

# Strategy One Fund

The Netherlands

ANNUAL REPORT

**for the year ended 31 December 2018**

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. (acquired by the Apex Group on 28 December 2018) <sup>1</sup> Westblaak 89 3012 KG Rotterdam P.O. Box 25121 3001 HC The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Bewaarder Strategy One Fund Woudenbergseweg 11 3953 ME Maarsbergen 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

(All amounts in EUR)

	2018	2017	2016	2015	2014
Net assets at the beginning of the year	14,513,369	13,738,937	15,868,241	11,200,135	7,600,196
Issue of participations	3,172,352	700,000	1,764,612	5,718,287	6,574,674
Direct investment result	154,493	135,593	122,034	129,892	124,504
Indirect investment result	(734,397)	1,896,386	(1,114,798)	911,815	846,668
	17,105,817	16,470,916	16,640,089	17,960,129	15,146,042
Redemption of participations	(3,605,035)	(1,660,495)	(2,623,466)	(1,765,079)	(3,679,789)
Expenses	(274,197)	(297,052)	(277,686)	(326,809)	(266,118)
<b>Net assets at the end of the year</b>	<b>13,226,585</b>	<b>14,513,369</b>	<b>13,738,937</b>	<b>15,868,241</b>	<b>11,200,135</b>
Investments (including net derivative financial instruments)	12,916,499	14,213,015	13,668,814	15,401,329	11,272,829
Cash	252,390	673,403	103,069	827,420	20,767
Other assets and liabilities	57,696	(373,049)	(32,946)	(360,508)	(93,461)
<b>Net assets at the end of the year</b>	<b>13,226,585</b>	<b>14,513,369</b>	<b>13,738,937</b>	<b>15,868,241</b>	<b>11,200,135</b>
<b>Net (loss)/profit</b>					
Direct investment result	154,493	135,593	122,034	129,892	124,504
Indirect investment result	(734,397)	1,896,386	(1,114,798)	911,815	846,668
Expenses	(274,197)	(297,052)	(277,686)	(326,809)	(266,118)
<b>Net (loss)/profit</b>	<b>(854,101)</b>	<b>1,734,927</b>	<b>(1,270,450)</b>	<b>714,898</b>	<b>705,054</b>
<b>Number of participations at the end of the year</b>					
Series A Initial	6,752.686	5,907.769	6,937.696	6,592.928	6,048.065
Series A September 2018	250.000	-	-	-	-
Series A January 2018	200.000	-	-	-	-
Series A October 2017	-	500.000	-	-	-
Series A June 2017	-	100.000	-	-	-
Series A February 2017	-	100.000	-	-	-
Series A July 2016	-	25.000	25.000	-	-
Series A January 2016	-	150.000	150.000	-	-
Series A July 2015	-	25.000	25.000	25.000	-
Series A May 2015	1,000.000	1,000.000	1,000.000	1,000.000	-
Series A April 2015	-	1,000.000	1,000.000	1,000.000	-
Series A January 2015	-	-	-	1,500.000	-
Series A December 2014	-	-	-	-	150.000
Series A October 2014	-	-	-	-	75.000
Series A April 2014	-	-	-	-	500.000
Series B Initial	2,901.225	2,496.631	2,753.631	2,753.631	1,991.858
Series B November 2015	-	500.000	500.000	500.000	-
Series B February 2015	-	50.000	50.000	50.000	-
Series B March 2014	-	-	-	-	330.000
Series B February 2014	-	-	-	-	500.000

## Historical multi-year overview (*continued*)

	2018	2017	2016	2015	2014
<b>NAV per participation at the end of the year</b>					
Series A Initial	1,250.35	1,328.69	1,178.46	1,277.92	1,203.39
Series A September 2018	911.49	-	-	-	-
Series A January 2018	925.91	-	-	-	-
Series A October 2017	-	1,004.65	-	-	-
Series A June 2017	-	1,052.77	-	-	-
Series A February 2017	-	1,091.18	-	-	-
Series A July 2016	-	1,138.66	1,013.99	-	-
Series A January 2016	-	1,088.16	967.42	-	-
Series A July 2015	-	1,000.61	885.69	960.44	-
Series A May 2015	940.31	999.22	884.44	959.08	-
Series A April 2015	-	1,029.37	912.50	989.51	-
Series A January 2015	-	-	-	1,059.74	-
Series A December 2014	-	-	-	-	1,006.28
Series A October 2014	-	-	-	-	1,043.24
Series A April 2014	-	-	-	-	1,079.06
Series B Initial	1,182.24	1,258.56	1,117.51	1,213.58	1,145.12
Series B November 2015	-	1,016.95	902.05	979.60	-
Series B February 2015	-	1,021.48	906.28	984.19	-
Series B March 2014	-	-	-	-	1,060.14
Series B February 2014	-	-	-	-	1,044.96

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## Management Report

### Investment Objective

The Fund is a fund for joint account (fonds voor gemene rekening) and is not a legal entity but a contractual arrangement sui generis between the Fund Manager, the Legal Owner and each participant. The Fund commenced operations on 1 May 2012. Privium Fund Management B.V. will act as the Fund Manager (beheerder) of the Fund and Stichting Bewaarder Strategy One Fund will act as the legal owner of the assets and liabilities of the Fund. In managing the assets and liabilities of the Fund, the Fund Manager will act solely in the best interests of the Participants. The Legal Owner will be the legal owner of all assets of the Fund and liabilities of the Fund. The Legal Owner will acquire and hold the assets of the Fund and assume the obligations on behalf and for the account of the Participants. The Legal Owner will act solely in the best interests of the Participants.

