

# Prospectus

November 2019



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## DIRECTORY

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Administrator:	<b>IQEQ Financial Services B.V.</b> Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
Legal Owner:	<b>Stichting Aescap2.0</b> Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
Depositary:	<b>Darwin Depositary Services B.V.</b> Barbara Strozzilaan 101 1083HN Amsterdam The Netherlands  Tel: +31 (0)20 2402576 E-mail: <a href="mailto:info@darwindepositary.com">info@darwindepositary.com</a>
Independent Auditor:	<b>Mazars N.V.</b> Delflandlaan 1 1062 EA Amsterdam The Netherlands
Custodian:	<b>BinckBank N.V.</b> Barbara Strozzilaan 310 1083 HN Amsterdam The Netherlands
Legal Counsel:	<b>Warendorf</b> Koningslaan 42 1075 AE Amsterdam The Netherlands
Regulatory Counsel:	<b>Finnius</b> Jollemanhof 20A 1019 GW Amsterdam The Netherlands

## **IMPORANT NOTICE**

Capitalized terms and expressions in this Prospectus have the meaning ascribed to them in Section 2 (Definitions) of this Prospectus.

Potential Unit Holders should review this Prospectus and its ancillary documents carefully and consult their legal and financial advisers to ascertain possible legal, financial, tax or other issues related to the acquisition, holding, transfer or redemption of Units.

The contents of this Prospectus are not to be construed as an invitation to invest or as investment, legal or tax advice. The Units are an appropriate investment only for professional and other investors who are capable themselves of evaluating the merits and risks of an investment in the Fund.

Potential Unit Holders should review in particular the risk factors set out in Section 5 (Risk factors) of this Prospectus. The Fund carries a high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment. There is no guarantee that the Fund will achieve its Fund Objective. The value of your investments may fluctuate. Returns on past investments are no guarantee as to the returns on future investments.

The Fund Manager accepts responsibility for the information contained in this Prospectus. To the best knowledge and belief of the Fund Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The information herein is subject to change at any time. Neither the delivery of this Prospectus nor the offer, issue or sale of Units will, under any circumstances, constitute a representation that the information contained in this Prospectus and its ancillary documents is correct at any time subsequent to the date of this Prospectus as printed on the cover of this Prospectus.

No person has been authorised to provide any information or make any representation in connection with the Fund, other than the information and representations contained in this Prospectus and its ancillary documents. Any such other information or representations, if given or made, should not be relied upon as having been authorised by the Fund Manager.

The Fund Manager is in possession of an AIFM license as referred to in article 2:65(a) FSA issued by the AFM, 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 respectively.

The distribution of this Prospectus and the offer, sale and delivery of the Units in certain jurisdictions may be restricted by law. No action has been or will be taken to permit the distribution of this Prospectus in any jurisdiction where any action would be required for such purpose or where distribution of this Prospectus would be unlawful.

This Prospectus does not constitute an offer for, or an invitation to subscribe to or purchase, any Units in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions.

This Prospectus will be published in the English language only. This Prospectus will be governed by and construed in accordance with the laws of the Netherlands. Translations into English of Dutch legal terms used in this Prospectus are for convenience only and shall not influence the interpretation thereof.

# 1. FUND PROFILE

## The Market Opportunity

Aescap2.0 (‘the Fund’) invests in publicly listed biotech / life sciences companies. It invests in highly innovative companies that develop and market new medicines and to a lesser extent diagnostics and/or medical device.

The life sciences market is a large and fast-growing market where breakthrough innovations can be exploited in a global and profitable manner.

The substantial growth of the life sciences market is driven by:

- a) A longer life expectancy (especially in the emerging markets) as well as an ageing population which are driving demand for improved and cost-effective medicine, diagnostics and medical devices;
- b) A high unmet medical need for diseases such as Alzheimer, Arthrosis, Diabetes, MS, Obesity, Oncology, Parkinson and many other such as infectious diseases;
- c) Approximately 6,000 rare diseases with no treatment available at all today.

The rapidly growing healthcare costs, almost everywhere in the world, are increasing the demand for biotech / life sciences innovations. A good example of such an approach is the concept of precision medicine. The concept of precision medicine is based on the fact that people respond differently to the same treatment. Based on gene profiling and biomarker data a patient can be given the right treatment from the start, instead of following a trial and error approach as still often is the case in the treatment of cancer. And the development of precision medicine has only just started.

The sector the Fund is active in is known for its attractive premiums in case of takeovers. The large cash buffers of the bigger pharma / biotech companies create the potential for many future acquisitions of smaller biotech companies.

The number of publicly listed biotech / life sciences companies the Fund can select from is over 600 in the EU and the US together.

## Investment Policy

The Fund aims to gain value by investing in publicly traded shares of (i) biopharmaceutical companies and potentially also (ii) diagnostics and/or medical device companies. It will typically invest in companies with the potential to (more than) double their share price over a period of maximum 4-5 years. Given the particular innovation power in biotech in Western Europe and North America, most investments will be made in these geographical areas. The Fund may also invest in warrants of such companies. These warrants give the right, but not the obligation, to purchase shares of a company against a predetermined share price before a specific date.

Often these warrants are received as part of an equity issue by a company.

The Fund has a focused portfolio, investing in approximately 18 companies. Within this focus it will ensure that the portfolio is diversified over different diseases, development phases and geographical areas.

## Investment objective

The Fund’s objective is to make an average minimum annual net return (after deduction of costs) of 20%+ over the mid-term (4-5 years).

## **Investment Discipline**

The Fund aims to select those publicly listed biotech / life sciences companies which are undervalued based on their growth potential. The value creation in which it aims to invest is typically based on:

- a significant potential growth in revenues/profit;
- the achievement of clinical study milestones; and/or
- the closing of a partnership or similar deal with a larger biotech / life sciences company in the field, one that most likely already has a sales force active in the disease area the licensing deal is representing.

The companies the Fund will invest in are typically acquisition targets for biopharmaceutical multinationals, which are known for their constant hunger to fill their pipelines.

Investment decisions are based on fundamental company analyses of the company's technology and/or products, product development risks, market entrée barriers, competition, financials and the expected market development as well as ethical behavior of the company. But maybe even more important by making serious efforts to understand the strengths and weaknesses of management and their view on the future of the company and the markets they serve.

The Fund may, if the Fund Manager has a good reason to do so, hold a substantial percentage of the Fund in cash. It can make limited use (no more than 10% of the Net Asset Value) of borrowed money:

to bridge temporary liquidity shortages;

to make use of one or more investment opportunities in anticipation of new subscription orders coming into the Fund from Unit Holders.

## **Risk control**

The portfolio of companies of the Fund is expected to consist of a limited number of approximately 18 companies. It is this 'cherry picking' from a basket of over 600 publicly listed companies in this sector which should drive the outperformance of the different biotech indexes / trackers. In order to reduce the risks of investing in this sector the Fund will diversify its portfolio over several disease areas, different phases of product development as well as geographical areas.

## **Risk Profile**

Investing in biotech companies involves a high degree of risk and prices of the securities of such companies, especially of companies with a small market cap, may be volatile. Furthermore, there is concentration risk because of the biotech focus and a relatively small portfolio of approximately 18 companies. Investments are also often made in a foreign currency like the US dollar and foreign currency exposures are not hedged back to the Euro, the base currency of the Fund. Please see Section 5 for an overview of all risk factors in relation to (an investment in) the Fund.

## **Investor Profile**

Investing in the Fund is principally only suitable for investors:

- who have considerable investing experience;
- who are willing and able to take the risk of a (significant) reduction in the value of their investment in the Fund;
- for whom their participation in the Fund represents only a limited percentage of their
- total investments;
- who do not require any income from their participation in the Fund;
- who accept that the liquidity of their investment is limited (redemption is – under normal circumstances - only possible twice a month; under exceptional circumstances redemption may be suspended);
- and who accept a medium-term investment horizon (at least 4-5 years).

The value of a Unit in the Fund may fluctuate. Unit holders may not get back all they invested. Results achieved in the past offer no guarantee for the future.

For this product a Key Information Document has been produced with information about the Fund, the costs and risks. Please ask for it and read it before investing in the Fund. The document is available at: [www.aescap.com](http://www.aescap.com).

## 2. DEFINITIONS

Capitalized terms in this Prospectus shall have the following meaning:

<b>Administrator</b>	IQ-EQ Financial Services B.V., part of the IQ-EQ Group.
<b>Aescap 1</b>	the closed-end venture capital fund managed by a different Fund Manager, namely Aescap Venture Management B.V..
<b>AFM</b>	the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten).
<b>AIFM</b>	means alternative investment fund manager (beheerder van een beleggingsinstelling) within the meaning of the AIFM Directive.
<b>AIFM Directive</b>	means Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and amending directives 2003/41/EC and 2009/65/EC, as amended from time to time.
<b>AIFM Regulation</b>	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as amended from time to time.
<b>Business Day</b>	a day on which the NYSE Euronext Amsterdam and banks in The Netherlands are open for doing transactions in financial instruments.
<b>Custodian</b>	BinckBank N.V.
<b>Depository</b>	Darwin Depository Services B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated and existing under the laws of the Netherlands, or such other depository of the Fund as may be appointed from time to time in accordance with this Prospectus.
<b>DNB</b>	means the Dutch Central Bank (De Nederlandsche Bank).
<b>FSA</b>	means the Dutch Financial Supervision Act (Wet op het financieel toezicht).
<b>Dutch GAAP</b>	means generally accepted accounting principles in the Netherlands.
<b>Fund</b>	the aggregate of the Fund Assets and the Fund Obligations held (through the Legal Owner) for the account and risk of the Unit Holders, as governed by this Prospectus and managed by the Fund Manager, also referred to as Aescap2.0.



<b>Fund Assets</b>	all assets, including cash, that are acquired by the Legal Owner (or the Fund Manager in the name of and on behalf of the Legal Owner) and held by the Legal Owner in its own name for the account and risk of the Unit Holders in connection with the Fund.
<b>Fund Documents</b>	this Prospectus and the Subscription Form.
<b>Fund Manager</b>	means Privium Fund Management B.V., a limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated and existing under the laws of the Netherlands.
<b>Fund Manager Related Units</b>	the Units administered as a separate Series invested by those persons (or investment companies controlled by them) who are associated with the Fund Manager (e.g. the portfolio manager and any advisors).
<b>Fund Obligations</b>	the obligations, which the Legal Owner (or the Fund Manager in the name of and on behalf of the Legal Owner) assumes and/or incurs in its own name for the account and risk of the Unit Holders in connection with the Fund.
<b>Initial Series</b>	the series of Units issued at the start of the Fund at the end of March, 2016.
<b>Investor Advisory Committee</b>	the committee with representatives of the Unit Holders.
<b>Investment Policy</b>	the investment policy of the Fund, set out in Section 4.
<b>Key person</b>	a person whose involvement in the business and affairs of the Fund is key for executing the Investment Policy.
<b>Key Person Event</b>	an event whereby the Key Person ceases to be actively involved in the business and affairs of the Fund.
<b>Legal Owner</b>	means Stichting Aescap2.0, a foundation (stichting) incorporated and existing under the laws of the Netherlands, or such other legal owner of the Fund Assets and Fund Obligations as may be appointed from time to time in accordance with this Prospectus.
<b>MCD</b>	the market conduct decree financial institutions DFSA (Besluit Gedragstoezicht financiële ondernemingen Wft).
<b>Meeting of Unit Holders</b>	a meeting of Unit Holders.
<b>Net Asset Value</b>	(depending on the context) the intrinsic value of the Fund and/or per Unit Class, Series and/or per Unit, calculated in accordance to Section 13 of this Prospectus.
<b>Ordinary Consent</b>	means the written consent of Unit Holders, together representing more than fifty per cent (50%) of the issued Units.

