ANNUAL REPORT

Cangaru Alternatives Fund

Period ended 31 December 2018

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General information

Registered office
Cangaru Alternatives Fund
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands
http://www.priviumfund.com/

AIFM
Privium Fund Management B.V.
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands

Legal Owner
Stichting Juridisch Eigendom
Cangaru Alternatives Fund
Smallepad 30F
3811 MG Amersfoort
The Netherlands

Bank
ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Administrator
Circle Investment Support Services B.V.
Smallepad 30F
3811 MG Amersfoort
The Netherlands

Legal and Tax Counsel
Van Campen Liem
J.J. Viottastraat 52
1071 JT Amsterdam
The Netherlands

Independent Auditor
Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Depositary
Darwin Depositary Services B.V.
Barbara Strozzilaan 101
1083 HN Amsterdam
The Netherlands

Key figures

	2018
Class D1	
Net Asset Value at 31 December (x € 1)	1,743,675
Number of outstanding participations at 31 December	1,762.00
Net Asset Value per participation at 31 December	989.60
Class D2	
Net Asset Value at 31 December (x € 1)	21,547,455
Number of outstanding participations at 31 December	21,743.33
Net Asset Value per participation at 31 December	990.99
Total for the Fund	
Net Asset Value at 31 December (x € 1)	23,291,130
Number of outstanding participations at 31 December	23,505.33
Investment result (x € 1)	
Direct result	-
Revaluation	(109,962)
Costs	(114,043)
Total investment result for the period[1]	**(224,005)**
Investment result per participation[2] (x € 1)	
Direct result	-
Revaluation	(4.68)
Costs	(4.85)
Total investment result per participation	**(9.53)**

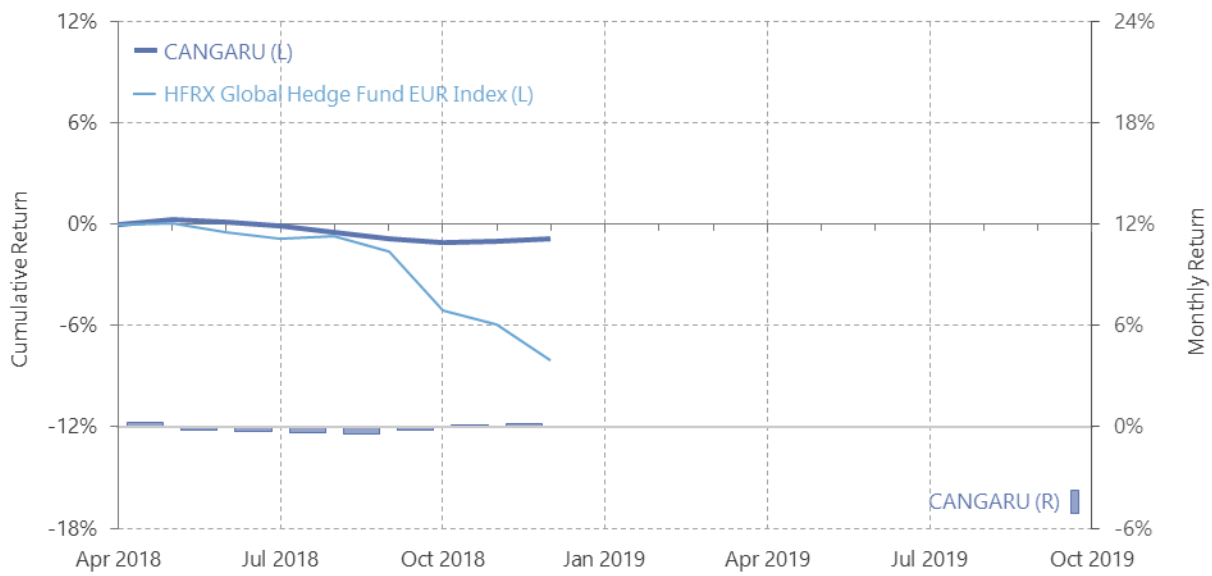
[1] The results cover the period from inception of the Fund at 27 April 2018 through 31 December 2018.
[2] The result per participation is calculated using the total number of outstanding participations as per the end of the period.

