

# Strategy One Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

**for the period from 1 January 2019 to 30 June 2019**

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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	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen 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
Depositary	Darwin Depositary Services B.V. Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Legal Owner	Stichting Bewaarder Strategy One Fund Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Payment Bank	ABN AMRO Bank Daalsesingel 71 3511SW Utrecht The Netherlands

*\*The interim financial statements are neither audited nor reviewed by the Independent Auditor.*

## Profile

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, Legal Owner and each participant. The Fund was established on 19 April 2012 and commenced operations on 1 May 2012.

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 participants’ equity per participation as at 30 June 2019, 31 December 2018 and 30 June 2018 are as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2018</b>
Series A Initial	1,364.56	1,250.35	1,352.91
Series A January 2018	1,011.30	925.91	1,002.68
Series A May 2015	1,026.24	940.31	1,017.47
Series A September 2018	996.12	911.49	-
Series B Initial	1,289.41	1,182.24	1,280.66

## Interim financial statements

### BALANCE SHEET

	<i>Note(s)</i>	<b>30 June 2019 EUR</b>	<b>31 December 2018 EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Equities		952,281	1,647,693
Investee funds		9,894,162	10,318,457
Debt instruments		474,726	949,615
Derivative financial assets		-	734
	3	<u>11,321,169</u>	<u>12,916,499</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash at bank and due from custodian	4	664,161	252,390
Dividend receivable		12,978	4,562
Interest receivable		2,625	9,584
Prepaid expenses		3,520	-
Receivables for securities sold		-	99,750
		<u>683,284</u>	<u>366,286</u>
<b>Total assets</b>		<u>12,004,453</u>	<u>13,282,785</u>
<b>Liabilities</b>			
<b>Investment liabilities</b>			
Derivative financial liabilities		(1,946)	-
	3	<u>(1,946)</u>	<u>-</u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Accrued expenses and other payables	5	(64,632)	(56,200)
<b>Total liabilities</b>		<u>(64,632)</u>	<u>(56,200)</u>
<b>Total assets minus total liabilities</b>		<u>(66,578)</u>	<u>13,226,585</u>
<b>Equity</b>			
Contributions of participants		9,198,684	11,638,284
Unappropriated gain		2,739,191	1,588,301
<b>Total shareholders' equity</b>	6	<u>11,937,875</u>	<u>13,226,585</u>

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

## Interim financial statements

### INCOME STATEMENT

(For the periods ended 30 June 2019 and 2018)

	<i>Note(s)</i>	<b>2019</b>	<b>2018</b>
		<b>EUR</b>	<b>EUR</b>
<b>Investment result</b>			
<i>Direct investment result</i>			
Interest income	7	11,562	15,412
Dividend income	8	51,619	81,131
		<u><b>63,181</b></u>	<u><b>96,543</b></u>
<i>Indirect investment result</i>			
Realised gains on equities	3, 9	57,303	14,629
Realised gains on investee funds	3, 9	69,501	252,608
Realised gains on debt instruments	3, 9	38,309	-
Realised gains/(losses) on derivative financial instruments	3, 9	6,860	(32,321)
Unrealised gains/(losses) on equities	3, 9	162,339	(61,903)
Unrealised gains on investee funds	3, 9	883,320	127,698
Unrealised gains on debt instruments	3, 9	12,527	1,582
Unrealised losses on derivative financial instruments	3, 9	(2,681)	(83)
Foreign currency (losses)/gains on translation	10	(5,701)	14,973
		<u><b>1,221,777</b></u>	<u><b>317,183</b></u>
<b>Total investment income</b>		<u><b>1,284,958</b></u>	<u><b>413,726</b></u>
<b>Expenses</b>			
Management fee	12, 13	(62,669)	(74,633)
Incentive fee	12, 13	(16,956)	(13,968)
Administration fee	12	(13,153)	(14,948)
Audit fee		(11,423)	(8,876)
Depositary fee	12	(9,983)	(9,983)
Other operational costs		(6,693)	(3,598)
Bank charges		(3,600)	(6,776)
Interest expense		(3,541)	(2,988)
Legal ownership fee		(2,856)	(7,976)
Custody fee	12	(2,294)	(2,905)
Legal fee		(900)	(900)
<b>Total expenses</b>	11	<u><b>(134,068)</b></u>	<u><b>(147,551)</b></u>
<b>Net profit</b>		<u><b>1,150,890</b></u>	<u><b>266,175</b></u>