<b>Portfolio Manager</b>	the primary portfolio manager of the Fund, currently Patrick Krol.
<b>Prospectus</b>	this Prospectus.
<b>Qualifying Investor Units</b>	the Units administered as a separate Series invested by those qualifying investors (or investment companies controlled by them) as to whom by discretionary decision of the Fund Manager their participation in the cost of the management and the performance fees is discounted for reason that the value of the Units held by such qualifying investor in the Fund exceeds the value of EUR 10M, 20M or 30M.
<b>Register</b>	means the register in which in respect of each Unit Holder are entered its name, address and other contact details, the bank or securities account details on which the Unit Holder wishes to receive payments, its tax status and the number of its Units.
<b>Series</b>	a separately administered part of the assets and liabilities of the Fund.
<b>Subscription Form</b>	means the subscription form, a template of which is attached hereto as Appendix B.
<b>Transaction Day</b>	a day on which Units may be issued or redeemed, being the 1st and the 15th of each calendar month or, if such day is not a Business Day, the following Business Day.
<b>Unit</b>	a participation interest in the Fund reflecting the beneficial interest of a Unit Holder to the Net Asset Value of a Series of the Fund.
<b>Unit Class</b>	the various Unit Classes being offered to Unit Holders.
<b>Unit Holder</b>	the holder of one or more Units in the Fund.
<b>Valuation Day</b>	a day on which the Net Asset Value is calculated, being the last Business Day prior to a Transaction Day.
<b>Website</b>	the website maintained by the Fund Manager on behalf of the Fund: <a href="http://www.aescap.com">www.aescap.com</a> .

### **3. STRUCTURE, GENERAL INFORMATION**

#### **Legal Form**

The Fund is a fund for joint account (in Dutch: *een fonds voor gemene rekening*). It does not have a legal personality. It is formed by and comprises a contractual arrangement governed by the terms of this Prospectus between the Fund Manager, the Legal Owner and each Unit Holder. Under this arrangement the Fund Manager is mandated to invest the contributions of the Unit Holders of the Fund for their collective risk and account in securities, which are held by the Legal Owner on behalf of the Unit Holders, in accordance with the Prospectus for the purpose of enabling the Unit Holders to share in the revenue from the investments in securities. The Unit Holders are proportionally matched with the number of Units owned, and they are jointly entitled to the Fund Assets. The contractual agreement between the Fund Manager, the Legal Owner and each of the Unit Holders does not constitute a partnership or limited partnership and does not create any other agreement between the Unit Holders. The obligation of a Unit Holder to pay the subscription price for a Unit is only an obligation towards the Fund represented by the Fund Manager and the Legal Owner. The Units only constitute rights and obligations of the Unit Holders with respect to the Fund Manager and the Legal Owner and not to other Unit Holders.

#### **Limited transferability of Units**

The Fund has a private character, i.e. Units may only be transferred to the Fund upon a redemption. However, Units may be transferred to persons that are next of kin or direct in law of a Unit Holder. Units may not be pledged or otherwise encumbered.

#### **Open end**

Except in certain exceptional circumstances, the Fund is obliged to issue or to redeem Units on a Transaction Day at their Net Asset Value, minus the subscription or redemption fee.

#### **Not listed**

The Fund is not listed on any stock exchange.

#### **Legal Owner**

The most important task and power of the Legal Owner is to act as legal owner of the Fund Assets and incur and/or assume the Fund Obligations on behalf and for the account and risk of the Unit Holders.

#### **Fund Manager**

The most important tasks and powers of the Fund Manager are the following:

- to determine and execute the investment policy of the Fund;
- to check the administration of the Fund executed by the Administrator;
- to see the Administrator determines the Net Asset Value for the Fund and for each Unit Class and Series correctly and on time;
- to ensure that the Fund complies with the relevant regulations and reporting obligations;
- to ensure that the Fund complies with the defined risk management framework as further described briefly below;
- generally to observe the interests of the Unit Holders in accordance with this Prospectus.

## **Risk Management Framework**

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:
  - o The consistency of stated profile versus risk limits;
  - o The adequacy and effectiveness of the risk management process; and
  - o The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

To identify the risk profile and main risks, and ensure the right measurement, management and monitoring of these risks, the Fund Manager has a rigid 'Risk Onboarding Process'. It ensures that the investment process is properly documented and the Product itself is properly reviewed.

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 CM 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 using Arbor Financial Services and 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.
- Monthly reporting by portfolio management
- Quarterly Operational risk management
- Monthly stress scenarios. On ad hoc basis extra stress scenarios can be done.
- Due Diligence on Service Providers.

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 being conducted.

### **Administrator**

The most important tasks of the Administrator, under responsibility of the Fund Manager, are:

- conducting the financial and investment administration of the Fund;
- calculating the Net Asset Value of the Fund and for each Unit Class and Series; and
- keeping the register of Unit Holders of the Fund.

### **Depository**

The most important tasks of the Depository are:

- safekeeping of financial instruments in which the Fund has invested;
- ensuring that the Fund Manager acts in accordance with the Investment Policy; and
- monitoring of cash flows in respect of the Fund and ensuring that issue and redemption of Units and determination of the Net Asset Value is performed correctly.

The actual safekeeping of the financial instruments in which the Fund has invested is delegated to the Custodian. The depository has assigned BinckBank N.V. as Custodian.

### **Depository Agreement**

The Fund Manager and Depository have concluded an agreement (the 'Depository Agreement') setting out the duties of the Depository and what the Fund Manager must do to enable the Depository to perform those duties duly.

### **Unit Holders**

The Unit Holders are jointly economically entitled (each proportionally, taking into account the Series they form part of, according to the number of Units owned) to the net assets of the Fund. The combined assets of the Unit Holders invested in the Fund are intended for collective investment and for their own account and risk. (See Section 12, "Unit Holders").

### **Contractual arrangement between Unit Holders, Fund Manager and Legal Owner**

The Fund being the contractual arrangement between Unit Holders, the Fund Manager and the Legal Owner is governed by the Prospectus.

### **Minimum subscription amount**

The minimum amount for participation is € 500,000, although the Fund Manager at its discretion can make an exception and lower the minimum to € 101,000 (including the 1% subscription fee). This is for the Aescap2.0 Investors Unit Class only. At the time of the inception of the Fund, Units with a Net Asset Value of € 1,000 have been issued as part of the Initial Series.

### **Net Asset Value**

The Net Asset Value is calculated at least twice a month by the Administrator, as is described in Section 13 of this Prospectus ("Determination of Net Asset Value").

### **Request for issue or redemption**

Requests for the issue or redemption of Units may be made to the Administrator by means of the forms provided for this purpose on the Website. The Administrator will inform the Fund Manager. The Fund Manager is not obliged to honor a request for an issue or redemption of Units. (See Section 14, "Subscription", and Section 15, "Redemption".)

### **Tax position of Fund**

Due to the limited transferability of the Units of the Fund, the Fund qualifies as a tax transparent fund for joint account for Dutch income tax purposes. Consequently, the Fund is not subject to Dutch (corporate) income tax.

### **Conflicts of interests**

It is the Fund Manager's policy to avoid any conflicts of interest as much as possible. Where a conflict is inevitable which may have a negative impact on the Fund or the Unit Holders, the Fund Manager uses its best efforts to mitigate and manage the conflict in the best possible way for whereby the interests of the Fund and the Unit Holders prevail. A conflict which cannot be mitigated fully, will be disclosed to the Unit Holders. In this respect, the Fund Manager notes the following.

There is no relationship between Aescap2.0 and Aescap 1, though the Portfolio Manager of Aescap2.0, Patrick Krol, is still active for Aescap 1 as its managing partner. Aescap 1 is in its end-stage and will be liquidated in due term. Aescap2.0 will not invest in any companies from the Aescap 1 portfolio which go or have gone public as long as Aescap 1 owns any shares in such a company.

The Fund Manager has outsourced certain tasks to the Administrator (see Section 8 for the list of outsourced tasks). No conflicts of interests are expected to arise from such delegation, as the Administrator is not linked with the Fund Manager and/or the Depositary in any way.

### **Equal treatment**

The Fund Manager treats Unit Holders in comparable circumstances equally and ensures that each Unit Holder is treated fairly. The only difference between the Unit Classes is that the management fee and performance fee levels are different. This may include the management fee, performance fee, subscription fee and redemption fee.

## **4. INVESTMENT PROPOSITION**

### **The Market Opportunity**

Aescap2.0 (‘the Fund’) invests in the shares of publicly listed biotech / life sciences companies. It invests in highly innovative companies that develop and market new medicines and to a lesser extent diagnostics and/or medical devices.

The life sciences market is a large and fast-growing market where breakthrough innovations can be exploited in a global and profitable manner.

The substantial growth of the life sciences market is driven by:

- a) A longer life expectancy (especially in the emerging markets) as well as an ageing population which are driving demand for improved and cost-effective medicine, diagnostics and medical devices;
- b) A high unmet medical need for diseases such as Alzheimer, Arthrosis, Diabetes, MS, Obesity, Oncology, Parkinson and many other such as infectious diseases;
- c) Approximately 6000 rare diseases with no treatment available at all today.

The rapidly growing healthcare costs, almost everywhere in the world, are increasing the demand for biotech / life sciences innovations. A good example of such an approach is the concept of precision medicine. The concept of precision medicine is based on the fact that people respond differently to the same treatment. Based on gene profiling and biomarker data a patient can be given the right treatment from the start, instead of following a trial and error approach as still often is the case in the treatment of cancer. The development of precision medicine has only just started.

The sector the Fund is active in is known for its attractive premiums in case of takeovers. The large cash buffers of the bigger pharma / biotech companies create the potential for many future acquisitions of smaller (listed) biotech companies.

The number of publicly listed biotech / life sciences companies the Fund can select from is over 600 in the EU and the US together.

### **M&A Premium**

The biotech sector is known for its attractive premiums for takeovers. Over the period 2011-2017 the average premium for acquisitions of publicly listed biotech companies with a market capitalization of over \$100M was around 50% (weighted average for EU+US).

### **Investment Policy**

The Fund aims to gain value by investing in publicly traded shares of biopharmaceutical companies and potentially also diagnostics and/or medical device companies. The Fund may also invest in warrants of such companies. Often these warrants are received as part of an equity issue by a company. It will typically invest in companies with the potential to (more than) double their share price over a period of maximum 4-5 years. Given the particular innovation power in biotech in Western Europe and North America most investments will be made in these geographical areas.

The Fund has a focused portfolio, investing in approximately 18 companies. Within this focus it will ensure that the portfolio is diversified over different diseases, development phases and geographical areas.

### **Investment objective**

The Fund’s objective is to make an average minimum annual net return (after deduction of costs) of 20%+ over the mid-term (4-5 years).

## **Investment Discipline and Criteria**

The Fund aims to select those publicly listed biotech / life sciences companies which are undervalued based on their growth potential. The value creation in which it aims to invest is typically based on:

- a significant potential growth in revenues/profit;
- the achievement of clinical study milestones; and/or
- the closing of a partnership or similar deal with a larger biotech / life sciences company in the field, one that most likely already has a sales force active in the disease area the licensing deal is representing.

The companies the Fund will invest in are typically acquisition targets for biopharmaceutical multinationals, which are known for their constant hunger to fill their pipelines.

Investment decisions are based on fundamental company analyses of the company's technology and/or products, product development risks, market entrée barriers, competition, financials and the expected market development as well as ethical behavior of the company. But maybe even more important by making serious efforts to understand the strengths and weaknesses of management and their view on the future of the company and the markets they serve.

The Fund may, if the Fund Manager has a good reason to do so, hold a substantial percentage of the Fund in cash. It can make limited use (no more than 10% of the Net Asset Value) of borrowed money:

- to bridge temporary liquidity shortages;
- to make use of one or more investment opportunities in anticipation of new subscription orders coming into the Fund from Unit Holders.

The Fund's goal is to maximize the investment return for its investors though taking into account the social responsible behavior of the companies it invests in. In order to maximize its return it will select approximately 18 best of breed companies in the medical biotech / life sciences sector. The most important investment criteria will be:

- strengths of management
- technology/products (patent protection)
- development paths
- market (potential, growth, entry barriers, reimbursement)
- cash runway
- ability to generate cash from sales and/or licensing deals to fund development of proprietary products
- competition

To limit the risks, investments will be made across different therapeutic areas and development stages as well as geographical areas.

And last but not least the Fund will need to ensure it will be able to have a regular dialogue with the management of a company.

## **Risk control**

The portfolio of companies is expected to consist of a limited number of approximately 18 companies. It is this 'cherry picking' from a basket of over 600 listed companies in this sector which should drive the outperformance of the different biotech indexes / trackers. In order to reduce the risks of investing in this sector the Fund will diversify its portfolio over several disease areas, different phases of product development as well as geographical areas.