Report of the AIFM

Review 2018

Performance
Between its launch date on 27 April 2018[3] and 31 December 2018 the CANGARU Alternatives Fund (CAF) returned -0.90% for the D2 and -1.01% for the D1 share class. Although the fund does not have a benchmark, compared with the HFRX Global Hedge Fund EUR Index that generated a return of -8.16% for the same period[4], the fund fared much better than hedge funds in general (Graph 1).

Graph 1: Fund Performance



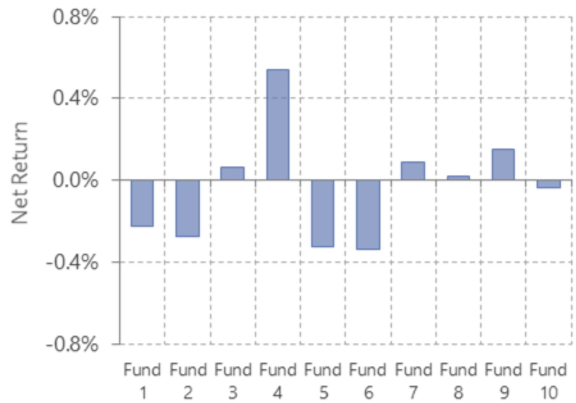
Source: Privium. Circle. The numbers in the graph are based on share class D2.

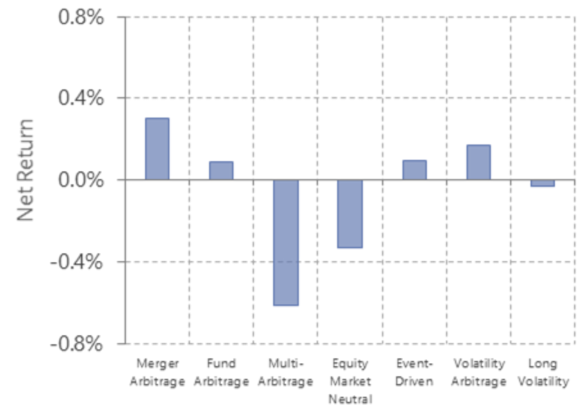
The objective of CAF is to achieve long term capital growth and offer a vehicle that has a low correlation with traditional asset classes, especially during bear markets. In the light thereof, the performance of traditional asset classes such as stocks and bonds since CAF's inception was, respectively, -8.59% for the iShares MSCI World EUR Hedged ETF (MWE) and +0.03% for the Vanguard Global Bond Index Fund EUR Hedged ETF (VBE)[5]. The period is too short to make solid conclusions but for information purposes, the correlations with the mentioned ETFs were -0.25 (MWE) and +0.65 (VBE). In October and December when equity markets were down significantly with -7.13% and -8.06% for MWE, respectively, CAF generated a return of -0.20% for October and +0.15% for December (D2 share class).

Most of the underlying funds in the fund's portfolio are arbitrage strategies. In terms of strategy performance, the biggest contribution to CAF's portfolio return was made by Merger Arbitrage, followed by Volatility Arbitrage and Fund Arbitrage. Multi-Arbitrage/Strategy and Equity Market Neutral were the biggest drags on performance (Graph 2). Besides that, the fund's performance suffered from the cost of hedging the USD currency risk to EUR by the underlying Fund Managers since the short-term interest rate differential between the US and Eurozone is still unfavorable. As of 31 December 2018 the interest differential between the US and the Eurozone is around 2.75%. It is, however, our policy to eliminate any direct currency risk and the interest rate differential may not stay the same forever.

[3] The first official month with a return for the fund is May 2018, meaning that it is an extended month starting at 27 April 2018.
[4] Given its extended May month for the fund the performance for the HFRX Global Hedge Fund EUR Index is taken for the period from May 2018 until and including December 2018. Source: HFR.
[5] Sources: iShares (BlackRock), Vanguard. Monthly returns are taken from May 2018 until and including December 2018. We prefer to utilize ETFs as they also take into account costs involved with investing in these asset classes.

Graph 2: Fund (L) and Strategy (R) Attribution.





Source: Privium, Circle. Calculations are based on the net returns for the underlying funds and without any costs of the fund.