The Fund's investment objective is to generate investment returns of on average 5% to 10% per annum on a three to five-year investment horizon. No guarantee is given as to the Fund actually achieving this objective. The aim is to capture a decent part of the upside in rising markets and to limit the exposure during periods where the markets are falling. To achieve this, investments will be made in a mixture of Investee Funds (including hedge funds or other (alternative) collective investment vehicles), stocks, and bonds, in pursuit of a portfolio of investments that are well-diversified.

Frequent and regular distributions of Net Proceeds (including profit distributions) by the Fund are not intended nor anticipated. The Fund does not have any expenditures on research and development.

### Review 2018 and Outlook

2018 was a difficult year for investors. The last time cash outperformed all asset classes was during the mid 1970's. Even safe havens as gold and government bonds did not produce positive returns. The year started positively, but chaos at the White house, Fed tightening, the trade war between the US and China saw all profits made by investors evaporate in the second half of the year. The most profound and economically important movements in any of the markets came from the oil price which fluctuated dramatically, after being up by a third ended the year 50% from its top.

Even though global tensions reduced towards the end of the year, what is becoming abundantly clear is that the globalisation period of the last 30 years is coming to an end. Countries are putting up trade barriers and this will make life more difficult for large corporates who have been enjoying the benefits of scale not just in their marketing, but foremost in the selection of tax jurisdictions etc. This will mean that investment portfolios in the medium term will start changing, from growth to value, as many of the beneficiaries are smaller companies, utilities, pharma etc. This will suit our investment style better as generally many of the underlying funds invest in "value" securities (bonds and equity). Furthermore, most importantly, the world is ok, institutions are lowly geared (especially outside the US) and dividend yields are sustainable and growing in line with inflation. This will mean that a real recession is unlikely as in work participation is reaching record levels, which feeds through into the real economy

This doesn't mean that there are no risks to the global economy, but even the risk of a no deal Brexit seems more remote than the last 2 years and Mr Trump's obsession with the performance of the Dow Jones will most likely prevent a trade war.

The fund returned a negative 5.9% for the year after all costs, a result we are happy with even though it is never satisfying to present a negative result. We are happy with the composition of the fund, but we were surprised that our most defensive positions (apart from Capital One) delivered very disappointing returns. Real estate and financials performed extremely poorly, high dividend yields did not manage to support the share price. Other value based strategies like Wittenberg performed poorly. They invest in solid defensive companies with high cash flow yields and short "hype" stocks. In the beginning of year they got badly caught out by the frothy markets and could not recover the losses throughout the year. Listed funds generally saw their discounts increasing so we increased our positions there. On the positive side, Odey for the first time in three years saw his strategy vindicated and was up by 50%. Secondly Syncona, our hybrid biotech fund continued to perform well on the back of major break through in their pipeline. Syncona has been a difficult investment as it is not widely covered by the "City" and investors have little understanding of the company.

## Management Report (*continued*)

### Review 2018 and Outlook (*continued*)

Syncona has recently announce that Golman Each has taken over the brokership, meaning that the research will be more widely distributed amongst a global investor base. We would also like to mention the successful and transforming take-over by Chaarat Gold, the price (albeit small) now up 300% from our initial investment.

Even though we do not benchmark ourselves, we do consider ourselves “medium risk takers”, the equivalent of a balanced fund. These funds where down on average 8.8% for the year according to Morningstar even though our fund is much more orientated towards equities than to bond investments. The advantage being that if we can manage the drawdown as we have done in 2018, we can benefit proportionally more from the upswings as the beginning of 2019 has proven. We would like to thank our investors for their support in 2018 and are positive about the possible future returns of the 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 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.

	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>

## Management Report (*continued*)

### Remuneration policy 2018 (*continued*)

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. Since no delegates have been assigned for the Strategy One Fund this is not applicable to the Strategy One Fund.

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 Strategy One 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 Strategy One Fund invests, among 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 fund maintains a number of long only equity and bond investments. Strong bottom-up company analysis is a very important item in mitigating risks during the holding period of a position. However price fluctuations due to general equity and bond market movements during the holding period can't be mitigated or avoided in full by conducting company analysis. This risk is inherent when securities like equities and bonds are traded.	The Fund lost -5.9% in 2018 (Initial series A). During 2017 the Fund outperformed most global indices (bonds, equities, hedge funds). Global Equities, measured by the MSCI World Index (EUR), lost -6.8% in 2018.	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 a number of 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 are selected.	The Fund outperformed most global indices (bonds, equities, hedge funds).	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	The Fund maintains a number of investments in corporate credit. However this a small percentage of the portfolio (<10%). Therefore the Fund is not exposed to significant interest rate risk.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.
Foreign Exchange risk	Partially	Direct FX risk is only partially hedged. As of December 31, 2018 around 48% of the Sterling exposure was hedged. The USD and CHF FX exposure was not hedged as of December 31, 2018. The Fund has the possibility to hedge foreign FX exposure in full.	Over 70% 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 some fixed income securities directly (corporate credit) but these are below 10% of the portfolio.	None on the spare cash and low on the fixed income positions.	Due to the limited exposure to fixed income securities we deem the risk to be limited.	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. Because the Fund is partially hedging direct foreign FX exposures by using FX forwards, the fund is utilizing implied leverage. As of December 31, 2018 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 105.36% and Commitment method: 99.96%.	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)

