

Windmill Trend Evolution Fund

The Netherlands

ANNUAL REPORT

for the year ended 30 June 2019

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General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Delegate/Investment Advisor	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 th Floor Beursplein 37 3011 AA Rotterdam The Netherlands
Legal Owner	TMF Bewaar B.V. Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ Den Haag The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custody Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

Historical overview

Key figures

	2019	2018
	EUR	EUR
Equity at the beginning of the year	41,989,986	36,140,373
Issue of participations	4,179,014	13,517,795
Indirect investment result	3,659,949	1,408,173
	<u>49,828,949</u>	<u>51,066,341</u>
Redemption of participations	(7,064,612)	(8,741,556)
Expenses	(340,950)	(334,799)
Equity at the end of the year	<u>42,423,387</u>	<u>41,989,986</u>
Investments	41,906,305	41,592,393
Cash and cash equivalents	683,117	993,186
Other assets and liabilities	(166,035)	(595,593)
Net assets at the end of the year	<u>42,423,387</u>	<u>41,989,986</u>
Net profit		
Indirect investment result	3,659,949	1,408,173
Expenses	(340,950)	(334,799)
Net profit	<u>3,318,999</u>	<u>1,073,374</u>
Number of participations		
Class A	289,822.5657	311,874.3560
Class B	20,105.7517	20,105.7517
Participation per share¹		
Class A (in EUR)	139.03	128.67
Class B (in USD)	120.38	108.20
Performance per share		
Class A	8.05%	3.41%
Class B	11.26%	4.88%

¹The participants' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 14 of these financial statements for the reconciliation between the participants' equity calculated in accordance with the Prospectus and the participants' equity calculated in accordance with Dutch GAAP.

Historical overview (continued)

	2019	2018
	EUR	EUR
Class A		
Performance		
Changes in value	3,376,468	1,347,286
Expenses	<u>(324,695)</u>	<u>(319,436)</u>
Net investment result	<u>3,051,773</u>	<u>1,027,850</u>
Share performance		
Changes in value	11.26	4.32
Expenses	<u>(1.08)</u>	<u>(1.02)</u>
Net investment result	<u>10.18</u>	<u>3.30</u>
Class B		
Performance		
Changes in value	283,481	60,887
Expenses	<u>(16,255)</u>	<u>(15,363)</u>
Net investment result	<u>267,226</u>	<u>45,524</u>
Share performance		
Changes in value	14.10	3.03
Expenses	<u>(0.81)</u>	<u>(0.76)</u>
Net investment result	<u>13.29</u>	<u>2.27</u>

Report of the Fund Manager

The Windmill Trend Evolution Fund (the 'Fund') generated a positive performance for the period from 1 July 2018 up to and including the date of this report: 30 June 2019 of +8.0% (1 July 2017 up to and including 30 June 2018: +3.4%) for the EUR class and +11.2% for the USD class (1 July 2017 up to and including 30 June 2018: +4.8%).

Historische resultaten

Windmill Trend Evolution Fund

Maandrendementen (EUR klasse)*

	jan	Feb	mrt	apr	mei	jun	jul	aug	sep	okt	nov	dec	Ytd
2019	-0,01%	-0,53%	5,08%	-0,20%	0,28%	3,57%							8,33%
2018	2,34%	-5,45%	-1,24%	-0,19%	-0,05%	0,44%	-1,84%	4,48%	-0,08%	-3,79%	-2,36%	3,59%	-4,52%
2017	0,12%	1,91%	0,20%	2,18%	2,24%	-1,22%	2,18%	1,47%	-0,58%	3,18%	0,23%	1,25%	13,88%
2016	2,29%	2,22%	0,63%	-2,44%	-1,22%	0,31%	0,53%	-1,51%	-0,58%	0,25%	-1,90%	3,01%	1,45%
2015	6,68%	0,20%	1,55%	-2,51%	-0,77%	-2,60%	2,05%	-0,83%	3,45%	-2,85%	-0,30%	-1,59%	2,06%
2014	-1,72%	2,98%	0,33%	2,31%	4,35%	1,98%	-2,60%	3,03%	-2,04%	3,09%	4,44%	-1,08%	13,99%
2013	1,32%	-0,56%	1,49%	9,58%	-5,68%	-1,82%	1,71%	-1,91%	0,07%	5,93%	2,76%	0,99%	13,87%
2012	2,34%	0,36%	0,90%	1,26%	3,38%	-1,80%	3,67%	-0,43%	2,92%	1,38%	2,27%	1,66%	19,30%
2011	-1,50%	0,12%	-0,05%	2,21%	-0,31%	-4,15%	2,31%	11,21%	2,72%	-4,75%	-0,98%	2,34%	8,60%
2010	-0,39%	0,47%	5,12%	0,78%	-2,64%	2,02%	2,63%	5,37%	0,98%	3,49%	-4,02%	1,77%	16,25%
2009	-0,49%	0,89%	-1,34%	-2,33%	0,74%	-0,55%	4,76%	-0,09%	2,13%	-4,40%	2,26%	0,63%	1,92%
2008	4,14%	4,61%	0,31%	-0,55%	2,19%	4,67%	-5,20%	-0,05%	-6,17%	-0,30%	8,96%	6,09%	19,10%
2007	0,76%	-3,03%	-1,84%	5,17%	4,75%	-1,16%	3,96%	-5,14%	2,85%	3,01%	-1,04%	-0,57%	7,37%
2006	2,99%	2,89%	0,40%	4,76%	-3,50%	-1,02%	-0,92%	3,64%	1,60%	3,56%	1,94%	2,00%	19,59%
2005									1,72%	-4,06%	3,10%	0,43%	1,06%