Portfolio and Developments
In general funds are being selected in our portfolio such that we have the highest chance of achieving our investment objective. This implies that the underlying selected funds should have the potential to exhibit a low correlation with traditional asset classes, especially during (equity) bear markets, based on their investment policy, philosophy and strategy. Within this framework we built up a portfolio consisting of 7 funds in the first month after the launch with an emphasis on arbitrage strategies (Merger, Fund and Multi-Arbitrage) and Equity Market Neutral. Besides that the Fund maintained a small position in a fund that is positioned long volatility causing CAF better protected against dropping equity markets. From the months thereafter we gradually increased the numbers of positions to 10 funds, adding Volatility Arbitrage and Event-Driven strategies.

The year 2018 has been a difficult year for hedge funds. It has been the industry’s worst year since the global financial crisis. In addition, it was the worst year for the hedge fund industry as a whole in terms of shrinkage in assets under management. The year has been characterized by geopolitical risks such as the protectionist trade policies between the US and China and the developments concerning the upcoming Brexit. While volatility was near multiyear lows at the start of the year, macroeconomic factors, like rising global inflation, increased political uncertainty and divergent monetary policies, have contributed to increased volatility and lower correlation levels between individual securities.

The inaugural month (May 2018) has been a profitable one for the fund. The months June-October were less favorable. Early in that timeframe we slightly lowered the weight in one manager within the Multi-Arbitrage Strategy as a result of disappointing returns relative to the other funds – although outperforming its peers and acting within their stated risk parameters. Market conditions have been supportive since early July, but the flattening of the Treasury curve raised questions about the probability of a U.S. recession next year.

Merger Arbitrage was mostly dominated by the Qualcomm/NXP Semiconductors deal break. The acquisition was announced in October 2016 and the tender offer had already been extended many times. The biggest-ever deal in the semiconductor industry appears to be a hostage of the trade war between the U.S. and China. The relevant funds in our portfolio didn’t have any exposure to the deal and/or had significantly reduced their positions or embedded hedges to limit an unpropitious impact. As a result of that the influence was very limited on a portfolio level.

October's performance-based losses were on par with the losses recorded in February, and both months were marked by a major global selloff. In this tough month of October for global equities we managed to keep downside limited driven by the underlying fund’s ability to keep losses limited and/or profit from the spike in volatility as evidenced for example by the Volatility Arbitrage and Long Volatility funds in the portfolio. Although November was a much stronger month for financial markets, most hedge funds failed to capitalize on the upward movement while trying to recover from October's steep losses. For the fund November turned out to be slightly positive one. Despite the sharp global sell-off in the month of December we managed to generate a positive return helped by strategies that have the potential ability to benefit more than average from such a sudden increase in volatility and market turmoil.

Outlook 2019

Positioning
Looking at the year 2019, there are clearly still a number of persistent uncertain events in the world right now, that could set the tone going forward. This includes; the uncertainty around the outcome of the Brexit negotiations, the continued tensions between the US and China and Italian budgetary issues. By the end of the first quarter there is likely going to be much more clarity about these issues. Furthermore, most (economic) indicators point to slower, but continued growth in 2019. In the US the 10-year U.S. Treasury yield rose from 2.41% as of the end of 2017 to a peak of 3.24% on November 8, 2018 before retracing in December during a strong risk-off environment. However, inflation never really materialized, combined with slowing economic activity hence changed the Federal Reserve from a hawkish towards a dovish stance.

This potential trade-off between mounting uncertainty and fading uncertainty might fuel a higher base volatility compared to 2018 and various volatility spikes around specific events. In this fragile environment we are well positioned. This is backed by the fact that from a bottom up approach we have quite some exposure to merger and volatility arbitrage strategies accompanied by a long volatility position. Since we continue to see a healthy inflow of new deal activity, this gives an attractive outlook for merger arbitrage (and special events/situations), we are well positioned to take advantage of these trends.