(Profit after appropriation of result)

	Note	31 December 2018 EUR	31 December 2017 EUR
<b>Assets</b>			
<b>Investments</b>			
Equities		1,647,693	1,498,722
Investee funds		10,318,457	12,035,915
Debt instruments		949,615	678,815
Derivative financial instruments		734	719
	3	<u>12,916,499</u>	<u>14,214,171</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash at bank and due from custodian	4	252,390	1,404,503
Interest receivable		9,584	2,359
Dividend receivable		4,562	5,221
Receivables for securities sold		99,750	1,583
		<u>366,286</u>	<u>1,413,666</u>
<b>Total assets</b>		<u>13,282,785</u>	<u>15,627,837</u>
<b>Investment liabilities</b>			
Derivative financial liabilities		-	(1,156)
	3	<u>-</u>	<u>(1,156)</u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Accrued expenses and other payables	6	(56,200)	(81,456)
Due to brokers	4	-	(731,100)
Subscriptions received in advance	5	-	(200,000)
Payable for securities purchased		-	(100,756)
		<u>(56,200)</u>	<u>(1,113,312)</u>
<b>Total liabilities</b>		<u>(56,200)</u>	<u>(1,114,468)</u>
<b>Total assets minus total liabilities</b>		<u>13,226,585</u>	<u>14,513,369</u>
<b>Equity</b>			
Contributions of participants		11,638,284	12,070,967
Undistributed gain		1,588,301	2,442,402
<b>Total shareholders' equity</b>	7, 16	<u>13,226,585</u>	<u>14,513,369</u>

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

## Financial statements

### INCOME STATEMENT

(For the years ended 31 December)

	Note	2018 EUR	2017 EUR
<b>Investment result</b>			
<i>Direct investment result</i>			
Interest income	8	33,734	33,450
Dividend income	9	120,759	102,143
		<b>154,493</b>	<b>135,593</b>
<i>Indirect investment result</i>			
Realised (losses)/gains on equities	3, 10	(39,836)	81,511
Realised gains on investee funds	3, 10	410,306	394,656
Realised gains on debt instruments	3, 10	-	22,890
Realised (losses)/gains on forward currency contracts	3	(22,186)	18,490
Unrealised gains/(losses) on forward currency contracts	3	1,171	(1,483)
Unrealised (losses)/gains on equities	3, 10	(113,331)	129,487
Unrealised (losses)/gains on investee funds	3, 10	(932,893)	1,202,851
Unrealised (losses)/gains on debt instruments	3, 10	(50,744)	6,435
Foreign currency gains on translation	11	13,116	41,549
		<b>(734,397)</b>	<b>1,896,386</b>
<b>Total investment (loss)/income</b>		<b>(579,904)</b>	<b>2,031,979</b>
<b>Expenses</b>			
Management fee	13, 14	(147,821)	(146,141)
Administration fee	13	(29,679)	(29,427)
Audit fee	13	(26,064)	(18,540)
Depositary fee	13	(19,965)	(19,965)
Legal ownership fee		(14,422)	(19,123)
Bank charges		(14,399)	(16,340)
Other operational costs		(7,324)	(7,254)
Interest expense		(6,668)	(6,932)
Custody fee	13	(5,936)	(6,261)
Legal (fee)/credit		(1,704)	500
Incentive fee	13, 14	(215)	(27,569)
<b>Total expenses</b>		<b>(274,197)</b>	<b>(297,052)</b>
<b>Net (loss)/profit</b>		<b>(854,101)</b>	<b>1,734,927</b>

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

## Financial statements

### STATEMENT OF CASH FLOWS

(For the years ended 31 December)