* Periode tot mrt 2014 betreft het trackrecord AHL Evolution Programme na aftrek van management fee en maximale allocatie van 85%.

† 2014 Ytd rendement sinds start datum Windmill Trend Evolution Fund (1 april)

Maandrendementen (USD klasse)

	jan	feb	maa	apr	mei	jun	jul	aug	sep	okt	nov	dec	Ytd
2019	0,20%	-0,10%	5,20%	0,42%	0,49%	3,83%							10,33%
2018	2,49%	-5,29%	-1,13%	-0,06%	0,08%	0,61%	-1,76%	4,63%	0,05%	-3,52%	-2,16%	3,85%	-2,64%
2017	0,25%	1,91%	0,18%	2,29%	2,59%	-1,17%	2,35%	1,53%	-0,52%	3,21%	0,29%	1,44%	15,22%
2016			0,42%	-2,42%	-1,19%	0,36%	0,59%	-1,45%	-0,55%	0,31%	-1,78%	3,06%	-2,74%

Rendementen uit het verleden geven geen indicatie voor toekomstige resultaten

Overall report

The Fund started the year with some fluctuations - both positive and negative - over the first eight months of the reporting period, leading to a virtual break-even position as at 28 February 2019. The last four months of the year however were quite strong, with results especially in the months of March and June generating very good profits leading to an accumulated net return of over 8% for the period. This was mainly achieved by strong performance in the bond- and commodity sectors, with the other sectors contributing marginally (credit) or even detracting from the results (currencies and stocks). In the first two quarters of the reporting period results were very mixed, with the first quarter results saved by commodities and the second quarter by bonds offsetting negative results in all other sectors.

Below we will highlight the ups and downs per sector during the reporting period and the reasons behind these performances, focusing on months with a performance contribution per sector higher than 1%. Not surprisingly, the bond sector experienced not less than 5 months with profits in excess of +1%, of which even 4 months with results in excess of +2% (December 2018 and March, May and June 2019). Also the credit sector (four times) the stocks and commodity sectors (both three times) showed months with a contribution above +1%. All sectors showed at least one month with a result of more than +1%. On the other side of the spectrum, only the credit- and stocks sectors had multiple months of below -1% performance (both three times), together with the currency sector (once). The bond and commodity sectors did not experience months with less than -1% performance.

Report of the Fund Manager (*continued*)

Bonds sector highlights (December 2018, January, March, May and June 2019)

December marked a tumultuous end to a volatile year, which turned out to be the worst since the Credit Crisis in many equity markets. Bellwethers such as the S&P500 lost around as much 16% intra-month as investors grew increasingly worried about rising rates and the impact of trade wars. The 2-5 year part of the US yield curve inverted, often perceived as a portent of doom, and there was a flight to safe havens such as G7 fixed income. The Fund was positioned well and profited through long fixed income and short equity positions. With equity markets so volatile, fixed income became the safe haven and yields typically fell. The Fund's receiver position in Canadian swaps benefited from this, along with specific news from the Bank of Canada which noted concerns surrounding falling oil prices and ongoing trade wars, implying a reduced probability of future rate hikes.

In January 2019, continued dominantly long positioning in fixed income profited from the Fed's volte-face. Receiver positioning in Canadian swaps was the most obvious beneficiary, but the news caused ripples worldwide, with similar positions in Sweden and South Africa also gaining. Tailwinds for fixed income globally continued to play to the hand of the Fund's long positioning in March, with Canadian and Swedish interest-rate swaps being the main beneficiaries although most positions were profitable. With benchmark 10-year bonds such as German bunds hitting new record lows, the tailwind to the Fund's long bond position in May was clear. Canadian IRS and Fannie Mae mortgage bonds topped the positive performers. In the last trading month of the reporting period; June 2019, dovish central banks played well to the Fund's receiver positions, with Swedish and South African Interest Rate Swaps (IRS) leading the way. Further, one of the few payer positions remaining, in 2-year Norwegian IRS, also benefited from a surprise move by the Norges Bank to actually raise rates by 25bp.