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
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge 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 was launched on April 27, 2018. Between April 27, 2018 and December 31, 2018 the Fund lost -0.90%. Most hedge fund indices experienced significant losses in 2018. The HFRX Hedge Fund Index (EUR) lost -9.93% for the full year of 2018 and -8.16% for the mentioned period.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better that general equity markets over the long term. Especially measured on a risk/return basis.	No
Interest rate risk	No	The Fund has no interest bearing financial instruments except for cash at bank. Therefore the Fund is not exposed to significant interest rate risk.	None	None	No
Foreign Exchange risk	Yes	The Fund currently only maintains positions in EUR denominated funds.	None	None	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO Bank. ABN AMRO Bank has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	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 are as follows: Gross method: 91.56% and Commitment method: 100%.	None	None	None

Risk management

Privium Fund Management B.V. has a clear and elaborate Risk Management framework, in line with current legislation, such as the Alternative Investment Fund Manager Directive (AIFMD). The Risk Management function within Privium is performed by an independent Risk Manager. Privium has a Risk Management Committee which meets at least on a monthly basis.

The Risk Management framework consists of several individual components, whereby Risk Monitoring is being performed on an ongoing basis.

Under the AIFM Directive, the Fund Manager is required to establish and maintain a permanent risk management function. This function should have a primary role in shaping the risk policy of each Alternative Investment Fund ("AIF") under management by the Fund Manager, risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the AIF's risk profile.

The risk management function performs the following roles:

- Implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- Ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- Monitor compliance with risk limits; and
- Provide regular updates to senior management concerning:
  1: The consistency of stated profile versus risk limits;
  2: The adequacy and effectiveness of the risk management process; and
  3: The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

As described by the AIFM Directive quantitative risk limits are, where possible, constructed for various risk categories: market risk, liquidity risk, credit risk, counterparty risk and operational risk. These risk limits should be in agreement with the risk profile of the fund.

The risk management function is fully independent from the portfolio management function of the Fund Manager. The risk manager has full authority to close positions or the authorization to instruct the closing of positions on his behalf in case of a risk breach.

To ensure that all risk management tasks are executed correctly and timely, the Fund Manager uses an automated system that registers all risk tasks, keeps a list of all pending risk tasks, and escalates risk tasks that have not been executed or report a violation of a risk rule. The system produces an audit log that can be verified by the internal auditor, the external auditor, the management board, the regulator or other stake holders. Not all risk variables have limits but to identify any new relevant risks, every variable that is reported in the system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its "normal" boundaries. The Risk Manager is notified of these exceptions and will make an assessment whether the situation is stable or whether further escalation is needed.

The positions of the fund are administered and reconciled by using a professional portfolio management system. Risk reports such as Value at Risk and Stress Scenarios are run using Bloomberg.

The Fund Manager uses an API-based system in which positions and/or risk exposures are synced from the Portfolio Manager's Excel (or alternative software) to a central database.

The CM system is responsible for monitoring of the pre-defined risk limits. The limits can either be configured as notification limits, soft limits or hard limits. In case of a breach of any of the limits, the escalation procedures are followed as described in the Risk Management Procedures (Annex 17) of the Privium Handbook.

The reoccurring risk tasks are:
- Weekly risk report by risk management, including Value at Risk for portfolios of listed assets.
- Monthly reporting by portfolio management* - Quarterly Operational risk management*
- Monthly stress scenarios for listed portfolios. On ad hoc basis extra stress scenarios can be done.
- Due Diligence on Service Providers.

* Funds with a lower NAV calculation frequency report with the same frequency as the NAV calculation frequency

On a monthly basis the Risk Committee of the Fund Manager meets to discuss the performances and risks of the Fund. Any breaches are discussed. On a yearly basis a Risk Evaluation and Product Review is conducted.

In 2016 Privium's senior management team decided to engage an external party in the annual evaluation of the internal processes. This audit primarily focusses on risk management and compliance processes. In Q4 2018 this audit was executed for third time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

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 31 December 2018. The financial year of the Fund Manager ends on 31 December 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
Total payment	**€ 159,470**	**€ 3,861,326**	**€ 3,946,370**

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 Cangaru Alternatives Fund this is not applicable to the Cangaru Alternatives 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. During 2018 a variable payment of EUR 89 - has been paid to a Privium identified staff member (outside senior management roles) regarding the Cangaru Alternatives Fund. 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 Cangaru Alternatives Fund invests 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.

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.