		2018	2017
	Note	EUR	EUR
<b>Cash flows from investment activities</b>			
Purchases of investments	3	(3,121,399)	(3,508,112)
Proceeds from sale of investments	3	3,493,665	4,899,431
Net (payments)/receipts for derivative financial instruments	3	(22,186)	18,490
Interest received		26,509	44,015
Interest paid		(6,915)	(6,616)
Dividend received		121,418	102,898
Management fee paid	13,14	(148,916)	(145,474)
Incentive fee paid	13,14	(27,784)	(18)
Administration fee paid		(30,050)	(29,153)
Audit fee paid		(19,178)	(18,203)
Legal ownership fee paid		(18,931)	(17,625)
Legal fee paid		(581)	-
Depositary fee paid		(19,965)	(19,965)
Custody fee paid		(5,795)	(6,241)
Bank charges paid		(15,118)	(15,590)
Other general expenses paid		(6,220)	(8,557)
<b>Net cash flows provided by investment activities</b>		<b>198,554</b>	<b>1,289,280</b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations – Class A	7	650,000	700,000
Payments on redemptions of participations – Class A	7	(1,031,566)	(1,350,903)
Payments on redemptions of participants – Class B	7	(51,117)	(309,592)
Subscriptions received in advance	5	(200,000)	200,000
<b>Net cash flows used in financing activities</b>		<b>(632,683)</b>	<b>(760,495)</b>
<b>Net (decrease)/increase in cash</b>		<b>(434,129)</b>	<b>528,785</b>
Cash at the beginning of the year	4	673,403	103,069
Foreign currency translation of cash positions		13,116	41,549
<b>Cash at the end of the year</b>	4	<b>252,390</b>	<b>673,403</b>
<b>Analysis of cash</b>			
Cash at bank		1,934	945
Due from custodian		250,456	1,403,558
Due to custodian		-	(731,100)
<b>Total cash</b>	4	<b>252,390</b>	<b>673,403</b>

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

## Notes to the financial statements

### 1. GENERAL INFORMATION

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

The Fund may issue Class A and Class B participations. Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations can be held by investors residing in the United Kingdom. As at 31 December 2018 and 2017, both the Class A participations and Class B participations are in issue.

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

The Fund’s investment activities are managed by Privium Fund Management B.V. (the “Fund Manager”), with the administration delegated to 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 years ended 31 December 2018 and 2017.

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

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

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

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 the reporting 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 have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”), which came into force on 1 January 2007.

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

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

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## Notes to the financial statements

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

#### **Basis of preparation** (*continued*)

Below 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.

#### **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 Art. 2:362.1 DCC, 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 the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates are recognised in the income statement. Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

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

#### **Classification of participations**

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

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

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

Gains and losses arising from fair value changes are recognised in the income statement as 'realised (losses)/gains on equities', 'realised gains on investee funds', 'realised gains on debt instruments', realised (losses)/gains on forward currency contracts, 'unrealised gains/(losses) on forward currency contracts', 'unrealised (losses)/gains on equities', 'unrealised (losses)/gains on investee funds' and 'unrealised (losses)/gains on debt instruments'.

## Notes to the financial statements

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

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

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2018, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investments 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 31 December 2018 and 2017, no such adjustments were made.

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

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

#### *Receivables and prepayments*

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

#### *Accounts receivable*

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

#### *Interest income and interest expense*

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

#### *Payables and accruals*

Payables and accruals and deferred income are included at fair value.

#### **Cash**

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

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

The statement of cash flows is prepared according to the direct method. The statement of cash flows shows the Fund's cash flows for the 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.

#### **Shareholders' equity**

All references to net assets and NAV throughout the financial statements are equivalent to shareholders' equity.

## Notes to the financial statements

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

#### Principles for determining the result

The Fund recognises financial assets and financial 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 the value of the investments held by the Fund are accounted for in the income statement.

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

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

#### Tax position

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

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

<i>Movement in schedule of investments (All amounts in EUR)</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Investment in equities</b>		
As at 1 January	1,498,722	1,830,352
Purchases	1,402,842	1,300,216
Sales	(1,100,704)	(1,842,844)
Realised	(39,836)	81,511
Unrealised	(113,331)	129,487
<b>As at 31 December</b>	<b>1,647,693</b>	<b>1,498,722</b>
<b>Investment in investee funds</b>		
As at 1 January	12,035,915	11,013,298
Purchases	1,296,257	2,128,555
Sales	(2,491,128)	(2,703,445)
Realised	410,306	394,656
Unrealised	(932,893)	1,202,851
<b>As at 31 December</b>	<b>10,318,457</b>	<b>12,035,915</b>
<b>Investment in debt instruments</b>		
As at 1 January	678,815	824,118
Purchases	321,544	180,097
Sales	-	(354,725)
Realised	-	22,890
Unrealised	(50,744)	6,435
<b>As at 31 December</b>	<b>949,615</b>	<b>678,815</b>
<b>Total investments (excluding derivative financial instruments)</b>		
As at 1 January	14,213,452	13,667,768
Purchases	3,020,643	3,608,868
Sales	(3,591,832)	(4,901,014)
Realised	370,470	499,057
Unrealised	(1,096,968)	1,338,773
<b>As at 31 December</b>	<b>12,915,765</b>	<b>14,213,452</b>

## Notes to the financial statements

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

#### 3. Investments (continued)

The table below provides an analysis of the forward currency contracts at 31 December 2018:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
31/01/2019	EUR	1,056,673	GBP	950000	1.112286926	1.111514	734
<b>Total unrealised gain on open forward currency contracts</b>							<b>734</b>

The table below provides an analysis of the forward currency contracts at 31 December 2017:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
31/01/2018	EUR	844,829	GBP	750,000	1.1264	1.1255	719
02/01/2018	EUR	112,556	GBP	100,000	1.1256	1.1259	(34)
03/01/2018	GBP	750,000	EUR	845,547	1.1274	1.1259	(1,122)
<b>Total unrealised loss on open forward currency contracts</b>							<b>(437)</b>

