europe	EUR	1,116,282	3.2
Fidelity Pacific Fund	USD	783,191	2.2
GS Japan Equity Portfolio	EUR	1,820,637	5.1
JPMorgan Strategic Value	EUR	1,363,537	3.9
KBI Development Equity Fund	EUR	1,014,070	2.9
MSAF	USD	4,915,891	13.9
MSIM Global Fixed Income Fund	EUR	1,665,409	4.7
NB Emerging Market Debt Fund	USD	1,627,453	4.6
Pimco GIS income Fund	EUR	1,791,958	5.1
Robeco financial institutions	EUR	861,104	2.4
Robeco Q1 Global Developed Enhanced	EUR	954,593	2.7
SEB Danish Mortgage Bond Fund	EUR	1,425,031	4.0
Serviced PL Maver Fund	USD	1,931,521	5.5
SISF-Asian Opportunity Fund	EUR	1,125,515	3.1
Vanguard Euro	EUR	683,596	1.9
Vanguard Global Bond Index	EUR	852,630	2.4
Vanguard Emerging Markets	EUR	2,114,838	6.0
Vanguard Global Short Term Index Fund	USD	1,304,507	3.7
		<b>28,158,231</b>	<b>79.6</b>
<b>Equities</b>			
ISHARES MSCI Europe	EUR	940,006	2.7
ISHR MSCI Far East	EUR	476,305	1.3
		<b>1,416,311</b>	<b>4.0</b>
<b>Debt Instruments</b>			
BNP Paribas Issuance BV 0% 22/07/2019	EUR	753,750	2.1
Credit Suisse AG London 0% 14/05/2026	EUR	1,393,650	3.9
Credit Suisse AG London 0% 26/09/2024	EUR	1,174,875	3.3
Goldman Sachs 0% 27/12/2024	EUR	1,230,390	3.5
Morgan Stanley BV 0% 28/10/2024	EUR	919,500	2.6
		<b>5,472,165</b>	<b>15.4</b>
		<b>35,046,707</b>	<b>99.0</b>

## 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 sums 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 31 December 2018, the Board of Directors did not hold any shares in the Fund or in the underlying investment funds.

### Provision of information

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

## Independent auditor's report

To: The shareholders and the directors of Privium Fund Management B.V. as investment manager of Global Allocation Fund

## Report on the audit of the financial statements 2018 included in the annual report

### Our opinion

We have audited the financial statements 2018 of Global Allocation Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Global Allocation Fund as at December 31, 2018, and of its result and its cash flows for the period 2 October 2017 to 31 December 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2018
- The following statements for the period 2 October 2017 to 31 December 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 Global Allocation 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.

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
- 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, 21 June 2019

Ernst & Young Accountants LLP

Signed by R.J. Bleijs