Amsterdam, 21 June 2019

The AIFM
Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December

(all amounts in EUR)	Notes	2018
Assets		
Investments	1	
Investment funds		21,454,670
Total of investments		**21,454,670**
Intangible assets		
Organizational fees		70,626
Total intangible assets		**70,626**
Other assets		
Cash	2	1,966,154
Total of other assets		**1,966,154**
Total assets		**23,491,450**
Liabilities		
Net asset value	3	23,291,130
Other liabilities		
Subscriptions received in advance		169,500
Other liabilities	4	30,820
Total other liabilities		**200,320**
Total liabilities		**23,491,450**

Profit and loss statement

(for the period 27 April 2018 through 31 December 2018)

(all amounts in EUR)	Notes	2018
Revaluation of investments	5	
Realised results		(52,279)
Unrealised results		(57,683)
Total changes in value		**(109,962)**
Operating expenses		
Management fee	6	(32,060)
Performance fee	6	(87)
Administration fees	7	(12,126)
Depository fees	8	(13,548)
Organisational fees		(10,866)
Interest expenses		(6)
Brokerage fees and other transaction costs		(931)
Audit fees	9	(13,467)
Supervision fees		(6,667)
Legal fees		(605)
Other expenses		(23,680)
Total operating expenses		**(114,043)**
Result for the period		**(224,005)**

Cash flow statement

(for the period 27 April 2018 through 31 December 2018)

(all amounts in EUR)	Notes	**2018**
Cash flow from operating activities		
Purchases of investments		(23,614,624)
Sales of investments		2,049,992
Management and performance fee paid		(27,974)
Interest paid		(6)
Operating expenses paid		(125,869)
Net cash flow from operating activities		**(21,718,481)**
Cash flow from financing activities		
Proceeds from subscriptions		24,673,651
Payments for redemptions		(989,016)
Net cash flow from financing activities		**23,684,635**
Net cash flow for the period		**1,966,154**
Cash at beginning of the period		-
Foreign currency translation of cash positions		-
Cash at the end of the period	2	**1,966,154**

Notes to the financial statements

General information

Cangaru Alternatives Fund (the Fund) was incorporated on 9 March 2018 and commenced operations on 27 April 2018. The reporting period of the Fund is 27 April 2018 through 31 December 2018.

The Fund is a fund for joint account (‘fonds voor gemene rekening’) organised and established under the laws of The Netherlands. The Fund is under Dutch law not a legal entity (rechtspersoon) nor a partnership, commercial partnership or limited partnership (maatschap, vennootschap onder firma or commanditaire vennootschap), but a contractual arrangement sui generis between the AIFM, 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 has its principal offices at the offices of the AIFM at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, The Netherlands. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Dutch trade register (handelsregister).

The Fund is established by the adoption of its Terms and Conditions by agreement between the AIFM and the Legal Owner and the subsequent admission of the first participant, being the Launch Date. The Fund is managed by the AIFM. The assets, rights and obligations of the Fund is held by the Legal Owner. The participants (participanten) invests in the Fund and acquires participations in the Fund.

The Fund Manager authorised these financial statements for issue on 21 June 2019.

Accounting policies

General
The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and the the Dutch Act on Financial Supervision (‘Wet op het financieel toezicht’). The accounting principles of the Fund are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding period.

Basis of accounting
Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Reporting period
The reporting period is from 27 April 2018 through 31 December 2018.

Measurement currency
The amounts included in the financial statements are denominated in Euro, which is the functional and presentation currency.

Receivables
Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Possible provisions deemed necessary for the risk of doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Investments

Recognition and basis of measurement
All investment securities are initially recognised at cost.

Valuation
Investment securities are valued at the last reported sales price on the largest recognised market on which they are traded. For securities in which no trading took place on that date the securities are valued at the most recent official price. Securities which are neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, are not regularly traded thereon or in respect of which no prices as described above are available, will be valued at their probable realization value as determined by the Fund Manager (or Administrator as delegated party) in good faith having regard to its cost price. Investments in funds (fund-of-fund) will be valued on the basis of the latest available valuation of Investee Funds Interests provided by the administrators of the relevant Investee Fund. In the absence of quoted values or audited net asset value calculations, the valuation of the investments is based on the reported values of the respective funds in which the Fund has a position. Lacking any proper valuation, a fair price will be determined by the Fund Manager.