The tables below provide 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

	Total EUR	Quoted prices (unadjusted) in active markets EUR	Other EUR
Investment in investee funds (assets)	10,318,457	3,809,538	6,508,919*
Derivative financial assets	734	734	-
<b>Total</b>	<b>10,319,191</b>	<b>3,810,272</b>	<b>6,508,919</b>

#### 31 December 2017

	Total EUR	Quoted prices (unadjusted) in active markets EUR	Other EUR
Investment in investee funds (assets)	12,035,915	3,747,642	8,288,273*
Derivative financial liabilities	(437)	(437)	-
<b>Total</b>	<b>12,035,478</b>	<b>3,747,205</b>	<b>8,288,273</b>

\*For the investment in investee funds, the fair value is derived from Administrator statements.

#### 4. Cash

As at 31 December 2018, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 1,934 (2017: EUR 945).

As at 31 December 2018, cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 250,456 (2017: EUR 1,403,558).

As at 31 December 2018, the Fund held no amounts due to ABN AMRO Clearing Bank N.V. As at 31 December 2017, cash also includes amounts due to ABN AMRO Clearing Bank N.V. of EUR 731,100.

As at 31 December 2018 and 2017, no restrictions in the use of cash exists.

## Notes to the financial statements

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

#### 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 31 December 2018, there was no subscriptions received in advance. As at 31 December 2017, the subscriptions received in advance amount to EUR 200,000.

#### 6. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Audit fee payable	(24,585)	(17,699)
Management fee payable	(11,031)	(12,126)
Administration fee payable	(9,354)	(9,725)
FATCA fee payable	(6,000)	(6,000)
Legal owner fee payable	(1,500)	(6,009)
Regulator fee payable	(1,200)	-
Legal fee payable	(1,123)	-
Custodian fee payable	(727)	(586)
Interest payable	(649)	(896)
Other payables	(31)	(846)
Incentive fee payable	-	(27,569)
<b>Total accrued expenses and other payables</b>	<b>(56,200)</b>	<b>(81,456)</b>

#### 7. Share capital

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

Strategy One Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 31 December 2018 and 2017, both the Class A participations and Class B participations are in issue. The Fund does not impose any special rights to any of the classes.

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

## Notes to the financial statements

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

#### 7. Share capital (continued)

The movement of equity in the participations during the year is as follows:

<i>(All amounts in EUR)</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
<i>(Profit after appropriation of result)</i>		
<i>Contributions of participants</i>		
Balance at the beginning of the year	12,070,967	13,031,462
Issue of participations – Class A units	2,612,802 <sup>1</sup>	700,000
Issue of participations – Class B units	559,550 <sup>2</sup>	-
Redemption of participations – Class A units	(2,994,368) <sup>1</sup>	(1,350,903)
Redemptions of participants – Class B units	(610,667) <sup>2</sup>	(309,592)
<b>Total contributions at the end of the year</b>	<b>11,638,284</b>	<b>12,070,967</b>
<i>Undistributed gain</i>		
Balance at the beginning of the year	2,442,402	707,475
Net (loss)/profit	(854,101)	1,734,927
<b>Total undistributed gain at the end of the year</b>	<b>1,588,301</b>	<b>2,442,402</b>
<b>Equity at the end of the year</b>	<b>13,226,585</b>	<b>14,513,369</b>

<sup>1</sup> The year ended 31 December 2018, includes issues/(redemptions) amounting to EUR 1,962,802 which relate to roll up into the initial series Class A as at 1 January 2018.

<sup>2</sup> The year ended 31 December 2018, includes issues/(redemptions) amounting to EUR 559,550 which relate to roll ups into the initial series Class B as at 1 January 2018.

#### *Subscriptions and redemptions*

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

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

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

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

## Notes to the financial statements

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

#### 7. Share capital (continued)

##### *Subscriptions and redemptions (continued)*

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

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Series A Initial	5,907.769	1,627.765 <sup>1</sup>	(782.848)	6,752.686
Series A September 2018	-	250.000	-	250.000
Series A January 2018	-	200.000	-	200.000
Series A October 2017	500.000	-	(500.000) <sup>1</sup>	-
Series A June 2017	100.000	-	(100.000) <sup>1</sup>	-
Series A February 2017	100.000	-	(100.000) <sup>1</sup>	-
Series A July 2016	25.000	-	(25.000) <sup>1</sup>	-
Series A January 2016	150.000	-	(150.000) <sup>1</sup>	-
Series A July 2015	25.000	-	(25.000) <sup>1</sup>	-
Series A May 2015	1,000.000	-	-	1,000.000
Series A April 2015	1,000.000	-	(1,000.000) <sup>1</sup>	-
Series B Initial	2,496.631	444.594 <sup>2</sup>	(40.000)	2,901.225
Series B February 2015	50.000	-	(50.000) <sup>2</sup>	-
Series B November 2015	500.000	-	(500.000) <sup>2</sup>	-
<b>Total</b>	<b>11,854.400</b>	<b>2,522.359</b>	<b>(3,272.848)</b>	<b>11,103.911</b>

<sup>1</sup> These relate to roll ups into the initial series Class A as at 1 January 2018.