Commodities sector highlights (August and September 2018, March 2019)

Energy trading drove positive returns in August of 2018, with longs in German electricity and UK natural gas profiting from hotter weather and tighter supply. Prices for European emissions contracts jumped more than 20%, further benefiting the Fund. The next month was also another profitable month in commodities with gains coming again from gas and power. Carbon emission rallied strongly at the beginning of the month to enter into a roller coaster soon after. UK gas rallied in the first half of the month and was the largest performance contributors in the sector along with Dutch gas, German electricity and coal.

March 2019 was another profitable month for trading non-traditional commodity markets. The price of UK natural gas continued its six-month downward path, falling over 20% on more unseasonably warm weather.

Credit sector highlights (September, October and November 2018, February, April, May and June 2019)

Credit spreads tightened in September 2018 across all credit indices and the short protection generated gains everywhere. Positive contributions resulted from receiver exposure in short term Brazilian swaps, and short holdings in long dated UK bonds. In October however, negative equity sentiment also dragged on the Fund's aggregate long credit positions.

Credit was the worst performing asset class in the Fund in November with losses across all of the indices traded. The largest of these came from investment grade CDS indices both in the US and Europe which widened by around 10% despite mixed performance across equities.

In February 2019, the continuation of January's risk-on environment worked in favor of the Fund's long credit positions. None made a loss on the month, and top performers were investment grade indices on both sides of the Atlantic.

Credit was the standout performer in April 2019, with sold protection positions in investment grade indices reaping the benefits of the risk-on environment.

In May credit positioning suffered, with all of the Fund's short protection positions generating a loss, while positions were cut. The EU 5-year Crossover iTraxx position suffered worst as the index widened 60bp on the increasingly bearish sentiment.

Report of the Fund Manager (*continued*)

Currency sector highlights (January and June 2019)

Prospects for a lower anticipated US rates path generally bode well for emerging markets, and January 2019 was no different. The Fund's long EM vs USD currency positions caught this tailwind, notably in South Africa and Brazil.

Currency trading proved the only drag on performance in June. The Federal Reserve's dovishness hurt the US dollar, which fell against a basket of currencies and caused pain for the Fund's shorts in Chilean and Colombian pesos in particular.

Equity sector highlights (August, October and December 2018, January, March and May 2019)

In August 2018, despite broadly rising equity markets, particularly in the US, one of the top performers was a short position in European bank sector stocks, whose prices fell on concerns over Turkish liabilities. A long in US technology also profited as Apple soared through the USD 1 trillion mark at the start of the month and continued to rise.

Beneath the general bearish month of October for equities, there was something of a sector rotation taking place. For once, technology companies led the underperformance while more defensive stocks, such as consumer staples and utilities, outperformed. Unsurprisingly, this hurt the Fund's long positions in North American software and service companies, which had been the main outperformers up to October 2018.

As noted in the Bonds section above, as equity markets sank, it was clearly beneficial that the Fund entered the month of December net short stocks. Shorts in US energy companies, and European banks were the most profitable, the former driven as well by the falling price of crude oil.

Although there were plenty headlines surrounding Brexit and continued weakness in China, in January 2019 markets were driven by a renewed sense of optimism. The apparent change in stance of the US Federal Reserve ("Fed") towards a more accommodative monetary policy saw equity markets rally into the New Year, almost fully reversing December's steep declines. The change in market sentiment was most obviously felt in stocks, where short positioning built over the course of a bearish Q4 2018 was hit hard as equity markets reversed. Shorts in US Energy were the worst affected, being hit by both the general reversal in sentiment and Venezuelan oil news.

In March, the Fund's cash equities trading strategy was profitable across all four regions traded, notably in Europe through positions in defensive sectors such as utilities and food, beverage and tobacco.

There was a strong sense of *deja-vu* in May, as trade tensions between the US and China once more sent equity markets into a tailspin. Trading in stocks, long on aggregate at the beginning of the month, proved challenging against a background of significant falls in benchmark indices such as S&P500, Eurostoxx, and Nikkei which all fell around 7%. Worst performer was a long position in US software, which was additionally weak from the poor debut of Uber in the market.

Outlook

The Fund Manager is positive about the future of the Windmill Trend Evolution Fund. We expect the selected investments funds to be able to generate positive performance in the period ahead. Especially when compared with long-only investments in traditional asset classes like equities and bonds we see the Windmill Trend Evolution Fund as a good alternative as well as a diversifier in a total investment portfolio.

No changes are expected to be made to the investment strategy or investment style of the Windmill Trend Evolution Fund.

General principles of remuneration policy Privium Fund Management B.V. ('Privium')

Privium Fund Management B.V. has a careful, controlled and sustainable remuneration policy which meets all the requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). The remuneration policy is consistent with and contributes to a sound and effective risk management framework and does not encourage risk taking beyond what is acceptable for Privium Fund Management B.V.

Report of the Fund Manager (*continued*)

General principles of remuneration policy Privium Fund Management B.V. ('Privium') (*continued*)

The Board of Privium Fund Management B.V. is responsible for establishing the Remuneration policy. The Board of Privium Fund Management B.V. reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium Fund Management B.V. may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium Fund Management B.V. may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the fund or Privium Fund Management B.V.