Cost of investment securities sold is determined on a FIFO method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Gains and losses
Gains and losses are treated as realised for financial statement purposes on the trade date of the transaction closing or offsetting the open position against the historical cost price. Unrealised gains and losses are the difference between the value initially recognised and the fair value of open positions. All gains and losses are recognised in the profit and loss account.

Dividend and interest income
Dividends are recorded on the date that the dividends are declared, gross of applicable withholding taxes. Interest income is recognised on accrual basis.

Translation of foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange prevailing at yearend. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the profit and loss account as foreign currency gains and losses except where they relate to investments where such amounts are included within realised and unrealised gains and losses on investments.

Brokerage/expenses
Commissions payable on opening and closing positions are recognised when the trade is entered into the Fund. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and be brought at the charge of the Fund’s profit and loss account. Expenses on disposal of investments are deducted from the proceeds of disposal.

Cash
For the purpose of presentation in the balance sheet and the cash flow statement, cash is defined as cash at banks and brokers. The cash at bank and brokers is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Cash flow statement
The cash flow statement is prepared using the direct method. The cash flow statement shows the Fund’s cash flows for the period divided into cash flows from operations and financing activities.

Due to the nature of the Fund’s operations, cash flows related to the financial instruments are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of participations of the Fund.

Bank overdrafts that are repayable on demand form an integral part of the Fund’s cash management and are a component of cash.

Ongoing charges figure (OCF)
The ongoing charges figure contains all costs that have been charged to the Fund for the period 27 April 2018 until 31 December 2018 excluding the transaction costs, interest costs and performance fees. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month’s used (for this period the number of months is 8).

Turnover ratio (TOR)
The turnover ratio is calculated the following way: the sum of all purchases of investments plus the sum of all the sales of investments minus the sum for the subscriptions and redemptions. The total of this number will be divided by the average net asset value of the Fund and multiplied by 100.

Notes to the balance sheet

1. Investments

The movement of the financial instruments is as follows:

(all amounts in EUR)	**2018**
Investment funds	
Opening balance	-
Purchases	23,614,624
Sales	(2,049,992)
Realised investment result	(52,279)
Unrealised investment result	(57,683)
Balance at 31 December	**21,454,670**

2. Cash

At 31 December 2018, no restrictions on the use of the cash position exist.

3. Net asset value

The movement of the individual Series during the period ended 31 December 2018 is as follows:

(all amounts in EUR)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net asset value
Class D1	-	1,797,000	(34,657)	-	(18,668)	1,743,675
Class D2	-	22,876,651	(784,859)	-	(205,337)	21,547,455
Total	**-**	**24,673,651**	**(819,516)**	**-**	**(224,005)**	**23,291,130**

The participations of Class D are issued in Euro.

The movement in participations of the individual Series during the year ended 31 December 2018 is as follows:

(in number of participations)	Opening balance	Subscriptions	Redemptions	Closing balance
Class D1	-	1,797.00	(35.00)	1,762.00
Class D2	-	22,705.60	(962.27)	21,743.33
Total	**-**	**24,502.6**	**(997.27)**	**23,505.33**

4. Other liabilities

(all amounts in EUR)	2018
Management and performance fees payable	4,173
Audit fees payable	13,467
Supervision fees payable	6,667
Other fees payable	6,513
Balance at 31 December	**30,820**

Notes to the profit and loss statement

5. Revaluation of investments

(all amounts in EUR)	**2018**
Net realised result on financial assets and liabilities at fair value through profit or loss	
Realised losses on investment funds	(52,279)
Total realised result	**(52,279)**
Net unrealised result on financial assets and liabilities at fair value through profit or loss	
Unrealised gains on investment funds	168,620
Unrealised losses on investment funds	(226,303)
Total unrealised result	**(57,683)**
Total revaluation of investments	**(109,962)**

6. Management fee and performance fee

The Fund Manager is entitled to an annual Management Fee equal to:
- 1.00% of the Net Asset Value (i.e. 100 basis points) of the Class A Participations;
- 0.75% of the Net Asset Value (i.e. 75 basis points) of the Class B Participations;
- 0.55% of the Net Asset Value (i.e. 55 basis points) of the Class C Participations;
- 0.40% of the Net Asset Value (i.e. 40 basis points) of the Class D1 Participations; and
- 0.20% of the Net Asset Value (i.e. 20 basis points) of the Class D2 Participations,

The fee is calculated monthly on the basis of the gross of fee Net Asset Value of each Series as of the Valuation Day that coincides with the last Business Day of the month and is paid monthly in arrears in EUR. This fee currently does not attract VAT.