<sup>2</sup> These relate to roll ups into the initial series Class B as at 1 January 2018.

The movement of the participations during the year ended 31 December 2017 was as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Series A Initial	6,937.696	-	(1,029.927)	5,907.769
Series A October 2017	-	500.000	-	500.000
Series A June 2017	-	100.000	-	100.000
Series A February 2017	-	100.000	-	100.000
Series A July 2016	25.000	-	-	25.000
Series A January 2016	150.000	-	-	150.000
Series A July 2015	25.000	-	-	25.000
Series A May 2015	1,000.000	-	-	1,000.000
Series A April 2015	1,000.000	-	-	1,000.000
Series B Initial	2,753.631	-	(257.000)	2,496.631
Series B February 2015	50.000	-	-	50.000
Series B November 2015	500.000	-	-	500.000
<b>Total</b>	<b>12,441.327</b>	<b>700.000</b>	<b>(1,286.927)</b>	<b>11,854.400</b>

## Notes to the financial statements

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

#### 7. Share capital (continued)

##### Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. As at 31 December 2018 and 2017, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 8. Interest income

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

#### 9. Dividend income

Dividend income relates to dividend from equity instruments.

#### 10. Investment return

<i>(All amounts in EUR)</i>		2018		2018	2017
	Profit		Loss	Total	Total
<b>Equities</b>					
Realised result	104,049	(143,885)		(39,836)	81,511
Unrealised result	60,916	(174,247)		(113,331)	129,487
	<b>164,965</b>	<b>(318,132)</b>		<b>(153,167)</b>	<b>210,998</b>
<b>Investee funds</b>					
Realised result	436,278	(25,972)		410,306	394,656
Unrealised result	289,421	(1,222,314)		(932,893)	1,202,851
	<b>725,699</b>	<b>(1,248,286)</b>		<b>(522,587)</b>	<b>1,597,507</b>
<b>Debt instruments</b>					
Realised result	-	-		-	22,890
Unrealised result	1,214	(51,958)		(50,744)	6,435
	<b>1,214</b>	<b>(51,958)</b>		<b>(50,744)</b>	<b>29,325</b>
<b>Total result</b>	<b>891,878</b>	<b>(1,618,376)</b>		<b>(726,498)</b>	<b>1,837,830</b>

## Notes to the financial statements

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

#### 11. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation losses on assets and liabilities other than financial assets and liabilities. For the year ended 31 December 2018, this amounted to gains of EUR 13,116 (2017: gains of EUR 41,549). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2018		2017	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Great Britain Pound	0.88475	0.89871	0.87643	0.88818
Swiss Franc	1.15497	1.12751	1.11185	1.16995
United States Dollar	1.18086	1.14690	1.13000	1.20050

#### 12. Expenses

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

(All amounts in EUR)

	2018	2017
<b>Expenses accruing to Fund Manager</b>		
Management Fee	(147,821)	(146,141)
Incentive Fee	(215)	(27,569)
<b>Other expenses</b>		
Administration fee	(29,679)	(29,427)
Audit fee	(26,064)	(18,540)
Depositary fee	(19,965)	(19,965)
Legal ownership fee	(14,422)	(19,123)
Bank charges	(7,951)	(7,006)
Interest expense	(6,668)	(6,932)
Commission fees	(6,448)	(9,334)
FATCA fee	(6,000)	(6,000)
Custody fee	(5,936)	(6,261)
Legal (fee)/credit	(1,704)	500*
Other general expenses	(1,324)	(1,254)
<b>Total</b>	<b>(274,197)</b>	<b>(297,052)</b>

\* The reversal of an over accrual in 2016 has resulted in a credit balance for the year ended 31 December 2017.

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 31 December 2018 and 2017, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year, the Fund also incurred costs such as interest expense of EUR 6,668 (2017: EUR 6,932), FATCA fees of EUR 6,000 (2017: EUR 6,000), bank charges of EUR 7,951 (2017: EUR 7,006), legal (fee)/credit of EUR 1,704 (2017: EUR 500) and other general expenses of EUR 1,324 (2017: EUR 1,254) which are not detailed in the Prospectus.

## Notes to the financial statements

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

#### 12. Expenses (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 NAV i.e. monthly.

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

	<b>2018</b>
Ongoing charges ratio including incentive fees	1.86%
Ongoing charges ratio excluding incentive fees	1.86%
Ongoing charges ratio including expenses of underlying funds	2.90%

For the year ended 31 December 2017, the ongoing charges ratio for the Fund is as follows:

	<b>2017</b>
Ongoing charges ratio including incentive fees	2.04%
Ongoing charges ratio excluding incentive fees	1.85%
Ongoing charges ratio including expenses of underlying funds	2.86%

##### Turnover factor\*

For the year ended 31 December 2018, the turnover factor for the Fund is (33.10)% (2017: 42.33%). 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. The turnover factor reflects the asset turnover rate of the Fund.