Remuneration policy 2018

This policy is based on the situation as of December 31, 2018. The financial year of the Fund Manager ends on December 31 of any year. The financial year of the Windmill Trend Evolution Fund ends on June 30 of any year, while the financial year of all other Funds of which Privium is the Fund Manager will end on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. In 2018 the aggregate costs for staff totalled EUR 3,946,370 -. The table below offers an overview of the remuneration at the level of Privium Fund Management B.V.. Information per fund is not available. The Board of Privium Fund Management is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

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

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

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2018 or the first half of 2019 no variable payments regarding the Windmill Trend Evolution Fund have been paid to any Identified Staff of Privium. Privium Fund Management B.V., the Fund Manager of the various funds, does not charge any employee remuneration fees to the funds, except for the Supermarkt VastGoed fund.

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

Report of the Fund Manager (*continued*)

Remuneration Investee Funds

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

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

Control Statement (ENG)

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the “Wet op het financieel toezicht and the ‘Besluit gedragtoezicht financiële ondernemingen (‘Bgfo’)”. During 2018 and the first half of 2019 we assessed the various aspects of the Privium operations as outlined in the AO/IB (Handbook). We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2018 and the first half of 2019 functioned effectively as described. During 2018 and the first half of 2019 a number of independent service providers have conducted checks on Privium’s operations as part of their ongoing responsibility. No errors have been signalled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. The 2019 update was completed in June 2019. During the fourth quarter of 2018 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager. These are mostly related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Risk management

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

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

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

The risk management function performs the following roles:

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

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

Report of the Fund Manager (*continued*)

Risk management (*continued*)

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

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

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

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

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

The reoccurring risk tasks are:

- Weekly risk report by risk management, including value at risk for portfolios of listed assets.
- Monthly reporting by portfolio management* - quarterly operational risk management*
- Monthly stress scenarios for listed portfolios. On ad hoc basis extra stress scenarios can be done.
- Due diligence on service providers.

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

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

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

Report of the Fund Manager *(continued)*

Risk management and willingness to take risks

In the table below we list the various risk to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund's NAV's.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on the NAV of the Financial Year end June 30, 2019	Expected impact on 2020 NAV if risk materializes	Adjustments to risk management in 2019 or 2020
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge funds). These funds are managed by external Fund Managers. A rigid due diligence process is in place when investment funds are selected.	The Fund does not have an official benchmark. As a reference, between July 1 2018 and June 30 2019, the MSCI World (LC) gained +4.63%, the HFRX Global Hedge Fund Index (USD) lost -5.98% and the HFRX Macro/CTA Index (USD) lost -1.21% during this time period.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better than general asset classes over time.	No
Interest rate risk	No	The Fund does not maintain any direct interest bearing financial instruments except for cash maintained on the bank account of the Fund. The underlying funds may invest in interest rate sensitive positions. However based on current positioning of the underlying funds the Fund Manager is of the opinion that overall interest rate risk is low.	None	None	No
Concentration risk	No	The fund maintains a significant investment in the AHL Evolution Fund. As of June 30, 2019 this investment represented 83.71% of the NAV of the Windmill Trend Evolution Fund.	Large	Large	No
Foreign Exchange risk	Yes	Any direct FX risk will be hedged within the fund.	None	None	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO Bank N.V.. ABN AMRO Bank N.V. has an A credit rating and we would reconsider the relationship if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable to the service providers of the various Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk		The Fund is not using leverage (no implied leverage and no actual borrowings). Nevertheless as of June 30, 2019 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 103.77% and Commitment method: 107.53%.	None	None	None

Financial statements

BALANCE SHEET

(As at 30 June)

	<i>Note(s)</i>	2019 EUR	2018 EUR
Assets			
Investments			
Investee funds		41,918,707	41,579,845
Derivative financial assets		-	12,548
	3	<u>41,918,707</u>	<u>41,592,393</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	<u>683,117</u>	<u>993,186</u>
		<u>683,117</u>	<u>993,186</u>
Total assets		<u>42,601,824</u>	<u>42,585,579</u>
Liabilities			
Investment liabilities			
Investee funds		(5,331)	-
Derivative financial liabilities		(7,071)	-
	3	<u>(12,402)</u>	<u>-</u>
Current liabilities (fall due in less than 1 year)			
Subscriptions received in advance	5	(113,089)	(537,896)
Accrued expenses and other payables	6	(52,946)	(57,697)
		<u>(166,035)</u>	<u>(595,593)</u>
Total liabilities		<u>(178,437)</u>	<u>(595,593)</u>
Total assets minus total liabilities		<u>42,423,387</u>	<u>41,989,986</u>
Equity			
Contribution of participants		34,035,826	36,921,424
Unappropriated profit		8,387,561	5,068,562
Total participants' equity	7, 14	<u>42,423,387</u>	<u>41,989,986</u>