The management fee for the period ended 31 December 2018 amounts to EUR 32,060.

The Fund Manager is entitled to a variable performance fee out of the Fund Assets that is payable monthly in arrears on the last Business Day of each month of (i) 4% of the Net Capital Appreciation during such calendar month with respect to Class A Participations, Class B Participations and Class C Participations and (ii) 2% of the Net Capital Appreciation during such calendar month with respect to Class D1 Participations. No Performance Fee will be due with respect to Class D2 Participations. The Performance Fee shall be subject to a high water mark principle that Performance Fee is only payable to the extent that the End Value of the relevant calendar month is higher than the End Value of any previous month during the life of the relevant Series, ensuring that the Fund Manager only receives Performance Fee in so far as any decrease of Net Asset Value during the life of the Fund has been recovered through a subsequent increase of Net Asset Value. Where the Closing Date or the dissolution date of the Fund occurs during a calendar month, the Performance Fee shall be pro rata for the relevant portion of the calendar month that the Fund was managed. The Performance Fee shall be calculated for each Series separately, and applied against the Net Asset Value of the Participations in the relevant Series.

The performance fee for the period ended 31 December 2018 amounts to EUR 87.

7. Administration fees

The Fund will pay the Administrator remuneration for its services to the Fund, an annual fee equal to 0.06% of the Net Asset Value (i.e. 6 basis points) up to a Net Asset Value of EUR 50 million as of the last calendar day of each month, subject to an annual minimum fee of EUR 20,000 (excluding VAT), and EUR 3,750 for preparing (semi-) annual statements. For the first year of the operations of the Fund the annual minimum fee will be EUR 17,500. When the Net Asset Value of the Fund exceeds EUR 50 million the Fund will pay the Administrator a remuneration for its services to the Fund, an annual fee equal to 0.05% of the Net Asset Value (i.e. 5 basis points). Administration fees are exclusive of a fixed office surcharge of 4.5% per year.

8. Depositary fees

Darwin Depositary Services B.V. (hereinafter “the Depositary”). receives a fixed fee from the Fund as remuneration for the services of the board of the Depositary, equal to EUR 3,500 (excluding VAT) per annum.

The Fund will pay the Depositary remuneration for its services to the Fund, an annual fee equal to 0.014% of the Net Asset Value (i.e. 1.4 basis points), subject to an annual minimum fee of EUR 16,500.

The Depositary expenses for the period ended 31 December 2018 amounts to USD 13,548.

9. Audit fees

The Fund has appointed Ernst & Young Accountants LLP as the independent auditor of the Fund. The Independent Auditor’s remuneration for the audit of the annual report amounts to EUR 13,467. The Independent Auditor does not provide any other audit or non-audit services to the Fund.

10. Income and withholding taxes

The Fund is organised as an investment Fund (“Fonds voor gemene rekening”) under the current system of taxation in The Netherlands. The Fund is transparent for Dutch corporate income tax purposes. As a consequence, the Fund is not subject to Dutch corporate income tax. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

Other notes

Risk management
The nature of the Fund's investments involves certain risks and the Fund may utilise investment techniques (such as leverage, short selling and the use of derivatives) which may carry additional risks. An investment in the Fund therefore carries substantial risk and is suitable only for persons who can afford the risk of losing their entire investment.

The Fund's financial risks are managed by diversification of the financial instruments at fair value through profit or loss. For further explanation of the investment objectives, policies and processes, refer to the General section of the notes to the financial statements.

Market risk
Market risk is the risk that the value of a security fluctuates 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 contains market price risk, currency risk and interest rate risk. Where non-monetary securities − for example, equity securities − are denominated in currencies other than the USD, the price initially expressed in foreign currency and then converted into USD also fluctuates because of changes in foreign exchange rates. The paragraph 'Currency risk' sets out how this component of price risk is managed and measured.