A Value at Risk limit (VaR) is used to ensure that the risk profile of the fund is maintained.

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund. In particular, the Fund Manager can restrict redemptions on certain conditions as further described in Section 15 of this Prospectus.



As and when relevant, the Fund Manager shall quarterly disclose the following to the Unit Holders:

- The percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature;
- Any new arrangements for managing the liquidity of the Fund; and
- The risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

The Fund Manager has established a Risk Management Committee. During the monthly Risk Committee meetings all relevant developments regarding risk management at the level of the investment funds under management by the Fund Manager, including the Fund, and the Fund Manager itself are being discussed.

### **Investor Profile**

Investing in the Fund is principally suitable for investors:

- who have considerable investing experience;
- who are willing and able to accept a (significant) reduction in the value of their investment in the Fund;
- for whom their interest in the Fund represents only a limited percentage of their total investments;
- who do not require any income from their investment;
- who accept that the liquidity of their investment is limited;
- and who accept a mid-term investment horizon (4-5 years).

### **Fund Characteristics**

- The Fund can grow up to a maximum fund size of € 500M, if the fund size exceeds that amount for more than two months, the excessive amount will be distributed to the Unit Holders on a pro rata basis as to the Units outstanding;
- Open-end;
- Dividends are in principle reinvested;
- Target IRR: an expected minimum net IRR of 20%;
- Bi-monthly (twice a month) redemptions (max 5% of the Fund per transaction day);

### **Regulated markets**

The Fund can invest in quoted stocks that are traded on regulated markets anywhere in the world. Additionally, the Fund can invest in warrants.

### **Short-term investments**

Depending on the market circumstances, any funds that are not invested may be deposited in a short-term savings account with one or more financial institutions that are under prudential supervision.

### **Lending out securities**

The Fund will not lend out its securities.

### **Investment restrictions**

The Fund will adhere to the following restrictions in executing its investment policy:

- The amount of the Net Asset Value of the fund invested in one single publicly listed company may not exceed 15% of the Net Asset Value of the Fund calculated with reference to the cost price of the shares when acquired;
- Investments are only made in listed shares and in warrants;
- The minimum number of investments made by the Fund will be 15;
- Borrowed money may not be held for longer than for one month and may not exceed 10% of the Net Asset Value of the Fund;
- The Fund will not utilize any short positions;
- There is no restriction on the level of cash the Fund may maintain.

### **Voting in meetings of shareholders of companies in which the Fund invests**

The Fund Manager is supposed to have at its disposal the shares and the voting rights attached thereto that the Legal Owner holds. In principle, the Fund Manager will use the voting rights attached to the shares held by the Fund. The Fund Manager will use these voting rights in such manner that can be conducive to realizing the Fund's investment objective. There is no obligation for the Fund Manager to use its voting rights.

## 5. RISK FACTORS

There can be no assurance that the Fund's investment policy will be successful or that the Fund will achieve its investment objective. An investment in Units carries a high degree of risk and is suitable only for persons who can bear this risk. Potential Unit Holders should consider among others the risks mentioned below, review this Prospectus carefully and in its entirety, and consult with their professional advisors. Past performance offers no guarantee for future results. This Prospectus does not purport to identify, and does not necessarily identify, all of the risk factors associated with investing in the Units and certain risks not identified herein may be substantially greater than those that are identified. Accordingly, each prospective Investor, prior to making any investment decision, must conduct and subsequently rely upon its own investigation of risk factors associated with the proposed investment. The value of the investments may fall or rise. Investing in the Fund should therefore be regarded as long-term and should only form part of a diversified investment portfolio.

Units of the Fund are suitable for purchase only by sophisticated investors and which fully understand, are willing to assume and have the financial resources necessary to withstand the risks involved in the Fund's investment program, and which are able to bear the potential loss of their entire investment. Prospective Unit Holders should maintain investment holdings with risk characteristics different than those of the Fund. Each prospective Unit Holder is urged to consult with its own professional advisors to determine the suitability of an investment in the Fund and the relationship of such an investment to the prospective Investor's overall investment program and financial and tax position. There can be no assurance that the investment objective of the Fund will be achieved. A Unit Holder cannot lose more than the amount invested in the Fund by that Unit Holder.

Certain risks must be considered that are common with an investment fund of this nature. These include, among others:

### **Volatility risk**

There are financial risks involved with investing in Units of the Fund. Unit Holders have to realize that the stock market value of underlying investments of the Fund may significantly fluctuate, especially in the biotech / life sciences market where governmental regulations and/or technology risks can have a significant impact on a company's value. As a result of fluctuations of the biotech / life sciences stock markets, the Net Asset Value of the Fund may also fluctuate, which means that it is possible that Unit Holders, when redeeming, may not receive the full amount invested in the Fund.

### **Market Risk**

Markets may rise and fall and the prices of financial instruments and other assets on the financial markets in general, and more specifically the prices of assets of the nature and type the Fund may invest in and hold, can rise and fall. A careful selection and spread of investments does not provide any guarantee of positive results. In the biotech / life sciences market governmental measures related to medicine approvals and pricing as well as technology risks can have a large impact on the value of one single company or the market as a whole.

### **Currency risk**

The Fund does not hedge currency positions. Investments other than in Euros can therefore cause fluctuations, positive as well as negative, in the Net Asset Value of the Fund.

### **Risk that investments do not develop as expected**

The Fund aims for an average yearly mid-term minimum net return of 20% per annum, after deduction of all costs. There is however no guarantee that this return will be achieved. Moreover, no guarantee can be given that the analyses of the Fund Manager concerning the expected development of the portfolio of companies are correct.

### **Limited Operating History**

The Fund has been established in the first quarter of 2016 and there is limited operating history to evaluate the future performance of the Fund.

## **Risks related to the sector the Fund invests in**

The sector the Fund is investing in comes with certain specific risks such as:

- Potential weakening of the patent protection environment in one or more jurisdictions;
- Financing risk, given the fact that many biotech companies are loss making and therefore are in need of further financing to develop their products;
- Major technology breakthroughs outside of the Fund's portfolio;
- Legal or regulatory developments influencing the life sciences industry and/or the investments made by the Fund;
- Changes in projections by securities analysts of a company;
- Biotech stock market fluctuations;

## **Risks of a general economic and political nature**

Investments made by the Fund are subject to general economic risks, for instance, reduced economic activity, rising interest rates, inflation and rising prices of commodities. The value of the Fund can also be influenced by political developments, wars and other global trends and events.

### **Concentration risk**

Because of the limitation of investments to approximately 18 different companies, there may be stronger fluctuations in the Net Asset Value of the Fund in case one or more particular investments by the Fund would decrease in value, than it would normally be the case if the investments were more spread. As a result of the strategy of the Fund, the returns of the Fund can deviate significantly from the returns of a world equity index. As a consequence thereof, specific risks arise that are reflected in differences in performance between the Fund and the global equity indices, positively and negatively.

### **Systemic risk**

Certain events in the world or certain activities from one or more important parties in the financial markets can lead to a disturbance in the normal functioning of the financial markets. As a result of this, substantial losses may arise, caused by liquidity and counterparty risks following from such a disturbance.

### **Inflation risk**

There may be a risk that the purchasing power of the amount invested by the Unit Holder in the Fund decreases as a result of inflation.

### **Risk of limited redemption**

Units can only be transferred to the Fund (except for transfers to persons that are next of kin or direct in law of a Unit Holder). The Fund is in principle obliged to purchase Units twice a month, on a Transaction Day. Under certain circumstances the Manager is authorized to delay redemption or honor redemption requests only partially (see Section 15: "Redemption"). In those cases the Unit Holder is not able to redeem, or redeem only partially, its Units. This may (also) have a negative effect on the price of the Units.

### **Indemnification risk**

The Fund Manager and the Legal Owner are entitled to be indemnified out of the Fund Assets against costs, losses and expenses which they may incur or become liable in connection with the execution of their duties. In addition, the Depositary, the Administrator and other service providers also are entitled to an indemnity under the terms of their respective agreements for the services they provide. These obligations could require substantial indemnification payments out of the Fund Assets, provided however that the Depositary shall not be so indemnified with respect to any matter resulting from its negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) of the AIFM Directive, and no other person shall be so indemnified with respect to any matter resulting from its attributable breach (*toerekenbare tekortkoming in de nakoming*).

**Counterparty risk**

There is a risk that an issuer of securities or a counter party is not able to fulfil its obligations. The Fund Manager will limit this risk by doing business with well-established parties.

**Liquidity risk**

If, due to unforeseen circumstances, normal liquidity conditions do not apply, the Fund could face liquidity risk. This could imply that financial instruments cannot be sold or bought under normal market conditions, leading to significant direct and indirect transaction costs. It may also mean that positions cannot be sold at the anticipated price as established and deemed to be the fair value at the date of deciding to liquidate/sell those positions. This may have a negative effect on the Net Asset Value of a Unit.

**Settlement risk**

This is the risk that settlement through a payment system does not take place as expected, because the payment or delivery of the financial instruments by a counter party does not take place, or does not take place on time, or is not as expected.

**Risk of change in (fiscal) laws**

This is the risk that fiscal legislation changes or that new legislation comes into force that negatively affects the fiscal treatment of Fund or its Unit Holders.

**Key Man risk**

Patrick Krol has been assigned by the Fund Manager as Portfolio Manager of the Fund. Unit Holders are exposed to the risk that Patrick Krol ceases to be involved with the Fund Manager.

**Regulatory supervision and compliance risk**

The regulatory environment for alternative investment funds, like the Fund, has been changed drastically with the introduction of the AIFM Directive. The regulatory rules keep evolving and changes therein may adversely affect the functioning of the Fund and/or the Fund Manager's ability to pursue the investment policy for the Fund.

Unclear rules and regulations may result in a breach of law, which may result in fines or regulatory enforcements against the Fund Manager by supervisory authorities (like the AFM and DNB). Moreover, the Fund Manager may fail to comply with applicable laws, rules and regulations, internal standards and rules of conduct. This may damage the reputation of the Fund Manager and may have a negative effect on the Net Asset Value.

**Operational risk**

There is a risk that the internal processes, people and systems of the Fund Manager fail, which may have a negative effect on the business continuity of the Fund Manager and its ability to pursue the investment policy.

## 6. THE FUND MANAGER

The Fund will be managed by Privium Fund Management B.V. as Alternative Investment Fund Manager of the Fund. The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund Documents and applicable laws. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depositary or other service providers.

Privium Fund Management B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands having its official seat (*zetel*) in Amsterdam, the Netherlands and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands. The Fund Manager is registered in the Dutch trade register (*handelsregister*) under file number 34268930.

The Fund Manager performs its services in accordance with the Prospectus. Pursuant to the Prospectus the Fund Manager has the full and exclusive power, discretion and authority to invest and manage the assets of the Fund.

The statutory management board (*bestuur*) of the Fund Manager consists of Mr C.H.A. Heijman and Mr M. Baak who are the (daily) policy makers of the Fund Manager.

The Fund Manager holds an AIFM license issued by the AFM within the meaning of article 2:65(a) FSA and is subject to conduct of business and prudential supervision by the AFM and DNB respectively.

### **Delegation of Duties**

The Fund Manager may delegate certain financial, accounting, administrative and other services to the Administrator and one or more other external service providers. No conflicts of interest is expected to arise from such delegation, as the Administrator is not linked with the Fund Manager and/or the Depositary in any way. The Fund Manager will not delegate its portfolio management function or risk management function with respect to the Fund. As detailed below, the Fund Manager has currently engaged the Administrator to provide, subject to the overall direction of the Fund Manager, certain financial, accounting, administrative and other services to the Fund. As at the date hereof, the Fund Manager has not delegated any other functions to a service provider.

### **Resignation and removal of the Fund Manager**

The Fund Manager shall resign as Fund Manager on certain grounds set forth in this Prospectus. In case of resignation of the Fund Manager, the Unit Holders shall by Ordinary Consent appoint a substitute Fund Manager.

The Investor Advisory Committee may, on behalf of the Unit Holders, remove the Fund Manager as the Fund Manager of the Fund. Any such removal will become effective after three (3) months from the date notified in writing to the Fund Manager. In case of removal of the Fund Manager, the Investor Advisory Committee shall, on behalf of the Unit Holders, appoint a substitute Fund Manager.