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

Financial statements

INCOME STATEMENT (For the years ended 30 June)

	<i>Note(s)</i>	2019 EUR	2018 EUR
Investment income			
<i>Indirect investment result</i>			
Realised gains/(losses) on investee funds	3, 8	116,576	(28,970)
Realised gains/(losses) on derivative financial instruments	3, 8	127,576	(57,134)
Unrealised gains on investee funds	3, 8	3,447,478	1,449,584
Unrealised (losses)/gains on derivative financial instruments	3, 8	(19,619)	43,840
Foreign currency (losses)/gains on translation	9	(12,062)	853
		<u>3,659,949</u>	<u>1,408,173</u>
Total investment income		<u>3,659,949</u>	<u>1,408,173</u>
Expenses			
Management fee	11, 12	(225,533)	(233,831)
Administration fee	11	(35,602)	(37,274)
Audit fee	11	(22,618)	(10,890)
Depository fee	11	(19,966)	(19,965)
Legal owner fee		(17,649)	(17,885)
Other general expenses		(16,847)	(12,534)
Bank charges		(2,735)	(2,420)
Total expenses	10	<u>(340,950)</u>	<u>(334,799)</u>
Net profit		<u><u>3,318,999</u></u>	<u><u>1,073,374</u></u>

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

Financial statements

STATEMENT OF CASH FLOWS

(For the years ended 30 June)

	<i>Note</i>	2019 EUR	2018 EUR
Cash flows from operating activities			
Proceeds from sale of investments		6,180,523	10,944,079
Purchase of investments		(2,950,000)	(14,951,165)
Net payments/(receipts) for derivative financial instruments		127,576	(57,134)
Management fee paid		(225,343)	(231,192)
Administration fee paid		(35,741)	(35,625)
Depositary fee paid		(19,966)	(19,965)
Legal owner fee paid		(17,649)	(30,419)
Other general expenses paid		(11,426)	(19,564)
Audit fee paid		(28,741)	-
Bank charges paid		(2,735)	(2,420)
Custody fee paid		(4,100)	(1,575)
Net cash flows provided by/(used in) operating activities		<u>3,012,398</u>	<u>(4,404,980)</u>
Cash flows from financing activities			
Proceeds from sale of class A participations		3,754,207	13,101,574
Proceeds from sale of class B participations		-	131,169
Payments on redemption of class A participations		(7,064,612)	(8,741,556)
Net cash flows (used in)/provided by financing activities		<u>(3,310,405)</u>	<u>4,491,187</u>
Net (decrease)/increase in cash and cash equivalents		(298,007)	86,207
Cash and cash equivalents at the beginning of the year		993,186	906,126
Foreign currency translation of cash positions		(12,062)	853
Cash and cash equivalents at the end of the year	<i>4</i>	<u><u>683,117</u></u>	<u><u>993,186</u></u>
Analysis of cash and cash equivalents			
Cash at bank		199,100	749,712
Due from broker		484,017	243,474
Total cash and cash equivalents	<i>4</i>	<u><u>683,117</u></u>	<u><u>993,186</u></u>

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

Notes to the financial statements

1. GENERAL INFORMATION

Windmill Trend Evolution Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account for Dutch tax purposes (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and the participants. The Fund commenced operations on 1 April 2014. The Fund is being managed by Privium Fund Management B.V. as sole Alternative Investment Fund Manager (AIFM) 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 Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, the Netherlands. The Fund Manager is registered in the Dutch trade register (handelsregister) under file number 34268930.

The investment objective of the Fund is to achieve medium-term capital gains for the participants. To achieve this objective, the Fund primarily invests in Class A1 Evolution EUR shares (the “AHL shares”) issued from the Class A Segregated Portfolio of AHL (Cayman) SPC (the “AHL Fund”). The Fund may acquire interests in other investment funds mainly focused on innovative systematic strategies that invest outside the mainstream markets.

The Fund may issue Class A and Class B participations. As at 30 June 2019 and 2018, both the Class A participations and Class B participations are in issue. Prospective participants can subscribe for Class A participations in EUR and for Class B participations in USD.

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

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

The Fund Manager is subject to supervision by the AFM (Stichting Autoriteit Financiële Markten) and DNB (Central Bank of the Netherlands). On 22 July 2014, the AFM licence of the Fund Manager was automatically converted into an Alternative Investment Fund Managers Directive (“AIFMD”) licence by the AFM.

The financial statements have been authorised for issue by the Fund Manager on 22 November 2019.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the Netherlands (“Dutch GAAP”) including the guidelines for annual reporting RJ 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code.

The financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

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

Functional currency

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

Notes to the financial statements

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

Recognition and measurement

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

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

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies. If necessary, for the purposes of providing the view required under Section 362, subsection 1, Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the financial statements in question.

Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the income statement. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

Translation differences in non-monetary assets such as investment in investee funds held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

Financial investments and financial derivatives are initially measured at fair value which is the fair value of the consideration given or received. Financial investments are subsequently re-measured at fair value.