### 13. RELEVANT CONTRACTS

#### Fund Manager

##### Management fee

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

##### Incentive fee

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

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

## Notes to the financial statements

### 13. RELEVANT CONTRACTS *(continued)*

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

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

#### **Custodian**

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

#### **Depository**

The Fund has entered into a depository agreement with Darwin Depository Services B.V. From 1 January 2017, the Depository charges an annual fee of EUR 16,500 (excluding VAT) in remuneration for its service to the Fund. The fee is payable quarterly in advance. Details of depository fees charged for the year are disclosed in the income statement. The Depository is liable for the loss of a financial instrument taken into custody.

#### **Independent Auditor**

As at 23 October 2018, the Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 15,391 (2017: EUR 12,644) audit fee for the audit of the financial statements and an amount of EUR 3,630 for the review on the Prospectus. A further amount of EUR 6,975 (2017: EUR 5,896) was paid to the Independent Auditor in respect of UK audit compliance fees. Amount owing to previous Independent Auditor PricewaterhouseCoopers Accountants N.V. is EUR 68. The Independent Auditor does not provide any non-audit services, tax 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%. This fee is capped at EUR 6,500 per annum.

### 14. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

As at 31 December 2018, related parties of the Fund held 1,594.71 (2017: 611.33) shares of Series A Initial shares, 2,647.71 (2017: 2,283.70) shares of Series B Initial shares and Mr. Hein Jurgens, the Portfolio Manager of the Fund, held Nil (2017: 500.00) shares of Series B November shares.

## Notes to the financial statements

### 14. RELATED PARTY TRANSACTIONS (CONTINUED)

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

*Transactions from 1 January 2018 – 31 December 2018 and balances as at 31 December 2018*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(148,916)	(11,031)
Incentive fee	(27,784)	-

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

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(145,474)	(12,126)
Incentive fee	(18)	(27,569)

### 15. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

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

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

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.

#### Market risk

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

#### Interest rate risk

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

## Notes to the financial statements

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

#### Market risk (continued)

##### Currency risk

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

	2018		2017	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
<b>Currency</b>				
Great Britain Pound	2,180,578	16.5%	1,461,235	10.1
Swiss Franc	492,301	3.7%	316,844	2.2
United States Dollar	787,102	6.0%	737,290	5.1

##### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investments in equity instruments and investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 1,316,635 (2017: EUR 2,093,200).

All transactions of the Fund are cleared by ABN AMRO Clearing Bank N.V. representing a concentration risk. Bankruptcy or insolvency of ABN AMRO Clearing Bank N.V. may cause the Fund's rights with respect to the cash and/or its investments to be delayed or limited. The Fund regularly monitors its risk by monitoring the credit quality of ABN AMRO Clearing Bank N.V. as reported.

The current credit rating of ABN AMRO Clearing Bank N.V. is 'A' (2017: '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 monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participant's redemptions. To manage this liquidity risk the Fund has a 6 months lock-up period and a 30-day notice period for the participants. In addition, the Fund is not obliged to redeem more than 50% of the total participations in issue on any dealing day.

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

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

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

## Notes to the financial statements

### 16. NET ASSET VALUE AS ISSUED

The NAV for the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
<b>NAV per participation in accordance with the Prospectus at the end of the year</b>		
Series A Initial	1,250.35	1,328.69
Series A September 2018	911.49	-
Series A January 2018	925.91	-
Series A October 2017	-	1,004.65
Series A June 2017	-	1,052.77
Series A February 2017	-	1,091.18
Series A July 2016	-	1,138.66
Series A January 2016	-	1,088.16
Series A July 2015	-	1,000.61
Series A May 2015	940.31	999.22
Series A April 2015	-	1,029.37
Series B Initial	1,182.24	1,258.56
Series B November 2015	-	1,016.95
Series B February 2015	-	1,021.48

### 17. SCHEDULE OF INVESTMENTS BY INVESTMENT SECTOR

	2018 EUR	% of NAV	2017 EUR	% of NAV
<b>Strategy / Sector</b>				
Alternative Investment	2,084,091	15.8	2,303,104	15.9
Asset Allocation	1,420,826	10.7	1,618,972	11.2
Auto Manufacturers	152,166	1.2	-	-
Banks	198,440	1.5	228,364	1.6
Biotechnology	21,093	0.2	-	-
Closed-end Funds	1,708,205	12.9	1,670,037	11.5
Commodity Fund	252,595	1.9	-	-
Computers	43,599	0.3	-	-
Debt Fund	-	-	609,809	4.2
Diversified Financial services	-	-	117,136	0.8
Engineering and Construction	-	-	-	-
Equity Fund	5,105,335	38.6	5,833,994	40.2
Food	263,346	2.0	97,164	0.7
Insurance	-	-	101,145	0.7
Investment companies	183,822	1.4	182,606	1.1
Mining	102,965	0.8	74,742	0.5
Miscellaneous manufacturing	254,585	1.9	267,843	1.8
Pharmaceuticals	489,940	3.7	316,337	2.2
REITS	634,757	4.8	792,199	5.5
	<b>12,915,765</b>	<b>97.7</b>	<b>14,213,452</b>	<b>97.9</b>

## **Notes to the financial statements**

### **18. INVESTOR RIGHTS**

The Fund does not impose any special rights to the investors of any of the classes.