### **Liability of the Fund Manager and Indemnification**

The Fund Manager shall only be liable towards the Unit Holders for a loss suffered by them in connection with a breach of the Fund Manager's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*).

Subject to certain restrictions set forth in the Prospectus, the Fund Manager will be indemnified out of the assets of the Fund against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

To cover potential professional liability risks resulting from activities the Fund Manager carries out with respect to the Fund, the Fund Manager holds a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

## **Funds Managed by the Fund Manager**

As at the date of this Prospectus, the Fund Manager is also managing the following investment funds:

- FMO Privium Impact Fund
- Windmill Trend Evolution Fund
- Principia Fund N.V.
- Privium Sustainable Alternatives Fund
- Still Equity Fund
- Strategy One Fund
- Multi Strategy Alternatives Fund
- Supermarkt Vastgoed FGR
- Dutch Mezzanine Fund I
- Dutch Mezzanine Fund II
- Global Allocation Fund
- Canguaru Alternatives Fund
- Westermeerwind Aandelenfonds
- Westermeerfonds Leningenfonds

## **The Portfolio Manager**

The portfolio of the Fund is managed by Mr. Patrick J.H. Krol who is supported by several analysts. Additionally, advisors and industry/medical experts may be used. The advisors and industry/medical experts will not provide any investment advice for which an investment advisory license is needed but may be asked to provide their knowledge on a certain disease, medicine, market segment, etc. The advisors or industry/medical experts will not make any investment decisions either.

### Patrick Johan Hendrik Krol (1963), Founder and Portfolio Manager

Patrick Krol is a biotech investment and business development specialist. Patrick joined biotech venture capital fund Aescap 1 as an Investment Partner at its start in 2005 and in 2009 became the fund's Managing Partner. In 2015 he took over the Aescap name to launch Aescap2.0, a fund for joint account investing in public biotech companies based on Patrick's successful track record as a private investor in public biotech. From 1995 to 2005, Patrick guided over 35 public pharma and biotech companies to successfully launch or grow their products. As a Founder and Managing Director at consultancy company Firm United Healthcare from 1997 to 2004, Patrick was responsible for growing the company to become a market leader. During this period, he also co-founded Interactive Healthcare and the Healthcare Management School. In 2004 he sold his share in all three companies to become a biotech investment professional. Since 2004 he has gained experience on board level in the life sciences sector as the chairman of the supervisory boards of i-Optics B.V. and to-BBB technologies B.V. and as a Non-Executive Director of Aquapharm Biodiscovery Ltd, EasyScan Holding BV, Cassini Holding BV, and Shire International Licensing BV (a subsidiary of top-20 biopharma company Shire Plc), and as a supervisory director of F-star GmbH, F-Star Alpha Ltd, F-Star Beta Ltd, F-Star Gamma Ltd, F-Star Delta Ltd and Orphazyme Aps. In 2003, he became a visiting teacher of the business school of the University of Wageningen teaching 'Strategy in the pharmaceutical Industry'. He published several articles on biopharma marketing and communications strategy and has been a speaker and moderator at life sciences seminars and congresses. Patrick studied physical therapy followed by business economics and later in his career concluded an M.B.A. in Executive Management and Consultancy at LMS.

**Key Person**

Patrick Krol will be the Key Person of the Fund and a Key Person Event means the situation occurring when the Key Person ceases to be actively involved in the business and affairs of the Fund as a Portfolio Manager. The Fund Manager shall without delay give notice to the Investor Advisory Committee and the Unit Holders of the occurrence of a Key Persons Event. In case of a Key Person Event the Investor Advisory Committee, in consultation with the Fund Manager and the Legal Owner, will decide on how to continue with the Fund.



## **7. THE INVESTOR ADVISORY COMMITTEE**

### **Role**

The Fund has an Investor Advisory Committee that:

- Approves any material changes to the Prospectus. In this respect 'materially' means affecting the rights of the Unit Holders, including changes to the (legal) structure of the fund, and any other changes relating to the fees and other expenses charged to the fund, as described in the Prospectus;
- Advising the Fund Manager and/or Portfolio Manager on any relevant matters, whether it is requested or not;
- Advising the Fund Manager in situations of possible conflicts of interest;
- Approving any proposals from the Fund Manager for the replacement of the Portfolio Manager, Administrator, Depositary and/or the management of the Legal Owner;
- Removing the Fund Manager of the Fund and appoint a new Fund Manager if there are good reasons to do so, for example as a result of poor execution and/or disproportionate charging of expenses;
- Reviewing and advising the fund manager and/or the portfolio manager with respect to any (financial) reporting to the unit holders, including the formal annual accounts;
- Advising the fund manager and/or portfolio manager in the case of exceptional market conditions and other special circumstances in which the interest of unit holders may be negatively impacted, for instance in the case of a low liquidity in the market or extraordinary events relating to portfolio companies.

In fulfilling its tasks, the Investor Advisory Committee focuses on the interest of the Unit Holders.

Meetings of the Investor Advisory Committee will take place at least twice a year. The tasks of the Investor Advisory Committee are guided by the Investor Advisory Committee code.

### **Composition**

The Investor Advisory Committee consists of 3 - 5 Unit Holders in the Fund. Any new members of the Investor Advisory Committee will be invited by the existing Investor Advisory Committee and will be chosen out of the Unit Holders in the Fund and selected on the basis of their knowledge and experience to adequately full fill the role of an Investment Advisory Committee member for the Fund and its Unit Holders

The Investor Advisory Committee currently consists of Peter Jan Rubingh (chairman), Fred Oudshoorn and Michael Mellink.

### **Responsibility**

The Fund Manager is solely responsible for complying with the Prospectus. The members of the Investor Advisory Committee are in no way to be held liable for their actions on behalf of the Unit Holders, supervision and their advice. Unit Holders agree by subscribing to the Units that they will never hold the members of the Investor Advisory Committee liable.

## **8. THE ADMINISTRATOR**

IQ-EQ Financial Services B.V is appointed to provide certain financial, accounting, administrative and other services to the Fund and the Legal Owner, as further specified below. The Administrator prepares and maintains the financial and investment records and statements of the Fund. Furthermore, the Administrator calculates the Net Asset Value and maintains the register of Unit Holders.

Pursuant to an agreement in writing (the 'Administration Agreement') between the Administrator and the Fund Manager, the Administrator is, under supervision of the Fund Manager, responsible for:

- maintaining the register of Unit Holders;
- administrative processing of subscriptions and redemptions;
- preparing and maintaining the Fund's financial and investment records and statements;
- determining the Net Asset Value of the Fund and the Units on a periodic basis;
- paying the fees and the costs;

IQ-EQ Financial Services B.V. forms part of the IQ-EQ Group, a leading multi-jurisdictional provider of financial services in Europe and beyond. One of the Administrator's core activities is to act as an Administrator of investment funds.

The Administrator shall not, in any way or at any time, be involved with any investment decision to be made on behalf of the Fund, nor with the execution thereof (all of which will be made by the Fund Manager), nor with the effect of such investment decisions on the performance of the Fund. Although the Administrator is responsible for the administration of the Fund, the Administrator shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, any side letters, restrictions or guidelines or any other term or condition applicable to it. The Administrator is not involved directly or indirectly with the business affairs, organization, sponsorship or management of the Fund. The Administrator is a service provider to the Fund and is not responsible for the preparation of this Prospectus or the activities of the Fund and therefore accepts no responsibility for the accuracy or adequacy any information contained in this Prospectus. The Administrator is not responsible for any trading decisions of the Fund, the Fund Manager (or the monitoring thereof) nor any matter other than as specified in the Administration Agreement. The Administrator does not act as guarantor or offer or of the Units. The Administrator shall not be responsible for tax basis reporting to Unit Holders.

In accordance with the Administration Agreement entered between the Fund Manager and the Administrator, the Administrator (including its directors, officers, employees, and agents) will not be liable to the Fund or its shareholders for, and will be indemnified against, any loss or damage suffered by the Fund or the Administrator in the absence of gross negligence, bad faith, willful default, fraud or dishonesty of the Administrator. Moreover, as the Administrator is not responsible for the safekeeping or the custody of the Fund Assets, the Administrator will not be liable for any loss, liability, claim, demand or expense which may be suffered or incurred by the Fund to the extent that the loss, liability, claim, demand or expense was suffered or incurred by the acquisition and/or the custody of any unlisted security such as warrants.

## **9. THE LEGAL OWNER**

### **The Legal Owner**

The Legal Owner of the Fund is Stichting Aescap2.0. It is registered in the Trade Register of the Chamber of Commerce in Amsterdam under registration number 65423046.

The Legal Owner's only statutory purpose is to act as Legal Owner of the Fund and to protect the interests of the Unit Holders. It will have access to all reports from the Administrator.

### **Liability of the Legal Owner**

The Legal Owner is liable to the Fund and its Unit Holders for any damage they suffered insofar as the damage is the result of gross negligence or intentional failure regarding the fulfillment of its obligations, even if the Legal Owner has entrusted the Fund Assets fully or partially to a third party.

### **Obligations of the Legal Owner**

The Legal Owner holds legal title to the Fund Assets and the Fund Obligations. The key obligations of the Legal Owner are:

- a) to perform its duties in the interest of the Unit Holders of the Fund;
- b) to hold legal title to all assets and rights of the Fund, for the account and risk of the Fund and the Unit Holders in the Fund;
- c) to assume obligations and liabilities of the Fund; and
- d) to be contracting party for all agreements entered into on behalf of the Fund.

The obligations of the Legal Owner towards the Fund have been agreed between the Legal Owner and the Fund Manager on behalf of the Fund in an agreement.

### **Board of the Legal Owner**

The board of the Legal Owner is IQ-EQ Custody B.V.. IQ-EQ Custody B.V. forms part of the IQ-EQ Group, a global corporate and fund administration group.

### **Annual reports, articles of association**

The financial year of the Legal Owner is the calendar year. The annual report and annual accounts of the Legal Owner will be produced, checked by an accountant, and then deposited at the Chamber of Commerce within four (4) months after the close of the financial year. The articles of association of the Legal Owner are deposited at its offices and copies will be sent on request to Unit Holders, free of charge. The same applies for the most recent annual report of the Legal Owner.

### **Legal Owner not affiliated with the Fund Manager**

Because the Legal Owner is not in any way affiliated to the Fund Manager, the independency of the Legal Owner vis-à-vis the Fund Manager is ensured.

## 10. THE DEPOSITARY

### The Depositary

The appointment of an independent depositary (*bewaarder*) within the meaning of article 4:62m Wft for the Fund is mandatory for a licensed Dutch fund manager. The Depositary is appointed to provide various duties as set out in article 21 AIFM Directive to the Fund in the interest of the Unit Holders.

The Depositary:

- is a legal person entrusted with the depositary duties over of the Fund Assets;
- is separate and independent from the Fund Manager; and
- shall only act in the interest of the Fund and the Unit Holders in the Fund.

Darwin Depositary Services B.V., a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam and its registered office at Barbara Strozziilaan 101, 1083HN Amsterdam, the Netherlands, and registered with the Trade Register of the Chamber of Commerce of the Netherlands under registration number 59855622 will be the depositary (*bewaarder*) of the Fund within the meaning of article 4:62m Wft. The Depositary holds a license from the AFM to act as a depositary for alternative investment funds in accordance with article 2:3g DFSA.

### Duties of the Depositary

Pursuant to a depositary agreement entered into among the Fund Manager, the Legal Owner and the Depositary (the "Depositary Agreement"), the key responsibilities of the Depositary are:

- a) to monitor the cash flows of the Fund (ensuring in particular that all payments made by or on behalf of Unit Holders upon the subscription for Units have been received and that all cash of the Fund has been booked in cash accounts opened in the name of the Legal Owner on behalf of the Fund or in the name of the Fund Manager acting on behalf of the Fund or in the name of the Depositary acting on behalf of the Fund with the proper entity);
- b) to provide safe-keeping of the Fund Assets (i.e. custody for financial instruments that can be held in a financial instruments account or that can be physically delivered to the Depositary, and verification of the ownership by the Legal Owner of all other assets);
- c) to verify the compliance of the Fund Manager with the Fund Documents and applicable rules and regulations;
- d) to ensure that transactions involving the Fund Assets, any consideration is remitted to the Fund within the usual time limits;
- e) to verify that appropriate procedures are established and applied for the valuation of the Fund Assets; and
- f) to perform various oversight duties with regards to issue and redemption of Units, remission of consideration for transactions by the Fund, application of income by the Fund.