Gains and losses arising from fair value changes are recognised in the income statement as ‘realised gains/(losses) on investee funds’ and ‘realised gains/(losses) on derivative financial instruments’ or ‘unrealised gains on investee funds’ and ‘unrealised (losses)/gains on derivative financial instruments’.

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

The profit or loss of the Fund on its investment in investee funds is the aggregate of the Fund’s attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 30 June 2019 and 2018, no such adjustments were made.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

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

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

Forward currency contracts

The Fund may use forward currency contracts to hedge the currency exposure. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward currency contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price.

Payables and accruals

Payables and accruals are included at fair value.

Cash and cash equivalents

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

Statement of cash flows

The statement of cash flows is prepared according to the direct method. The statement of cash flows shows the Fund's cash flows for the year divided into cash flows from operations and financing activities and how the cash flows have affected cash funds.

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

Participants' equity

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

Principles for determining the result

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

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

Dividends from investee funds, if any, are included at the date when they are declared.

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

Tax position

The Fund qualifies as a transparent or "closed" fund for joint-account for Dutch tax purposes. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund are not subject to Dutch dividend withholding tax.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2019	2018
Investment in investee funds		
As at the beginning of the year	41,579,845	36,152,145
Purchases	2,950,000	14,951,165
Sales	(6,180,523)	(10,944,079)
Realised	116,576	(28,970)
Unrealised	3,447,478	1,449,584
As at 30 June	41,913,376	41,579,845
Investment in derivative financial instruments		
As at the beginning of the year	12,548	(31,292)
(Sales)/purchases	(127,576)	57,134
Realised	127,576	(57,134)
Unrealised	(19,619)	43,840
As at 30 June	(7,071)	12,548
Total investments		
As at the beginning of the year	41,592,393	36,120,853
Purchases	2,822,424	15,008,299
Sales	(6,180,523)	(10,944,079)
Realised	244,152	(86,104)
Unrealised	3,427,859	1,493,424
As at 30 June	41,906,305	41,592,393

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

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
12/07/2019	USD	2,300,000	EUR	2,028,692	1.13374	1.13770	(7,071)
Total unrealised loss on open forward currency contracts							(7,071)

* Showing the equivalent of 1 Euro.

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

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
09/07/2018	USD	100,000	EUR	84,977	1.17679	1.16874	585
09/07/2018	USD	2,065,000	EUR	1,754,899	1.17671	1.16874	11,963
Total unrealised gain on open forward currency contracts							12,548

* Showing the equivalent of 1 Euro.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash and cash equivalents

As at 30 June 2019, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 199,100 (2018: EUR 749,712), and balances for unsettled trades of EUR 300,000 (30 June 2018: EUR Nil). As at 30 June 2019 and 2018, no restrictions in the use of these balances exist.

As at 30 June 2019, cash and cash equivalents also include amounts due from Nederlandsche Betaal & Wisselmaatschappij N.V. amounting to EUR 184,017 (2018: EUR 243,474). This amount includes margin requirements. Margin represents cash deposited with the broker transferred as collateral against forward currency contracts.

5. Subscriptions received in advance

Subscriptions received in advance represent the amounts received from participants for subscription to participations of the Fund for the first business day of the next month. Participants are required to deposit the amounts with the Fund prior to the issuance of participations.

As at 30 June 2019, the subscriptions received in advance amounts to EUR 113,089 (2018: EUR 537,896). On 1 July 2019, the Fund issued 813.414 participations of Class A to the subscribing participants.

6. Accrued expenses and other payables

As at 30 June, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	2019	2018
Management fee payable	(19,186)	(18,996)
Audit fee payable	(14,750)	(20,873)
Administration fee (including annual report fee) payable	(12,716)	(12,855)
Licence fee payable	(3,000)	(1,000)
FATCA fee payable	(1,759)	(1,712)
Other payables	(835)	(436)
Brokerage fee payable	(700)	(1,825)
Total accrued expenses and other payables	<u>(52,946)</u>	<u>(57,697)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital

Structure of the Fund's capital

Windmill Trend Evolution Fund is structured as a contractual fund with an open-ended structure and is subject to Dutch law.

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

<i>(All amounts in EUR)</i>	2019	2018
<i>Contributions of participants</i>		
Balance at the beginning of the year	36,921,424	32,145,185
Issue of class A participations	4,179,014	13,386,626
Issue of class B participations	-	131,169
Redemption of class A participations	(7,064,612)	(8,741,556)
Total contributions at the end of the year	<u>34,035,826</u>	<u>36,921,424</u>
<i>Unappropriated profit</i>		
Balance at the beginning of the year	5,068,562	3,995,188
Net profit	3,318,999	1,073,374
Total undistributed profit at the end of the year	<u>8,387,561</u>	<u>5,068,562</u>
Equity at the end of the year	<u>42,423,387</u>	<u>41,989,986</u>

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The subscription price is equal to the NAV per participation as at the valuation date immediately preceding the applicable subscription date. The minimum subscription for each participant is EUR 10,000 for Class A participations and USD 100,000 for Class B participations. The minimum subscription amount may be waived by the Fund Manager in its sole discretion.