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

## Interim financial statements

### STATEMENT OF CASH FLOWS (For the periods ended 30 June 2019 and 2018)

	Note(s)	2019 EUR	2018 EUR
<b>Cash flows from operating activities</b>			
Purchases of investments	3	(467,005)	(2,136,316)
Proceeds from sale of investments	3	3,384,649	2,261,372
Net receipts / (payments) from derivative financial instruments	3	6,860	(32,321)
Interest received		18,521	14,538
Interest paid		(3,630)	(3,085)
Dividend received		43,203	66,376
Management fee paid	12, 13	(63,731)	(74,130)
Incentive fee paid	12, 13	(1,449)	(27,609)
Administration fee paid	12	(11,410)	(15,880)
Audit fee paid		(14,710)	(10,854)
Legal ownership and legal fee paid		(8,999)	(12,486)
Depository fee paid	12	(9,983)	(9,983)
Custody fee paid	12	(2,554)	(2,893)
Bank charges paid		(6,690)	(7,502)
Other general expenses paid		(6,000)	(6,096)
<b>Net cash flows provided by operating activities</b>		<b><u>2,857,072</u></b>	<b><u>3,131</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations	6	-	2,922,352*
Payments on redemptions of participations	6	(2,439,600)	(2,573,469)**
Subscriptions received in advance	7	-	(200,000)
<b>Net cash flows (used in)/provided by financing activities</b>		<b><u>(2,439,600)</u></b>	<b><u>148,883</u></b>
<b>Net increase in cash</b>		<b>417,472</b>	<b>152,014</b>
Cash at the beginning of the period		252,390	673,403
Foreign currency translation of cash positions		(5,701)	14,973
<b>Cash at the end of the period</b>	4	<b><u>664,161</u></b>	<b><u>840,390</u></b>
<b>Analysis of cash</b>			
Cash		738	1,474
Due from custodian		663,423	1,629,510
Due to custodian		-	(790,594)
<b>Total cash</b>	4	<b><u>664,161</u></b>	<b><u>840,390</u></b>

\*Includes issues amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

\*\*Includes redemptions amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

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

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## Notes to the interim 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 30 June 2019 and 2018, 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. (the “Administrator”).

The Fund had no employees during the periods ended 30 June 2019 and 2018.

The Fund Manager is in possession of an AFM (Stichting Autoriteit Financiële Markten) license as referred to in article 2:65(1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and 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 Depository Services B.V. had been appointed as Depository in accordance to article 4:37h FSA.

The interim financial statements have been authorised for issue by the Fund Manager on 19 August 2019.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

The interim financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in the Netherlands (“Dutch GAAP”) and the statutory provisions contained in Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394. The interim 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 interim 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.

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

#### Functional currency

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



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## Notes to the interim financial statements

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

#### **Recognition and measurement**

An asset is recognised in the balance sheet when it is probable that future economic benefits of the asset will flow to the Fund and the amount of the asset can be reliably measured. A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Income is recognised in the income statement when an increase in future economic benefit related to an increase in an asset or decrease in a liability has arisen that can be measured reliably.

Expenses (including value added tax (“VAT”), where applicable) are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

#### **Estimates**

The preparation of interim 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 interim 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, investment in investee funds, debt instruments and derivative financial 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.

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## Notes to the interim financial statements

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

#### **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 calculated based on historical cost and recognised in the income statement as 'realised gains on equities', 'realised gains on investee funds', 'realised gains on debt instruments' and 'realised gains/(losses) on derivative financial instruments' or 'unrealised gains/(losses) on equities', 'unrealised gains on investee funds', 'unrealised gains on debt instruments' and 'unrealised losses on derivative financial instruments'.

The Fund's investment in investee funds are valued based on the reporting received from the administrators of those funds. As at 30 June 2019, the value of investment in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investment in investee funds is the aggregate of the Fund's attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 30 June 2019 and 31 December 2018, 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.

#### *Dividend income*

Dividend income relating to equity securities are recognized in the statement of comprehensive income on the ex-dividend date. Dividend income is presented net of any non-recoverable withholding taxes in the statement of comprehensive income.