The Depositary may delegate the safekeeping of financial instruments that can be held in custody in accordance with art 21(11) of the AIFM Directive to the Custodian (currently BinckBank N.V.). No conflicts of interest is expected to arise from such delegation, as there is no link between the Depositary and the Custodian which would give rise to any such conflict of interest.

The Depositary shall act solely in the interests of the Unit Holders. The Depositary will not be exclusively dedicated to the Fund and may perform any other depositary duties for other funds or fund managers.

## **Powers of the Depositary**

If the Depositary finds in the course of performing its duties that the provisions of the Prospectus are not being observed, the Depositary may instruct the Fund Manager to rectify the adverse consequences to the Fund. Unless the limitation of the Fund Manager's liability as stated in Section 6 applies, the remedial costs involved, and any profits or losses made in the course of rectifying them, will be for the Fund Manager's account.

The Depositary must follow the Fund Manager's instructions unless they are contrary to the law or the Prospectus.

## **Depositary Agreement**

The Fund Manager and Depositary have concluded a depositary agreement (the 'Depositary Agreement') which sets out the Depositary's duties and how the Fund Manager is to enable the Depositary to perform the depositary's duties duly.

## **Depositary Liability**

The Depositary shall only be liable towards the Fund or the Unit Holders for a loss suffered by them resulting from:

- a) Loss of financial instruments in custody with the Depositary within the meaning of article 21(8)(a) AIFM Directive, unless the Depositary can demonstrate that such loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequence of which would have been unavoidable despite all reasonable efforts to the contrary; or
- b) the Depositary's negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) AIFM Directive.

Subject to certain restrictions set forth in the Depositary Agreement, the Depositary will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

The Depositary has in accordance with article 21(13) AIFM Directive, transferred the liability for loss of financial instruments to the Custodian. This was explicitly agreed with the Fund Manager. In a written agreement between the Depositary and the Custodian, the Custodian accepts liability towards the Unit Holders for loss of financial instruments the custody of which has been delegated by the Depositary to the Custodian in accordance with article 21(11) AIFM Directive. The Depositary, acting in its capacity as depositary of the Fund, and the Fund, or the Manager acting on behalf of the Fund, are entitled to make a claim against the Custodian in respect of such loss by the Fund.

The Fund Manager reserves the right to, at its own discretion, but with due observance of any applicable terms of the Prospectus and the Depositary Agreement, terminate the Depositary Agreement provided that it appoints a substituting depositary.

## **Board of the Depositary**

The directors of the Depositary are:

- Peter van Schaik
- Frank Hand

## **Resignation of the Depositary**

If the Depositary announces that it wishes to cease acting as depositary, or if the Fund Manager finds that the Depositary is no longer able to perform the duties of the depositary, the Fund Manager will appoint a new depositary as soon as possible and prior to the Depositary actually ceasing its depositary activities for the Fund. If this has not been done within 3 months, the Fund will be liquidated automatically unless the Meeting of Unit Holders resolves to extend that period of time. If the Fund is wound up, it will be liquidated as laid down in Section 19 of this Prospectus.

## **11. THE CUSTODIAN AND THE PRIME BROKER**

The Depositary has delegated to BinckBank N.V. the safekeeping of the relevant Fund Assets pursuant to the Custody Agreement.

The Fund Manager has not engaged a prime broker for the Fund.

## **12. UNIT HOLDERS**

### **Entitlement Unit Holders to the Fund Assets**

A Unit Holder is beneficially entitled to the Fund Assets taking into account (i) his number of Units in the Fund versus the number of Units outstanding; (ii) the Series such Units form part of; and (iii) the Fund Manager Related Units and the Qualifying Investor Units. The Fund Manager Related Units, called AESCAP2.0 Manager, are not charged with a performance fee and a management fee and therefore they may have a different Net Asset Value per Unit compared to other Units of a Series. The Qualifying Investor Units may be charged a lower performance fee and management fee and therefore they may have a different Net Asset Value per Unit compared to other Units of a Series.

Currently the Fund is offering the following Units:

- AESCAP2.0 Manager
- AESCAP2.0 Investors
- AESCAP2.0 Investors 10M+
- AESCAP2.0 Investors 20M+
- AESCAP2.0 Investors 30M+

Units are issued in Series to enable the computation of the performance fee which may have different calculation starting moments due to the fact that Units may be issued on different moments in time. Accordingly, Units of a specific Series may have a different Net Asset Value per Unit compared to the Net asset Value per Unit of another Series. (see Section 13 – Fees and Expenses). The Initial Series have been issued at € 1,000.

The only difference between the Unit Classes is that the management fee and performance fee levels are different.

### **Register of Unit Holders**

The Unit Holders and the Units issued are registered in the register of Unit Holders. This register is kept by the Administrator. The register shall include the bank account details of the Unit Holder to which any payment hereunder shall be affected. This bank account must be held with a licensed credit institution established within the European Union. A Unit Holder is entitled to an extract of its registration in the register without costs, though only with regard to his own registration. A request for such extract should be made with the Fund Manager. A Unit Holder shall inform the Administrator promptly on any changes to the registered information. The Register will be updated by the Administrator after each issue and redemption of Units.

### **Fractions**

Since subscription takes place by means of payment of an amount in €, fractions of Units (up to four (4) decimals) can also be issued.

### **Rights and obligations**

Unit Holders are not liable for the obligations of the Fund Manager or the Legal Owner and shall bear the losses of the Fund no further than up to the amount they paid into the Fund in return for the Units they hold.

Participating in the Fund only creates rights and obligations of the Unit Holders towards the Fund, not towards other Unit Holders.

### **Meeting of Unit Holders, voting rights**

Meetings of Unit Holders will be convened, when the Fund Manager and the Legal Owner are convinced that this is in the interest of the Unit Holders or upon such occasions as described in this Prospectus (including the occurrence of a Key Person Event). Meetings of Unit Holders will be held in The Netherlands at such place to be decided by the Fund Manager. Unit Holders will receive an invitation for a Meeting of Unit Holders, at least fourteen (14) days in advance, via email on the email address specified by the Unit Holder upon subscription to the Fund or as amended afterwards by notification of the unit Holder to the Fund Manager or Administrator.

The Fund Manager will in any event call a Meeting of Unit Holders whenever (i) the Investor Advisory Committee or (ii) one or more Unit Holders alone or jointly hold at least 50% of the total number of Units in the Fund, request the Fund Manager in writing to do so, mentioning the matters for discussion. The Legal Owner has the right to attend Meetings of Unit Holders.

There will be at least one annual Meeting of Unit Holders. The annual Meeting of Unit Holders is held once the annual accounts, having been investigated by the accountant, are available. This annual Meeting of Unit Holders will be held within six (6) months of the end of the financial year. Unit Holders will receive an invitation for this meeting via email at least six weeks in advance.

A Unit Holder may have himself represented at the Meeting of Unit Holders, subject to written authorization. The Fund Manager will always have the right to attend a Meeting of Unit Holders. The Meeting of Unit Holders will be chaired by an individual from the Investor Advisory Committee. Each Unit shall have one vote, if on any item a voting would be necessary under the terms of this Prospectus. The manner of voting will be decided upon by the chairman of the Meeting of Unit Holders.



## **13. DETERMINATION NET ASSET VALUE**

### **Bi-Monthly determination by the Administrator**

The Net Asset Value of the Fund, the Net Asset Value per each Series and the Net Asset Value per Unit in Euro will be calculated by the Administrator and determined by the Fund Manager on the 1st and the 15th of each calendar month or, if such day is not a Business Day, the following Business Day. This will be based on the closing market prices on the Valuation Day. This is accomplished in such a way to take into account the Net Asset Value per Series including the Series related to the Fund Manager Related Units and the Qualifying Investor Units. Prepaid expenses, accrued (but not paid) expenses, a reservation for the performance fee, and other fees are also taken into account.

The most recent Net Asset Value of each Unit Class will be published on the website of the Fund Manager and the Fund.

### **Valuation of assets and liabilities**

The assets and liabilities of the Fund will be valued in accordance with the following policies and principles:

- a) listed securities (shares) will be valued at its last official traded price ("closing price") of the Business Day preceding the Valuation Day (or, if a stock exchange was not open for business, the previous Business Day).
- b) liquidities and deposits which are immediately payable are valued at their nominal value;
- c) The preferred methodology to value the warrants is to value them at their latest price. If not available these warrants will be valued at a theoretical valuation model such as Black Scholes ("fair value");
- d) assets and liabilities in a foreign currency will be converted into Euro at the exchange rate on the last Business Day preceding the Valuation Day;
- e) other assets and liabilities are valued at their nominal value.

The full valuation policy is described in the Handbook of the Fund Manager.

### **Suspension of the calculation of the Net Asset Value**

The Fund Manager may decide to temporarily suspend the determination of the Net Asset Value for the following reasons:

- one or more of the stock exchanges or markets on which a significant part of the Fund's investments are listed or are traded are closed, or the trade in the Fund's investments is limited or suspended;
- circumstances arise (outside the influence of the Fund Manager) which are directly or indirectly associated with political, economic, military or monetary conditions which prevent the determination of the value of the Fund;
- the means of communication or the calculation facilities which are normally used in determining the value of the Fund are no longer functioning, or the value cannot be determined quickly or accurately enough by the Administrator for another reason;
- according to the Fund Manager there is an emergency situation, as a result of which it is not appropriate or possible to value the investments without seriously damaging the interests of the Unit Holders.

### **Compensation Unit Holders in case of calculation error of Net Asset Value**

In case of any errors in the calculation of the Net Asset Value, the Fund Manager will compensate Unit Holders who have redeemed and/or subscribed to the Fund (i.e. those who were Unit Holders at the time) for the actual losses incurred if:

- a) the mistake was made by the Fund Manager or the Administrator; and
- b) the difference between the assumed and the correct Net Asset Value is greater than 0.5%;  
and
- c) the disadvantage to the Unit Holder amounts to at least €250; and
- d) the mistake dates from no longer than three months before it was discovered.

If the Fund has (unjustifiably) profited from this situation, the Fund Manager may take recourse against the Fund for amounts paid by it to Unit Holders, up to the amount of such profit. Compensation may be provided in cash or in Units.

## **14. SUBSCRIPTION**

### **Minimum subscription amount**

Currently the Fund is offering the following Unit Classes to Unit Holders:

- AESCAP2.0 Manager: minimum subscription amount is EUR 101,000 (including 1% subscription fee)
- AESCAP2.0 Investors: minimum subscription amount is EUR 500,000
- AESCAP2.0 Investors 10M+: Minimum investment is EUR 10,000,000 or more
- AESCAP2.0 Investors 20M+: Minimum investment is EUR 20,000,000 or more
- AESCAP2.0 Investors 30M+: Minimum investment is EUR 30,000,000 or more

The Fund Manager can accept a lower minimum subscription amount for the Aescap2.0 Investors Unit Class. This minimum can be lowered to EUR 101,000 (including 1% subscription fee).

Existing Unit Holders can make applications for further Units in amounts of € 10,000 or more.

### **Issue of Units**

The Fund may issue new Units of a particular Unit Class on each Transaction Day at the Net Asset Value per Unit in such Unit Class on the preceding Valuation Day. Here a subscription fee of 1% will be applied. This fee is for the benefit of the Fund Manager and may be used to cover expenses like, among potential other expenses, any marketing expenses and/or any placement agent fees following the issue. The Fund Manager is entitled to waive the subscription fee for an individual investor. This will be determined on a case by case basis. A reason which may lead to waiving the subscription fee includes the size of the subscription. Units will be issued for the remaining amount in the Series applicable on the Transaction Day.

### **Subscription requests (latest 1 business day prior to the Transaction Day)**

Applications for the subscription of Units should be submitted to the Administrator latest one Business Day prior to the desired Transaction Day. In order to subscribe, a subscription form must be filled out (see Appendix B). The subscription request should indicate the amount for the size of subscription which is requested.