The Fund Manager will redeem participations at the request of a participant on a monthly redemption day. The redemption price of a participation is equal to the NAV per participation as at the valuation date immediately preceding the redemption date on which the relevant participant is redeemed. Applications for redemptions must be received at least ten business days before the relevant redemption date. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants.

The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

The movement of participations during the year ended 30 June 2019 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	311,874.3560	32,425.0377	(54,476.8280)	289,822.5657
Class B	20,105.7517	-	-	20,105.7517
Total	<u>331,980.1077</u>	<u>32,425.0377</u>	<u>(54,476.8280)</u>	<u>309,928.3174</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital (continued)

Subscriptions and redemptions (continued)

The movement of participations during the year ended 30 June 2018 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	276,902.5644	101,974.9597	(67,003.1681)	311,874.3560
Class B	18,650.9821	1,454.7696	-	20,105.7517
Total	295,553.5465	103,429.7293	(67,003.1681)	331,980.1077

Capital management

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

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

8. Investment return

(All amounts in EUR)	2019		2019	2018
	Profit	Loss	Total	Total
Investee funds				
Realised results	366,492	(249,916)	116,576	(28,970)
Unrealised results	3,452,808	(5,330)	3,447,478	1,449,584
	3,819,300	(255,246)	3,564,054	1,420,614
Derivative financial instruments				
Realised results	-	127,576	127,576	(57,134)
Unrealised results	(19,619)	-	(19,619)	43,840
	(19,619)	127,576	107,957	(13,294)
Total result	3,799,681	(127,670)	3,672,011	1,407,320

9. Foreign currency (losses)/gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the year ended 30 June 2019, this amounted to losses of EUR 12,062 (2018: gains of EUR 853). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

Showing the equivalent of 1 Euro	2019		2018	
	Average	Closing	Average	Closing
United States Dollar	1.1407	1.1368	1.1934	1.1683

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Costs

The Fund makes use of various parties for management, administration, custody and depositary services. The table below provides a breakdown of expenses as at 30 June.

<i>(All amounts in EUR)</i>	2019	2018
Expenses accruing to the Fund Manager		
Management fee	(225,533)	(233,831)
Other expenses		
Administration fee (including annual report fee)	(35,602)	(37,274)
Depositary fee	(19,966)	(19,965)
Legal owner fee	(17,649)	(17,885)
Other general expenses	(16,847)	(12,534)
Audit fee	(22,618)	(10,890)
Bank charges	(2,735)	(2,420)
Total expenses	(340,950)	(334,799)

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the years ended 30 June 2019 and 2018, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the years, the Fund also incurred costs such as legal owner fee of EUR 17,649 (2018: EUR 17,885), other general expenses of EUR 16,847 (2018: EUR 12,534) and bank charges of EUR 2,735 (2018: EUR 2,420) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding costs of transactions on financial instruments and interest costs) to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e. monthly. The ongoing charges ratio includes performance fees, where applicable.

For the year ended 30 June 2019, the ongoing charges ratio for the Fund is as follows:

	2019
Ongoing charges ratio	0.83%
Ongoing charges ratio including expenses of underlying funds	2.65%

For the year ended 30 June 2018, the ongoing charges ratio for the Fund is as follows:

	2018
Ongoing charges ratio	0.78%
Ongoing charges ratio including expenses of underlying funds	2.13%

Turnover factor

This ratio demonstrates the rate at which the Fund's portfolio is turned over. For the year ended 30 June 2019, the turnover factor for the Fund is (5.47%) (2018: 8.69%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

Notes to the financial statements

11. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to a management fee of 0.55% of the NAV of the Fund (before deduction of management fee), as at the last calendar day of each month. The management fee is subject to a minimum of EUR 50,000 per annum and is payable monthly in arrears. The Fund Manager pays a delegation fee to the Delegate from the management fee.

Details of management fees charged for the years are disclosed in the income statement.

Administrator

The Fund has entered into an administration agreement with Apex Fund Services (Netherlands) B.V. The Administrator charges a fee based on 0.08% of the NAV of the Fund up to EUR 30 million, 0.06% of the NAV between EUR 30 million and EUR 50 million, 0.04% of the NAV between EUR 50 million and EUR 100 million and 0.02% of the NAV above EUR 100 million, to be calculated monthly and paid quarterly in arrears and with a minimum annual fee of EUR 15,000 per annum. The Administrator also charges a fee of EUR 5,000 per annum for the preparation of the Fund's annual report.

The Administrator provides certain trading duties for the Fund and charges a fee of EUR 250 per initial trade, EUR 175 per subsequent trade and EUR 75 per tax document required for an underlying investment.

Details of administration fees (including annual report fees) charged for the years are disclosed in the income statement.