Market price risk
The prices of securities generally as well as those in which the Fund invests can and will rise and fall. A careful selection and spread of investments offers no guarantee of positive performance.

The markets of Emerging and Developing Economies can be more volatile than developed markets as a result of both internal and external factors, thus increasing the risk of material losses by the Fund.

Currency risk
The Fund may invest in assets denominated in currencies other than its functional currency, the EUR. Consequently, the Fund is exposed to risks that the exchange rate of the EUR relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in currencies other than the EUR.

The Fund is not exposed to significant currency risk as all investments are denominated in EUR.

Interest rate risk
Interest rate risk refers to fluctuations in the value of, amongst others, fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of fixed-income securities will generally go down and vice versa. Financial assets and liabilities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The Fund's income and operating cash flows are dependent on changes in market interest rates.

At 31 December 2018, the Fund has no interest bearing securities except for cash at banks which is subject to normal market related short term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Credit risk
The Fund could lose money if the issuer of an underlying fixed income security or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Custodian or Prime Broker at which a deposit or other assets are held, or the counterparty in a securities lending agreement does not honor his obligations. Issuers of fixed income instruments and other counterparties are subject to varying degrees of credit risks which are reflected in their credit ratings. The Fund's investment restrictions have been designed to limit the credit risk to any counterparty but this offers no guarantee that a credit event will not occur. The Fund is also exposed to credit risk on its cash which are held at ABN AMRO Bank N.V. The Standard & Poor's credit rating for ABN AMRO Bank N.V. is A.

The Fund's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations at 31 December 2018 in relation to the assets, is the carrying amount of EUR 1,966,154 as indicated in the statement of financial position.

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Under normal circumstances they are bought and sold based on the on-going demand and supply on an exchange. Despite the Fund Manager's policy, which intends to limit liquidity risk, if due to unforeseen circumstances financial instruments cannot be sold or bought under normal conditions, this could lead to significant direct and indirect transaction costs. OTC transactions may involve additional risks, as there is no exchange or market on which to close out open positions.

Cross class risk
Notwithstanding that the participations of the Fund may be issued in different classes, with separate accounting records, contributions, portfolio investments and investment results, the Fund is a single entity and the insolvency of the Fund would affect all issued participations regardless of class, with the net assets attributable to each class available to satisfy the excess liabilities of another class.

11. Ongoing charges figure (OCF)

(all amounts in EUR)	**2018**
Average net asset value	21,142,959
Total ongoing expenses	113,019
Ongoing charges figure	**0.53%**
Annualised ongoing charges figure	**0.80%**

For the calculation of the OCF, no lookthrough has been applied for investments in other investment funds.

12. Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 27 April 2018 until 31 December 2018 is 1.

13. Related parties

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 making financial or operational decisions.

All services rendered by the Fund from the Fund Manager therefore qualify as related party transactions. During the period, the Fund paid management fees of EUR 32,060 to the Fund Manager.

14. Core business and outsourcing

The following key task have been outsourced by the Fund:

Administration:

The administration has been delegated to Circle Investment Support Services B.V, who carries out the administration of the Fund, including the processing of all investment transactions, processing of revenues and expenses and the preparation of the NAV. It also states, under the responsibility of the Manager, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 7.

15. Proposed appropriation of the result

The result for the period ended 31 December 2018 will be added to the Net asset value of the Fund.

16. Events after balance sheet date

None.

Amsterdam, 21 June 2019

Fund Manager
Privium Fund Management B.V.

Other Information

Personal holdings of the Board of Directors of the AIFM
The Board of Directors of the AIFM had no interests or positions at 27 April 2018 and 31 December 2018 in investments the Fund holds in portfolio at these dates.

Independent Auditor's report
The independent auditor's report has been attached at the end of this report.

Independent Auditor's report

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Independent auditor's report

To: the manager of Cangaru Alternatives 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 Cangaru Alternatives Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cangaru Alternatives Fund as at 31 December 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 Cangaru Alternatives Fund in accordance with 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:

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

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 less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the manager'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 manager for the financial statements

The manager 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 manager is responsible for such internal control as the manager 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 frameworks 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 manager'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 manager 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