### **Payment (latest 1 business day prior to the Transaction Day)**

Payment is possible only through a bank account in the name of the Unit Holder with a licensed credit institution with a registered office in a member state of the European Union or the European Economic Area. The subscription amount must be received in the account of the Legal Owner ultimately one Business Day prior to the relevant Transaction Day. No interest will be paid over the subscription amount for the period between the payment of the subscription amount and the issuance of Units. The interest which is accrued is for the benefit of the Fund.

If the amount and/or forms are not received within the required timeframe, the subscription will take effect at the first business day of the following month.

The Fund will make no adjustment or compensation for interest received over this period.

### **Number of Units issued, fractions**

The number of Units issued equals:

- the sum paid by the Unit Holder; divided by
- the Net Asset Value of a Unit on the Transaction Day

Fractions of Units may be issued, up to four (4) decimals. Fractions will not bear any voting rights (normal rounding conventions will apply).

The Administrator sends Unit Holders a confirmation of the number of Units issued within five(5) Business Days after determination of the Net Asset Value.

**Confirmation**

The Administrator will send the Unit Holder a confirmation of the allocated number of Units (accurate to four decimal points).

**Rejection of subscription**

The Fund Manager may at all times reject a subscription, without stating his reasons.

In case of rejection, the Fund Manager will inform the respective (legal) person hereof within a reasonable period and any payments already received will be returned promptly.

**Prevention of Money Laundering and Financing of Terrorism**

Measures aimed at the prevention of money laundering and financing of terrorism will require each applicant for Units to evidence its identity to the Administrator ("KYC requirements"). The procedure used by the Administrator is stated in the subscription form and is compliant with the Dutch Act on the Prevention of Money Laundering and Financing of Terrorism ("*Wet ter voorkoming van witwassen en financieren van terrorisme*").

The Administrator reserves the right to request such other information as is necessary to verify the identity of an applicant. Pending the provision of evidence satisfactory to the Administrator as to the identity, the evidence of title in respect of interests may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as mentioned above, the Fund Manager may, in its absolute discretion, refuse to allot the Units applied for in which event the subscription proceeds will be returned without interest and/or less any other costs incurred by the Fund relating to the transaction of the applicant to the account from which such proceeds were originally debited.

In the event that changes in KYC requirements occur either in policy or in legislation after an investor's have been allotted, investors will be obliged to provide additional KYC documentation to satisfy such changed requirements within a reasonable period of time following a request for such additional documentation. Any investor who does not or cannot provide the additional KYC documentation may be forcibly redeemed from the Fund in accordance with the mandatory redemption provisions as set forth in this Prospectus.

## **15. REDEMPTION**

### **Redemption**

Unless redemption is suspended (see "Suspension of redemption" below), the Fund will accept redemptions of Units on each Transaction Day at the Net Asset Value thereof in the applicable Series on the preceding Valuation Day (the "redemption value"), after deducting an anti-dilution levy of 0.2% of the redemption sum (and if, applicable an early redemption fee). The anti-dilution levy is to cover the transaction and other costs made in connection with the redemption and will be for the benefit of the Fund. This fee will be deducted from the amount to be received by the Unit Holder.

### **Redemption requests**

Redemption requests have to be received by the Fund Manager at least twenty (20) Business Days before the desired Transaction Day.

The redemption request should indicate the amount in number of Units, up to four (4) decimals, for which redemption is requested. Partial redemption is only allowed if after redemption the Unit Holder is still holding Units with an aggregate Net Asset Value of at least € 100,000. The Fund Manager will check this upon receiving the redemption request. The Net Asset Value of the Units offered for redemption needs to amount to at least € 50,000.

To request for redemption, Unit Holders must use a special form, which can be downloaded from the Website.

### **Payment redemption amount**

Redemption sums (Net Asset Value per Unit minus redemption fee and, if applicable, early redemption fee) will be paid within ten (10) Business Days of redemption to the bank account of the Unit Holders as mentioned in the register of Unit Holders. Payment on this bank account constitutes a discharge of the Fund towards the respective Unit Holder of the obligation to pay the redemption amount.

### **Suspension of redemption**

The Fund Manager may suspend the granting of a request for redemption if:

- a) the calculation of the Net Asset Value is suspended by the Administrator (see Section 13, "Suspension of the calculation of the Net Asset Value"); or
- b) the relevant exchanges are not open for business or the sale of Fund Assets is otherwise restricted or suspended; or
- c) the Fund Manager believes in its sole discretion that redemption would be contrary to a legal provision; or
- d) the total amount of redemption would exceed 5% per transaction day of the Net Asset Value of the Fund; or
- e) the Fund Manager believes in its sole discretion that the redemption of Units could lead to disproportional damage to the interests of the majority of the existing Unit Holders. Such an occasion might be the necessary sale of investments to allow redemption, taking market conditions into account, which would be irresponsible towards the remaining Unit Holders or impossible.

### **Sufficient safeguards for fulfilment of obligations following redemption**

The Fund Assets will mostly be sufficiently liquid to, under normal circumstances, allow the Fund to redeem Units as requested by its Unit Holders for at least 10% of the assets managed. The exception will be in case of statutory provisions prohibiting the redemption, or when redemption has been suspended as foreseen in this Prospectus.

If, due to unforeseen circumstances, normal liquidity conditions do not apply, the Fund could face liquidity issues. This could imply that financial instruments cannot be sold or bought under normal market conditions, leading to significant direct and indirect transaction costs. It may also mean that positions cannot be sold at the anticipated price as established and deemed to be the fair value at the date of deciding to liquidate/sell those positions.

### **Unilateral decision to redemption (Mandatory redemptions)**

The Fund Manager can unilaterally decide to redeem all Units held by a Unit Holder, if his acting constitutes a breach of legal provisions, the Prospectus, or if, taking into account the Funds interest, continuation of the relationship cannot be reasonably expected of the Fund Manager. In the case the Administrator has not received all the requested KYC requirements, even though the redemption request will be processed, redemption proceeds will be held in the name of the redeeming Unit Holder at the Fund's bank account without any interest accruing in favour of the Unit Holder and the Unit Holder will bear all associated risks until such time as the Administrator receives the outstanding KYC requirements.

### **Early redemption**

To maximize the investor's chance on a good return, and given the Fund is investing on the basis of fundamentals and the growth potential of companies and not betting on a short-term direction of a stock price, a 2% early redemption fee will be charged upon a redemption within 3 years after Units in the Fund are received in order to discourage a short term investment. The early redemption shall be payable to and be for the benefit of the Fund Manager, who is entitled to waive the early redemption fee at its discretion. This will be determined on a case by case basis. A typical item which may lead to waiving the redemption fee includes the reasoning for the redemption. The early redemption fee amounts to 2% over the Net Asset Value of the Units (upon redemption) in the first 3 years after Units are received. These costs will come on top of the standard 0.2% anti-dilution levy which are described above.

The early redemption fee shall not be applicable in case during the aforementioned period of three years (i) the Portfolio Manager shall be unable to perform his duties for the Fund Manager for whatever reason during a continuous period of 3 months or (ii) any material change to this Prospectus is being effected and (iii) upon the appointment of a substitute Fund Manager.

## 16. FEES AND EXPENSES

In this Section all costs and expenses related to the organisation, management and transactions of the Fund which will be paid by or charged to the Fund and accordingly result in a reduction of the Fund's Net Asset Value are described.

All costs referred to in this Section will be allocated to the period to which they relate. Unless indicated otherwise, all costs will be brought at the charge of the Fund's profit and loss account.

### **Non-recurring costs**

#### Subscription fee (compensation by the Unit Holder to the Fund Manager)

To cover marketing costs, 1% is deducted from the amount for which the Unit Holder wishes to invest in the Fund (the "subscription amount") provided that such invested amount after deduction of the subscription fee shall always be at least EUR 100,000. (See Section 14, "Subscription"). The subscription fee is for the benefit of the Fund Manager. The Fund manager is entitled to waive the subscription fee.

#### Costs of redemption – anti-dilution levy (compensation by the Unit Holder to the Fund)

To cover the costs of redemption, 0.2% is deducted from the redemption value. This anti-dilution levy is for the benefit of the Fund. (See Section 15 "Redemption").

#### Costs of early redemption during the first 3 years after the investment in the Fund

A 3-year early redemption fee is in place to maximize the investor's chance on a good return given the fund is investing on the basis of fundamentals and the growth potential of a company and not betting on a short-term direction of a stock price. A good return to the investor will trigger a good return to the Fund Manager. To compensate the Fund Manager for this potential return on its performance the costs for early redemption is 2% in the first 3 years after Units are received. (See Section 15 "Redemption").

### **Recurring costs (charged to the Fund)**

#### a) Management fees

The following annual management fee applies per Unit Class:

- AESCAP2.0 Manager: 0%
- AESCAP2.0 Investors: 1.5%
- AESCAP2.0 Investors 10M+: 1.35%
- AESCAP2.0 Investors 20M+: 1.2%
- AESCAP2.0 Investors 30M+: 1%

The mentioned fees are calculated on a bi-monthly basis based on the Net Asset Value of the Fund, to be paid monthly in arrears.

The minimum management fee will at all times be at least EUR 75,000 per annum (net of any VAT). In case the management fee falls below this level the Fund will be liquidated.

#### b) Performance Fees

The following performance fee applies per Unit Class:

- AESCAP2.0 Manager: 0%
- AESCAP2.0 Investors: 20%
- AESCAP2.0 Investors 10M+: 18%
- AESCAP2.0 Investors 20M+: 16%
- AESCAP2.0 Investors 30M+: 15%

A performance fee which will be calculated twice a month and paid on a monthly basis and is calculated as follows:

- (i) the increase in the Net Asset Value per Series (Net Asset Value per Series before performance fee) during the particular time period commencing as of the moment of subscription.

minus:

- (ii) the total number of outstanding Units in that Series at the end of the month.

The calculated performance fee will not be due, in case the Net Asset Value per Series on the date on which the calculation is made is lower than the "High Watermark" (the highest Net Asset Value per Series in the preceding existence of the Fund – see Appendix A).

Accordingly, performance fees (and reservations made in respect thereof) may differ depending on the moment an investor has invested in the Fund. In order to prevent these inequities, different Series are issued. Specific Series may be converted into other Series if the inequities for performance fee in relation to the historic high watermark calculation have been balanced out. A reservation for the performance fee is made in the calculation of the Net Asset Value of the respective Series. Performance fees may differ depending on the moment an investor redeems from the Fund. A redemption from an investor may trigger a performance fee payment in case the Net Asset Value at redemption exceeds the High Watermark.

c) Fee Legal Owner

The Legal Owner receives an annual fee of € 10,000 (excluding VAT) for its services as Legal Owner.

d) Fee Administrator

The Administrator receives a yearly fee which equals 0.05% of the Net Asset Value with a minimum of € 20,000 (excluding VAT, but not applicable), plus € 5,000 (excluding VAT) for the administration of the first 50 Unit Holders in the Fund plus € 100 (excluding VAT) for every additional Unit Holder in the Fund.

e) Costs involved with the execution of the investment policy

The transaction costs to execute the investment policy of the Fund are projected to be around 0.03% of the Net Asset Value on a yearly basis.

f) Custody costs, costs of money transfers

Custody costs and costs of money transfers are borne by the Fund. As of October 1, 2019 the custody costs will be 0.004% of the Net Asset Value and as of April 1, 2020 the custody costs will be 0.006% of the Net Asset Value.

g) Depositary costs

For the Depositary Services an annual amount equal to:

- (i) 0.014% of the Net Asset Value of the Fund for the Fund having a Net Asset Value of up to EUR 250 million and;
- (ii) 0.012% of the Net Asset Value of the Fund for the Fund having a Net Asset Value between EUR 250 million and EUR 350 million and;
- (iii) 0.01% of the Net Asset Value of the Fund for the Fund having a Net Asset Value above EUR 350 million.