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## Notes to the interim financial statements

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

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

##### *Interest income and interest expense*

Interest income and expense 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 expense, the recognised transaction expenses for loans received are taken into consideration.

##### *Payables and accruals*

Payables and accruals 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 period divided into cash flows from operations and financing activities and how the cash flows have affected cash funds.

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

#### **Shareholders' equity**

All references to NAV throughout the interim financial statements are equivalent to shareholders' equity.

#### **Principles for determining the result**

The Fund recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase and sale of investments is recognised using trade date accounting.

The changes in value of the investments held by the Fund are accounted for in the income statement.

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

Income and 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 participations.

#### **Tax position**

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

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### *Movement in schedule of investments*

(All amounts in EUR)

	1 January to 30 June 2019	1 January to 30 June 2018
<b>Investment in equities</b>		
As at 1 January	1,647,693	1,498,722
Purchases	157,505	963,171
Sales	(1,072,559)	(516,353)
Realised	57,303	14,629
Unrealised	162,339	(61,903)
<b>As at 30 June</b>	<b>952,281</b>	<b>1,898,266</b>
<b>Investment in investee funds</b>		
As at 1 January	10,318,457	12,035,915
Purchases	206,700	907,670
Sales	(1,583,816)	(1,743,436)
Realised	69,501	252,608
Unrealised	883,320	127,698
<b>As at 30 June</b>	<b>9,894,162</b>	<b>11,580,455</b>
<b>Investment in debt instruments</b>		
As at 1 January	949,615	678,815
Purchases	102,800	164,720
Sales	(628,525)	-
Realised	38,309	-
Unrealised	12,527	1,582
<b>As at 30 June</b>	<b>474,726</b>	<b>845,117</b>
<b>Investment in derivative financial instruments</b>		
As at 1 January	735	(437)
Purchases	-	32,321
Sales	(6,860)	-
Realised	6,860	(32,321)
Unrealised	(2,681)	(83)
<b>As at 30 June</b>	<b>(1,946)</b>	<b>(520)</b>
<b>Total investments</b>		
As at 1 January	12,916,499	14,213,452
Purchases	467,005	2,067,882
Sales	(3,291,760)	(2,259,789)
Realised	171,973	234,916
Unrealised	1,055,506	67,294
<b>As at 30 June</b>	<b>11,319,223</b>	<b>14,328,318</b>

## Notes to the interim financial statements

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

#### 3. Investments (continued)

The table below provides an analysis of the forward currency contracts as at 30 June 2019:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
31/07/2019	EUR	1,058,004	GBP	950,000	1.1137	1.1157	(1,946)
<b>Total unrealised loss on open forward currency contracts</b>							<b>(1,946)</b>

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

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
03/07/2018	GBP	700,000	EUR	790,978	1.1300	1.1305	372
31/07/2018	EUR	790,141	GBP	700,000	1.1288	1.1300	(892)
<b>Total unrealised loss on open forward currency contracts</b>							<b>(520)</b>

#### 4. Cash

As at 30 June 2019, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 16 (31 December 2018: EUR 1,934) and with ABN AMRO Bank N.V. amounting to EUR 722 (31 December 2018: EUR Nil). As at 30 June 2019 and 31 December 2018, no restrictions in the use of cash exists.

As at 30 June 2019, cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 663,423 (31 December 2018: EUR 250,456).

As at 30 June 2019 and 31 December 2018, the Fund held no amounts due to ABN AMRO Clearing Bank N.V.

#### 5. Accrued expenses and other payables

As at 30 June 2019 and 31 December 2018, accrued expenses and other payables consist of the following:

(All amounts in EUR)	30 June 2019	31 December 2018
Audit fee payable	(21,298)	(24,585)
Incentive fee payable	(15,507)	-
Administration fee payable	(11,097)	(9,354)
Management fee payable	(9,969)	(11,031)
FATCA fee payable	(3,000)	(6,000)
Regulator fee payable	(1,800)	(1,200)
Legal fee payable	(900)	(1,123)
Interest payable	(560)	(649)
Custody fee payable	(467)	(727)
Other payables	(34)	(31)
Legal ownership fee payable	-	(1,500)
<b>Total accrued expenses and other payables</b>	<b>(64,632)</b>	<b>(56,200)</b>

## Notes to the interim financial statements

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

#### 6. Share capital

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

The 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 30 June 2019 and 2018, 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.