### **19. EVENTS AFTER THE BALANCE SHEET DATE**

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

### **20. 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 *(excluding forward currency contracts)*

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
Alken Capital Fund, FCP - FIS - One	EUR	574,255	4.3
Alken Fund - Absolute Return Europe	EUR	717,716	5.4
Boussard and Gavaudan Holdings Ltd.	EUR	183,761	1.4
Centricus Wittenburg Europe	EUR	568,566	4.3
Ecofin Global Utilities	GBP	117,295	0.9
EV Smaller Companies Fund	EUR	288,287	2.2
Fidelity China Special	GBP	233,913	1.8
Golden Prospect Precious Met	GBP	29,626	0.2
JO Hambro Capital - Continental European	EUR	560,284	4.2
OEI MAC Inc., Class B	GBP	302,193	2.3
Pershing Square Holdings Ltd.	USD	209,145	1.6
Phaidros Fund - Balanced, Class B	EUR	1,420,826	10.7
Pictet - Water P EUR	EUR	897,288	6.8
Schroder GAIA Egerton Equity, Class A	EUR	853,391	6.5
Syncona Ltd	GBP	873,193	6.6
The Adelphi Europe Fund Ltd.	EUR	928,507	7.0
The Egerton Long-Short Fund Ltd.	EUR	1,147,730	8.7
Third Point Offshore Investment	USD	412,481	3.1
		<b>10,318,457</b>	<b>78.0</b>
<b>Equities</b>			
Apple INC	USD	43,599	0.3
Chaarat Gold Holdings Ltd.	GBP	102,965	0.8
Exchange Traded Funds Physical Gold	EUR	252,595	1.9
Londonmetric Property plc	GBP	522,191	3.9
Nestle SA-REG	CHF	162,783	1.2
Nightstar Therapeutics PLC	USD	21,093	0.2
Nomad Food Limited	USD	100,562	0.8
Novartis AG	CHF	163,979	1.2
Roche Holding AG	CHF	165,359	1.3
Wereldhave NV	EUR	112,567	0.9
		<b>1,647,693</b>	<b>12.5</b>
<b>Debt Instruments</b>			
Aabar 0.5%, Due 03/27/2020	EUR	183,822	1.4
Bombardier Inc., 6.125%, Due 15/05/2021	EUR	254,585	1.9
Rabobank, 6.5%, Due 29/12/2049	EUR	198,440	1.5
Teva Pharm Fnc NL II 1.875%, Due 31/03/2027	EUR	160,602	1.2
Volkswagen Intl Fin NV 3.75%, Due 29/03/2049	EUR	152,166	1.2
		<b>949,615</b>	<b>7.2</b>
		<b>12,915,765</b>	<b>97.7</b>

## Investment portfolio as at 31 December 2017 (*excluding forward currency contracts*)

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
Adelphi European Select Fund	EUR	279,281	1.9
Alken Capital Fund, FCP - FIS - One	EUR	973,304	6.7
Alken Fund - Absolute Return Europe	EUR	1,064,849	7.3
Boussard and Gavaudan Holdings Ltd.	EUR	206,067	1.4
Ecofin Global Utilities	GBP	124,921	0.9
EV Smaller Companies Fund	EUR	164,214	1.1
Fidelity China Special	GBP	320,481	2.2
JO Hambro Capital - Continental European	EUR	478,389	3.3
Halkin- WTNBRG E SM/M	EUR	486,650	3.4
OEI MAC Inc., Class B	GBP	190,572	1.3
Pershing Square Holdings Ltd.	USD	195,673	1.3
Phaidros Fund - Balanced, Class B	EUR	1,618,972	11.2
Pictet - Water P EUR	EUR	974,403	6.7
Schroder INT-STR CRD-C ACC	EUR	609,809	4.2
Schroder GAIA Egerton Equity, Class A	EUR	1,147,132	7.9
Syncona Ltd	GBP	824,546	5.7
The Adelphi Europe Fund Ltd.	EUR	965,401	6.6
The Egerton Long-Short Fund Ltd.	EUR	967,499	6.7
Third Point Offshore Investment	USD	443,752	3.1
		<b>12,035,915</b>	<b>82.9</b>
<b>Equities</b>			
Chaarat Gold Holdings Ltd.	GBP	74,741	0.5
ING Groep	EUR	101,145	0.7
KAS Bank N.V.	EUR	117,136	0.8
Londonmetric Property plc	GBP	656,199	4.5
Nomad Food Limited	USD	97,164	0.7
Novartis AG	CHF	154,947	1.1
Roche Holding AG	CHF	161,390	1.1
Wereldhave NV	EUR	136,000	0.9
		<b>1,498,722</b>	<b>10.3</b>
<b>Debt Instruments</b>			
Bombardier Inc., 6.125%, Due 15/05/2021	EUR	267,843	1.8
Aabar 0.5% 03/27/2020	EUR	182,608	1.3
Rabobank, 6.5%, Due 29/12/2049	EUR	228,364	1.6
		<b>678,815</b>	<b>4.7</b>
		<b>14,213,452</b>	<b>97.9</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

This annual report 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 Strategy One 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 Strategy One Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Strategy One Fund as at December 31, 2018, and of its result and its cash flows for 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 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 Strategy One 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