When exceeding a layer threshold, the calculated amount can never be less than the total amount calculated in the previous layer. The minimum annual fee is EUR 16,500 (excluding VAT), payable quarterly in advance.

h) Audit costs

The accountancy costs amount to approximately € 15,750 (excluding VAT) for the 2018 audit. Thereafter the costs will amount to approximately € 14,750 (excluding VAT) on a yearly basis.



i) Swiss Representative fees and Swiss Paying Agent fees

The annual fees of the Swiss Representative are CHF 4,000 (including VAT and disbursements). The annual fees of the Swiss Paying Agent are CHF 1,500 (including VAT and disbursements). The set-up fees of the Swiss Paying Agent are CHF 1,000 (including VAT and disbursements).

j) Formation costs and transition costs

These costs represent costs of diverse advisory fees when the fund was initially launched in 2016. These costs have been kept limited to € 25,000 (excluding VAT) and amortized over a period of five years. Additionally, there will be transition costs involved related to the assignment of Privium Fund Management B.V. as the new Fund Manager of the Fund and the assignment of Darwin Depository Services B.V. as the Depository of the Fund. The transition costs relate to onboarding, legal and regulatory costs. These costs will be limited to € 50,000 (excluding VAT) and amortized over a period of five years. See further also below under miscellaneous costs.

k) Miscellaneous costs

This involves costs that are linked to, among others: organizing Unit Holder meetings and potential costs of legal and fiscal advice. Plus the costs of supervision by the regulator(s) and costs of money transfers and the amortized formation costs and transition costs, all listed above.

All the aforementioned costs are subject to future increases related to generally applicable price indices.

**Reservation for costs**

All the above-mentioned costs and fees will be reserved on a bi-monthly basis in line with the calculation frequency of the Net Asset Value.

**Ongoing Charges Figure (OCF)**

The ongoing charges figure (OCF) is the total amount of the costs of the Fund incurred in a year - except for transaction costs, interest costs and costs related to the issue and redemption of Units that are chargeable to the net assets of the Fund - expressed as a percentage of the Fund's average Net Asset Value for the year concerned. The OCF will be calculated at the end of each financial year and published annually in the Fund's annual reports.

Assuming a constant Net Asset Value of the Fund of € 150 million, and of € 250 million respectively, the recurring costs are expected to be, as a percentage of such Net Asset Value, on a yearly basis approximately (including VAT, if applicable):

<b>Fund's Net Asset Value</b>	<b>€ 150 million</b>	<b>€ 250 million</b>
Fixed management fee (excl. VAT)	1.500%	1.500%
Legal Owner fee (incl. VAT)	0.008%	0.005%
Administrators fee (excl. VAT)	0.060%	0.060%
Depositary fee (excl. VAT)	0.014%	0.014%
Audit costs (incl. VAT)	0.012%	0.007%
Swiss Representative fees and Swiss Paying Agent fees, Formation costs and transition costs and Miscellaneous costs (incl. VAT)	0.003%	0.002%
Custody costs	0.004%	0.004%
Miscellaneous costs	pm	pm
<b>Total</b>	<b>1.600%</b>	<b>1.590%</b>

As tabled above the Ongoing Charges Figure will be around 1.60% at a fund size of € 150 million and for example around 1.59% at a fund size of € 250 million. The above projected OCF numbers are for the AESCAP2.0 Investors Unit Class.

It is expected that the transaction costs of the Fund will be 0.03% per annum when the fund size is € 150 million and is expected to be 0.02% per annum when the fund size is € 250 million.

### **Costs that are borne by the Fund Manager**

The following costs are borne by the Fund Manager:

- costs of personnel Fund Manager;
- costs of congresses
- costs of travelling / hotels
- costs of market data
- costs of IT and data-systems;
- costs of housing;
- fees of the advisors (as referred to on page 23 of this Prospectus);
- fees of the medical / industry experts (as referred to on page 23 of this Prospectus);
- marketing costs;
- all other costs that are necessary for the Fund Manager to function properly.

### **VAT**

Some fees and costs are not subject to VAT (such as the Fund Managers fee and the Administrators fee). If in the future VAT becomes applicable to those fees, this will be borne by the Fund.

## **17. FISCAL ASPECTS**

### **The Fund**

The Fund qualifies as a transparent or “closed” fund for joint account Dutch tax purposes, since, Units can only be transferred to the Fund itself and Units can only be redeemed by the Fund.

#### Corporate income tax

The Fund is tax transparent for Dutch corporate tax purposes, as a consequence of which the Fund is not subject to Dutch corporate income tax. From a Dutch tax perspective, the returns on the investments received by the Fund directly influence the tax position of the Unit Holder.

#### Withholding Taxes

Distributions by the Fund are not subject to Dutch dividend withholding tax as a consequence of its transparency for tax purposes. Due to its transparency, the Fund itself is not entitled to any credit or refund of Dutch dividend withholding tax or (non-reclaimable) foreign withholding taxes withheld on dividends and interest received, nor can the Fund claim any benefits under a tax treaty concluded by the Netherlands with other states.

The tax transparency of the Fund also implies that any dividend withholding tax and foreign withholding taxes withheld on its investments are allocated to the Unit Holders, i.e., on a pro rata basis. In principle, such withholding taxes may be set off by the Unit Holders, whereby the conditions that apply are the same as would be the case for a direct investment (pro rata) by the relevant Unit Holder.

### **The Unit Holders**

Unit Holders in the Fund are urgently advised to consult their tax advisers about the fiscal management of the Units to be held by them, prior to participating.

### **Annual statement**

After every calendar year, each Unit Holder will receive, within two months, a statement from the Administrator, containing information relevant for his tax declaration.

## **18. DISTRIBUTION POLICY**

The dividends and interest received by the Fund, as well as possible capital gains, will not be distributed but will be re-invested, unless distribution would be deemed appropriate by the Fund Manager in connection with the regulatory status of the Fund Manager. Any distribution will take place on a pro rata basis.

Any distribution (including profit distributions) to the Unit Holders, including the amount, composition and manner of payment, shall be published on the Website.

## **19. DURATION OF THE FUND, TERMINATION AND LIQUIDATION**

### **Duration of the Fund**

The Fund has been established for an indefinite period of time.

### **Liquidation and settlement**

Upon the proposal made by the Fund Manager and subject to the approval of the Investor Advisory Committee, the Fund Manager may decide to liquidate the Fund if the Net Asset Value is below € 20 million for a consecutive period of at least twelve months and when the management fee falls below EUR 75,000 per annum. When liquidating the Fund a reasonable time will be taken into account to liquidate the portfolio of companies. The balance of the liquidation will be divided between the Unit Holders, proportionate to the number of Units held. The Fund Manager takes care of the settlement of the Fund and will account to the Unit Holders, before he pays out.

## **20. REPORTING AND DISTRIBUTION OF INFORMATION**

### **Prospectus**

A copy of the Prospectus is distributed free of charge to anyone upon request. It is also available on the Website of the Fund.

### **Annual report**

The Fund's financial year runs from January 1 up to and including December 31. The financial statements will be made up in accordance with Title 9 of Book 2 of the Dutch Civil Code. The financial statements are reported in Euros and are published within four (4) months after the end of the financial year. The financial statements consists of a report from the Fund Manager together with the annual accounts. The annual accounts consist of the balance sheet, the profit and loss account and the explanation thereof. The explanation will include at least an overview of the evolution of the Fund's value over the financial year and the composition of the investments of the Fund at the end of the financial year concerned. The annual accounts are audited by Mazars N.V. The financial statements shall be made available to the Unit Holders via email.

### **Quarterly reports**

A quarterly report will be sent by email to every Unit Holder within two weeks after the end of each quarter. This report will specify at least:

- the value of the Fund's portfolio;
- the Net Asset Value per Series and per Unit of such Series at the end of the quarter which the Unit Holder holds;
- general information about the Fund's portfolio.

### **Monthly reports**

Within fifteen (15) Business Days after the end of each calendar month, the Fund Manager shall prepare a monthly report stating the total value of the Fund Assets, the Fund's asset mix, the number of outstanding Units per Class and the most recently calculated Net Asset Value per Unit and the date on which the calculation was made. The monthly report shall be published on the Fund Manager's Website and is available for Unit Holders free of charge at the offices of the AIFM.

### **Announcements to Unit Holders**

The following information will also be sent to Unit Holders at their e-mail address:

- announcements for Meetings of Unit Holders (see Section 15 'Unit Holders' for more detail);

### **Website of the Fund Manager**

The Website will in any event contain the following information:

- the Fund's Prospectus (and its appendices);
- the license of the Fund Manager;
- intended amendments of the Prospectus (and an explanation regarding those amendments);
- the actual amendments of the Prospectus decided upon (and an explanation regarding those amendments);
- the annual accounts of the Fund for the last three (3) book years (if yet available);
- the most recent monthly report of the Fund;
- the most recent annual accounts of the Fund Manager as of the end of the book year; and
- the Key Information Document of the Fund ("*Essentiële informatiedocument*").

### **Information available at the offices of the Fund Manager**

The following information is available at the offices of the Fund Manager (and a copy of it can be obtained from the Fund Manager free of charge by e-mail):

- all information mentioned above; and
- all information concerning the Fund, the Fund Manager and the Depositary that must be deposited with the Trade Register, pursuant to applicable laws and regulations.

## **21. REGULATORY CONSIDERATIONS**

### **License**

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence (and subject to compliance with the other requirements applicable pursuant to the FSA) may offer the Fund to professional and non-professional investors within the Netherlands.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFM Directive in the Netherlands, and was automatically converted into an AIFM Directive license by the AFM on 22 July 2014, in accordance with the Netherlands AIFM Directive implementation schedule. This Prospectus is prepared in conformity with the FSA as in force on the date of this Prospectus.

### **Regulatory changes**

The regulatory environment for investment funds continues to evolve. In the light hereof, during the existence of the Fund, additional and/or amended legislation and regulations affecting the Fund, the Fund Manager, the Legal Owner, the Depositary and the Administrator may come into force.

The Fund Manager may amend the Fund Documents if the Fund Manager reasonably determines that a regulatory change has a material adverse effect on the Fund and/or the Legal Owner and/or the Fund Manager, such that (i) the material adverse effect of the applicable change is removed or mitigated, and (ii) the Fund shall bear its reasonable allocable portion of the costs in relation to the implementation of and compliance with the change (it being understood such allocation is in principle determined on the basis of the number of funds managed by the Fund Manager that fall within the scope of such change).

### **Supervision by AFM**

The Fund Manager operates under the supervision of the AFM and DNB as foreseen in the applicable provisions of the FSA. For the sake of an adequate functioning of the financial markets and the position of investors, investment funds have to comply with demands with regard to professionalism and reliability of its managers, financial safeguards, (operational) management and the providing of information to Unit Holders, the public and the supervisors.

### **AO/IC**

The Fund Manager and the Fund have a description of the administrative organisation and internal control (set out in the Privium Handbook) that is compliant with the rules as set out in the FSA (including those provision that form the implementation of the AIFM Directive), the AIFM Regulation and the MCD.

### **Change of conditions or investment policy**

The Fund Manager having obtained the written approval of the Investor Advisory Committee may only change the investment policy with respect to the Fund by amending this Prospectus. An amendment to the Prospectus can be made by the Fund Manager with the approval of the Investor Advisory Committee. A proposed change to the Prospectus or to the conditions of the Fund will be announced on the Website. In addition, an explanation to the proposed change will be published on the Website.

Notice of effected amendments made will also be made on the Website. In addition, an explanation to the amendments will be published on the Website.

### **Implementation of amendments to the conditions or investment policy**

Any amendments to the Prospectus causing a change to the investment policy or resulting in a decrease of the rights or safeguards of the Unit Holders or increasing burdens laid upon them, may only come into force one (1) month after the intended amendments have been approved by the Investor Advisory Committee and have been announced on the Website. During this period, Unit Holders may redeem their Units under the usual conditions.



### **Withdrawal of license at request of Fund Manager**

In case the Fund Manager decides to request the AFM to withdraw its license, the Unit Holders will be informed thereof by notice to their e-mail address and publication on the Website.

### **Prevention of Money Laundering and Financing of Terrorism**

Measures aimed at the prevention of money laundering and financing of terrorism will require each applicant for Units to evidence its identity to the Administrator ("KYC requirements"). The procedure used by the Administrator is compliant with the Dutch Act on the Prevention of Money Laundering and Financing of Terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*). The Administrator reserves the right to request such other information as is necessary to verify the identity of an applicant. Pending the provision of evidence satisfactory to the Administrator as to the identity, the evidence of title in respect of interests may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as mentioned above, the Fund Manager may, in its absolute discretion, refuse to allot the Units applied for in which event the subscription proceeds will be returned without interest and/or less any other costs incurred by the Fund relating to the transaction of the applicant to the account from which such proceeds were originally debited.