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

<i>(All amounts in EUR)</i>	<b>1 January to 30 June 2019</b>	<b>1 January to 30 June 2018</b>
<i>(Profit after appropriation of result)</i>		
<i>Contributions of participants</i>		
Balance at the beginning of the period	11,638,284	12,070,967
Issue of participations	-	2,922,352*
Redemption of participations	(2,439,600)	(2,573,469) **
<b>Total contributions at the end of the period</b>	<b><u>9,198,684</u></b>	<b><u>12,419,850</u></b>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	1,588,301	2,442,402
Net profit	1,150,890	266,175
<b>Total undistributed gain at the end of the period</b>	<b><u>2,739,191</u></b>	<b><u>2,708,577</u></b>
<b>Equity at the end of the period</b>	<b><u>11,937,875</u></b>	<b><u>15,128,427</u></b>

\*Includes issues amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 January 2018.

\*\*Includes redemptions amounting to EUR 2,522,352 which relate to roll-ups into the Initial series as at 2 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-month 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.

## Notes to the interim financial statements

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

#### 6. Share capital (continued)

##### Subscriptions and redemptions (continued)

The minimum value of participations which may be subject of one redemption request will be the lesser of EUR 10,000 or 10 participations unless otherwise determined by the Fund Manager in its sole discretion.

The movement of the participations during the period ended 30 June 2019 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	6,752.686	-	(1,828.4321)	4,924.254
Series A January 2018	200.0000	-	-	200.0000
Series A May 2015	1,000.000	-	-	1,000.000
Series A September 2018	250.0000	-	-	250.0000
Series B Initial	2,901.225	-	-	2,901.225
<b>Total</b>	<b>11,103.911</b>	<b>-</b>	<b>(1,828.4321)</b>	<b>9,275.479</b>

The movement of the participations during the period ended 30 June 2018 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	5,907.769	1,627.765*	-	7,535.534
Series A January 2016	150.000	-	(150.000)**	-
Series A January 2018	-	200.000	-	200.000
Series A February 2017	100.000	-	(100.000)**	-
Series A April 2015	1,000.000	-	(1,000.000)**	-
Series A May 2015	1,000.000	-	-	1,000.000
Series A June 2017	100.000	-	(100.000)**	-
Series A July 2015	25.000	-	(25.000)**	-
Series A July 2016	25.000	-	(25.000)**	-
Series A October 2017	500.000	-	(500.000)**	-
Series B Initial	2,496.631	444.594**	(40.000)	2,901.225
Series B February 2015	50.000	-	(50.000)**	-
Series B November 2015	500.000	-	(500.000)**	-
<b>Total</b>	<b>11,854.400</b>	<b>2,272.359</b>	<b>(2,490.000)</b>	<b>11,636.759</b>

\*An amount of 1,477.241 relates to roll-ups.

\*\*Relates to roll-ups.

## Notes to the interim financial statements

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

#### 6. Share capital (continued)

##### Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, 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 30 June 2019 and 2018, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 7. Interest income

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

#### 8. Dividend income

Dividend income relates to dividend from equity instruments.

#### 9. Investment return

<i>(All amounts in EUR)</i>	<b>Profit</b>	<b>2019 Loss</b>	<b>2019 Total</b>	<b>2018 Total</b>
<b>Equities</b>				
Realised result	153,665	(96,362)	57,303	14,629
Unrealised result	216,120	(53,781)	162,339	(61,903)
	<u>369,785</u>	<u>(150,143)</u>	<u>219,642</u>	<u>(47,274)</u>
<b>Investee funds</b>				
Realised result	350,325	(280,824)	69,501	252,608
Unrealised result	1,099,781	(216,461)	883,320	127,698
	<u>1,450,106</u>	<u>(497,285)</u>	<u>952,821</u>	<u>380,306</u>
<b>Debt instruments</b>				
Realised result	40,259	(1,950)	38,309	-
Unrealised result	29,787	(17,260)	12,527	1,582
	<u>70,046</u>	<u>(19,210)</u>	<u>50,836</u>	<u>1,582</u>
<b>Total result</b>	<u>1,889,937</u>	<u>(666,638)</u>	<u>1,223,299</u>	<u>334,614</u>



## Notes to the interim financial statements

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

#### 10. Foreign currency (losses)/gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the period ended 30 June 2019, this amounted to losses of EUR 5,701 (2018: gains of EUR 14,973). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2019		2018	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Danish Krone	7.4653	7.4644	7.4479	7.4524
Great Britain Pound	0.8732	0.8958	0.8797	0.8846
Swiss Franc	1.1294	1.1104	1.1699	1.1564
United States Dollar	1.1295	1.1368	1.2102	1.1683

#### 11. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2019 and 2018.

<i>(All amounts in EUR)</i>	2019	2018
<b>Expenses accruing to the Fund Manager</b>		
Management fee	(62,669)	(74,633)
Incentive fee	(16,956)	(13,968)
<b>Other expenses</b>		
Administration fee	(13,153)	(14,948)
Audit fee	(11,423)	(8,876)
Depositary fee	(9,983)	(9,983)
Other operational costs	(6,693)	(3,598)
Bank charges	(3,600)	(6,776)
Interest expense	(3,541)	(2,988)
Legal ownership fee	(2,856)	(7,976)
Custody fee	(2,294)	(2,905)
Legal fee	(900)	(900)
<b>Total</b>	<b>(134,068)</b>	<b>(147,551)</b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2019, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as bank charges of EUR 3,600 (2018: EUR 6,776), other operational costs of EUR 6,693 (2018: EUR 3,598), interest expense of EUR 3,541 (2018: EUR 2,988) and legal fee of EUR 900 (2018: EUR 900) which are not detailed in the Prospectus.

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## Notes to the interim financial statements

### 12. RELEVANT CONTRACTS

#### **Fund Manager**

##### *Management fee*

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee 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 periods 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 incentive fees charged for the periods are disclosed in the income statement.

#### **Administrator**

The Fund has entered into an administration agreement with the Administrator. 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 periods 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. 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 periods are disclosed in the income statement. The Depository is liable for the loss of a financial instrument taken into custody.

#### **Independent Auditor**

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor for the audit of the annual financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

#### **Legal Owner**

TCS Governance B.V. has been appointed as Management Board of the Legal Owner. The remuneration consists of an annual fixed fee of EUR 3,500 and variable remuneration of 0.0125%. This fee is capped at EUR 6,500 per annum.

## Notes to the interim financial statements

### 13. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

As at 30 June 2019, related parties of the Fund held 611.33 (31 December 2018: 1,594.71) participations of Series A Initial participations and 2,647.71 (31 December 2018: 2,647.71) participations of Series B Initial participations.

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

*Transactions from 1 January 2019 – 30 June 2019 and balances as at 30 June 2019*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(63,731)	(9,969)
Incentive fee	(1,449)	(15,507)

*Transactions from 1 January 2018 – 30 June 2018 and balances as at 31 December 2018*

	<b>Paid</b>	<b>Balance</b>
	<b>EUR</b>	<b>EUR</b>
Management fee	(74,130)	(11,031)
Incentive fee	(27,609)	-

### 14. 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 alternative investment 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.

## Notes to the interim financial statements

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

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument 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 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.

#### 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 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019		31 December 2018	
	Fair Value EUR	% of NAV	Fair Value EUR	% of NAV
<b>Currency</b>				
Great Britain Pound	1,421,501	11.9%	2,180,578	16.5%
United States Dollar	957,339	8.0%	787,102	6.0%
Swiss Franc	465,624	3.9%	492,301	3.7%
Danish Krone	106	-	-	-

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investment in equities and investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 1,154,490 (31 December 2018: EUR 1,316,635).

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. and ABN AMRO Bank N.V. as reported.

As at 30 June 2019, the credit rating of ABN AMRO Clearing Bank N.V. and ABN AMRO Bank N.V. is 'A' (2018: '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 liquidity risk of meeting participants' redemptions. To manage this liquidity risk the Fund has a 6 month 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.

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## Notes to the interim financial statements

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

#### **Liquidity risk** *(continued)*

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.

### 15. EVENTS AFTER THE BALANCE SHEET DATE

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

### 16. PROVISION OF INFORMATION

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

### 17. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 19 August 2019.