In the event that changes in KYC requirements occur either in policy or in legislation after the Units have been allotted, Unit Holders will be obliged to provide additional KYC documentation to satisfy such changed requirements within a reasonable period of time following a request for such additional documentation. Any Unit Holder who does not or cannot provide the additional KYC documentation may be forcibly redeemed from the Fund in accordance with the mandatory redemption provisions as set forth above.

Unit Holders should be aware that the total subscription amount will be at risk once it has been invested in the Fund. An Investor's failure to comply with applicable KYC requirements may result in the return of an amount lower than the invested amount.

### **The U.S. Foreign Account Tax Compliance Act**

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), the United States will impose a withholding tax of 30 percent on certain U.S. sourced gross amounts not effectively connected with a U.S. trade or business paid to certain "Foreign Financial Institutions", including the Fund, unless some information reporting requirements are complied with.

The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of "recalcitrant account holders" as described in §1.1471-5(g)(2) of the Foreign Account Tax Compliance Act). A fund's ability to satisfy its obligations under an agreement with the U.S. Internal Revenue Service ("IRS") will depend on each Unit Holder of such fund providing the fund with any information, including information concerning the direct or indirect owners of such Unit Holder, that the fund determines is necessary to satisfy such obligations. Any such information provided to a fund will be shared either with the local tax authority or the IRS, depending on the Model of the Intergovernmental Agreement. An investment fund that is classified as subject to FATCA requirements will be required to register with the IRS and obtain a Global Intermediary Identification Number ("GIIN") and agree to have policies and procedures in place to identify certain direct and indirect U.S. account holders or equity holders. For these purposes the Fund would fall within the definition of a foreign financial institution ("FFI") for the purpose of FATCA.

Each prospective Unit Holder agrees by signing the subscription form to provide such information upon request from the Fund Manager or the Administrator. If a fund fails to satisfy such obligations or if a Unit Holder of a fund fails to provide the necessary information to such fund, as applicable, payments of U.S. source income and payments of proceeds will generally be subject to a 30 per cent withholding tax.

The Fund may exercise its right to completely redeem a Unit Holder that fails to provide the Fund or the Administrator with the requested information in order for the Fund to satisfy its FATCA obligations, and the Fund may take any other action deemed necessary in relation to a Unit Holder's shares or redemption proceeds to ensure that such withholding is eventually borne by the relevant Unit Holder whose failure to provide the necessary information gave rise to the withholding tax. Each prospective Unit Holder in the Fund should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

The Fund will endeavour to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantee or assurance that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected and the Fund may suffer loss as a result.

### **The Common Reporting Standard**

The Netherlands is one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development (the "Common Reporting Standard" or the "CRS"). Financial institutions resident in jurisdictions which have agreed to the CRS, should report certain account holder information to their local tax authorities who will then exchange such information with countries where account holders are tax residents. It can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, the CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further inter-governmental agreements will therefore be entered into with other third countries by the Dutch government from time to time to enable reporting to such third countries' tax authorities ("Foreign Tax Authorities") as provided in the CRS.

By investing or continuing to invest in the Fund, Unit Holders shall be deemed to acknowledge that:

- a) the Fund is considered to (i) be a reporting financial institution under the CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the Netherlands certain confidential information in relation to the Investor, including but not limited to the Investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Investor's investment;
- b) the competent tax authority of the Netherlands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities;
- c) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- d) the Fund may require the Unit Holder to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the Netherlands;
- e) in the event an Unit Holder does not provide the requested information and/or documentation, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Unit Holders being subject to withholding tax or penalties under the relevant legislative or inter- governmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Unit Holder concerned;
- f) no Unit Holder affected by any such action or remedy shall have any claim against the Fund (or its agent, including the Administrator) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the CRS, any further inter-governmental agreements or any of the laws and regulations related to the CRS; and
- g) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the Netherlands and the Foreign Tax Authorities or as otherwise required by law.

Unit Holders should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of residence and/or citizenship (as applicable).

### **Processing of personal data**

Pursuant to and in compliance with the Regulation (EUR) 2016/679 of the European Parliament and of the Council dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "Regulation"), the Fund Manager, qualifying as a controller within the meaning of the Regulation, will at all times act in accordance with and pursuant to the Fund Documents and the provisions of the Regulation applicable to it, having special notice for the obligations with respect to the principles relating to processing of personal data, the accountability obligation, the registration obligation and the obligations relating to the processing of the personal data. The Administrator, qualifying as the processor within the meaning of the Regulation, will at all times act in accordance with and pursuant to the provisions of the Regulation as applicable to it.

By means of the subscription form, the Fund Manager provides the Unit Holder with the relevant obligatory information to be mandatorily provided to the Unit Holder in accordance with and pursuant to Article 13 of the Regulation. The Fund Manager will provide the Unit Holder with the relevant information that the Unit Holder may request in accordance with the provisions of the Regulation.

## 22. SELLING RESTRICTIONS

The following restrictions are to be observed in the marketing of the Fund.

### **Switzerland- Additional information for Swiss investors**

The minimum subscription amount for Swiss investors shall be EUR 500,000 for each Class, both for initial and subsequent subscriptions. Only the following Unit Classes will be distributed in Switzerland:

- AESCAP2.0 Investors
- AESCAP2.0 Investors 10M+
- AESCAP2.0 Investors 20M+
- AESCAP2.0 Investors 30M+

The Fund Manager at its discretion can make an exception and lower the minimum to € 101,000 (including the 1% subscription fee). This is for the Aescap2.0 Investors Unit Class only.

The shares of the Fund shall be distributed in Switzerland exclusively to qualified investors as defined by Article 10 § 3 of the Collective Investment Scheme Act 2006, as amended, (CISA) and Article 6 of the Collective Investment Scheme Ordinance 2006, as amended, (CISO) (Qualified Investors). The Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA).

The representative of the Fund in Switzerland is ACOLIN Fund Services AG, succursale Genève (the "**Representative**"). The offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance for the shares of the Fund offered or distributed in or from Switzerland is the registered office of the Representative. The courts of the canton of Geneva shall have jurisdiction in relation to any disputes arising out of the duties of the Representative. Any dispute related to the distribution of shares of the Fund in and from Switzerland shall be subject to the jurisdiction of the registered office of the distributor.

The paying agent in Switzerland is Banque Heritage SA, 61 Route de Chêne, CH-1207 Geneva, Switzerland (the "**Paying Agent**"). Shares may be subscribed and/or redeemed with the Paying Agent. A handling commission will be charged by the Paying Agent. If a subscription or redemption is made through the Paying Agent, instructions and money must be received by the paying agent at least 24 hours before the appropriate dealing cut-off time.

The fees and expenses associated with the representation, paying agency and other distribution items may be charged to the Fund. As applicable, the actual amount of such fees and expenses will be disclosed in the audited financial statements.

The Fund Manager does not pay retrocessions for distribution. In respect of distribution in or from Switzerland, the Fund Manager does not grant rebates to investors.

### **Denmark**

The Fund has been authorised by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) to be marketed towards only professional investors as defined by the Schedule II of the European Directive 2014/65/EU (MiFID II) in Denmark from 31 July 2019.

### **Luxembourg**

The Fund has been authorised by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) to be marketed towards only professional investors as defined by the Schedule II of the European Directive 2014/65/EU (MiFID II) in Luxembourg from 31 July 2019.

## **United Kingdom**

In the United Kingdom, this document is being distributed only to and is directed at: (i) persons who have professional experience in matters relating to investments falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) (the "FPO"); (ii) high net worth entities and other persons to whom it may otherwise lawfully be communicated falling within Article 49 of the FPO; (iii) certified sophisticated investors falling within Article 50 of the FPO; or (iv) other persons to whom it may lawfully be directed under an exemption contained in the FPO (the persons specified in (i), (ii), (iii) and (iv) above are, together, referred to as relevant persons). Accordingly, this document is exempt from the general restriction in Section 21 of the Financial Services and Markets Act 2000 on the grounds that it will be communicated only to relevant persons. Persons who are not relevant persons must not act on or rely on this document or any of its contents. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Relevant persons in receipt of this document must not distribute, publish, reproduce, or disclose this document (in whole or in part) to any person who is not a relevant person.

## **23. ADDITIONAL INFORMATION**

### **Delegation of core tasks**

The Fund Manager has delegated the financial administration and calculation of the Net Asset Value to the Administrator. The Administrator only serves an administrative and operational role in favour of the Fund and is not responsible for carrying out the investment policy or other management tasks.

The Fund Manager has furthermore delegated the administration of Unit Holders to the Administrator.

The delegation arrangements have been documented in an agreement (the Administration Agreement) which complies with the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

There are no conflicts of interest between the Fund Manager and the Administrator, or the Legal Owner and the Administrator.

### **Related parties**

The Fund will not enter into any investment, divestment or other business transaction with the Fund Manager, the Depositary, any other funds managed by the Fund Manager or affiliates of the Fund Manager or with related party funds other than as explicitly mentioned in this Prospectus.

### **Distribution policy**

The Fund Manager may use external distribution channels for marketing of the Fund. In such case, these distributors may receive a fee in the form of a percentage of the funds which they have attracted, or a part of the annual fee the Fund Manager receives from these funds. In all cases, these fees are paid by the Fund Manager and are therefore not borne by the Fund. Payment of any such fees will be made in accordance with the inducement rules set out in the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

### **Legal proceedings**

The Fund Manager and/or the Legal Owner are not involved in any legal proceedings and/or arbitration proceedings that have or may have influence on the financial position of the Fund and/or the Fund Manager and the Legal Owner, respectively.

### **Inducement**

The Fund Manager receives no kickbacks or other fees from third parties such as securities brokers, banks or service providers.

### **Complaints**

Complaints regarding the Fund, the Fund Manager, the Depositary, the Legal Owner or the Administrator may be submitted in writing or by e-mail to the Fund Manager. The Fund Manager will confirm the receipt of a complaint within five (5) Business Days and will inform the complainant about the procedure that will be followed.

### **Governing law and venue**

Dutch law shall be applicable to the Fund. The Court of Amsterdam, The Netherlands shall be the venue to decide on any disputes regarding the Fund.

## **24. DECLARATION OF THE FUND MANAGER**

The Fund Manager declares that the Fund Manager, the Fund, the Legal Owner and the Prospectus are compliant with (to the extent not exempted) and will comply with the rules of the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

Amsterdam, November, 2019

Privium Fund Management B.V.

## Appendix A - Explanation High-Water Mark Formula

Aescap2.0 applies a full historic high-water mark instead of an often used '12 months rolling' high-water mark. Below please find an example of the two formulas and why Fund Manager believes the Aescap2.0 formula is more favorable for investors than the '12 months rolling' formula. Please note that the references date as used are only used as an example for reason that the performance fee will commence to be calculated as of subscription for the Units taking into account a calculation twice a month. In addition, the example is based on the Aescap2.0 Investors Series.

### Traditional 12 months rolling High-Watermark:

Net Asset Value Dec 31, 2016: 100

Net Asset Value Dec 31, 2017: 160->  $0.2 \times 60 = 12$  to Fund Manager

Net Asset Value Dec 31, 2018: 120

Net Asset Value Dec 31, 2019: 200->  $0.2 \times 80 = 16$  to Fund Manager

**Total to Fund Manager = 28**

### Aescap2.0 full historic High-Watermark:

Net Asset Value Dec 31, 2016: 100

Net Asset Value Dec 31, 2017: 160->  $0.2 \times 60 = 12$  to Fund Manager

Net Asset Value Dec 31, 2018: 120

Net Asset Value Dec 31, 2019: 200->  $0.2 \times 40 = 8$  to Fund Manager

**Total to Fund Manager = 20**



**Appendix B – Subscription form**

## **Appendix C: Historical performance, Net Asset Value and annual report**

### **a) HISTORICAL PERFORMANCE**

The historical performance of the Fund can be found on the website of the Fund Manager.

### **b) LATEST NET ASSET VALUE**

The latest Net Asset Values per Unit Class as of June 30, 2019 are:

- AESCAP2.0 Manager: EUR 2,373.9370
- AESCAP2.0 Investors: EUR 1,921.5727
- AESCAP2.0 Investors 10M+: EUR 1,932.8552

The other Unit Classes are not active yet as of June 30, 2019.

### **c) LATEST ANNUAL REPORT**

The latest annual report is published on the website of the Fund Manager.