The Administrator also provides FATCA services for the Fund and charge an annual fee of USD 4,000.

Depositary

Darwin Depositary Services B.V. charges a fee of 1.4 basis points of the assets under management. This fee is subject to a minimum of EUR 16,500 per annum and is payable quarterly in advance.

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 22,618 (2018: EUR 10,890) audit fee for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

12. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

Notes to the financial statements

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions from 1 July 2018 to 30 June 2019 and balances as at 30 June 2019

	Paid EUR	Balance EUR
Management fee	(225,343)	(19,186)

Transactions from 1 July 2017 to 30 June 2018 and balances as at 30 June 2018

	Paid EUR	Balance EUR
Management fee	(231,192)	(18,996)

The Delegate is also considered a related party. As at 30 June 2019, the Investment Advisor and/or its employees held 4,838.5057 Class A shares in the Fund (2018: 4,758.0351) and 357.9594 Class B shares in the Fund (2018: 256.5200).

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to achieve medium-term capital gains for the participants.

The Fund attempts to accomplish its objective by primarily investing in AHL shares issued from the AHL Fund and may acquire interests in other investee funds established worldwide mainly focused on similar innovative systematic strategies that invest outside the mainstream markets.

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

The investee funds, to which the fund subscribes, may also indirectly expose the Fund to the financial risks as detailed above and because of this indirect exposure the financial risks discussed herein may not fully indicate the total exposure of the Fund.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash at bank which is subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency.

As at 30 June 2019, 100% (2018: 100%) of the assets and liabilities of the Fund are denominated in the functional currency and therefore the Fund is not exposed to currency risk from its assets and liabilities as at the reporting dates.

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Currency risk (continued)

Currency risk arises from the Fund's share classes. Class B participations are denominated in a currency other than EUR and are therefore exposed to currency fluctuations. It is the Fund's intention to hedge the currency exposure of USD participants to the Fund's base currency through the utilisation of forward currency contracts. Any profits or losses of currency hedges shall be allocated to the Class B participations. The tables below outline the USD exposure of the Class B participations as at 30 June 2019 and 2018 and the notional amount of the forward currency contracts used to mitigate the risk.

	Net position EUR	2019 Notional Amount Forwards EUR	Net Currency Exposure EUR	Net position EUR	2018 Notional Amount Forwards EUR	Net Currency Exposure EUR
Currency						
United States Dollar	(1,061)	18,584	17,523	(1,033)	(325,124)	(326,157)

The forward currency contracts mature within 1 month of the reporting date. The notional amounts represent the undiscounted cash flow at the maturity date.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and cash equivalents and derivative financial assets. The carrying values of financial assets (excluding any investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 683,117 (2018: EUR 1,005,734).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities.

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants' redemptions. To manage this liquidity risk the Fund has a ten day notice period for the participants. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants. The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

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

As at 30 June 2019 and 2018, the Fund invests in various AHL Funds of which the biggest part has been allocated to the AHL Evolution Fund (AHL (Cayman) SPC – Class A Evolution Segregated Portfolio). The Fund may redeem their investment in the AHL Evolution Fund on a monthly dealing day, provided 5 business days notice is given before the relevant dealing day. Payments are ordinarily made by the AHL Evolution Fund within 10 business days of the valuation day. Please see note 16 for further information regarding the AHL Evolution Fund.

Notes to the financial statements

14. PARTICIPANTS' EQUITY AS ISSUED

As at 30 June 2019 there was no reconciliation between the participants' equity in accordance with the Prospectus and the participants' equity as determined in accordance with Dutch Accounting Standard 210 ("Dutch GAAP"). The following schedule shows the reconciliation between the 30 June 2018 participants' equity in accordance with the Prospectus and the 30 June 2018 participants' equity as determined in accordance with Dutch GAAP.

The Prospectus states that incorporation costs should be amortised over 5 years. Dutch GAAP prefers that incorporation costs should be expensed immediately.

	2018
	EUR
Participants' equity attributable to holders of participations in accordance with the Prospectus	42,001,539
Adjustments	
Unamortised incorporation costs	(11,553)
Adjusted participants' equity attributable to holders of participations in accordance with Dutch GAAP	<u>41,989,986</u>
Number of participations	
Class A	311,874.3560
Class B	20,105.7517
Participation per share in accordance with the Prospectus	
Class A	128.70
Class B	108.22
Participation per share in accordance with Dutch GAAP	
Class A	128.67
Class B	108.20

15. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2019	% of	2018	% of
	EUR	NAV	EUR	NAV
Strategy				
CTA Systematic	41,913,376	98.8	41,579,845	99.0
Total	<u>41,913,376</u>	<u>98.8</u>	<u>41,579,845</u>	<u>99.0</u>

16. INDIRECT INVESTMENTS

The information regarding the Fund's indirect investments is as follows:

AHL (Cayman) SPC - Class A Evolution Segregated Portfolio

General information:

AHL (Cayman) SPC - Class A Evolution Segregated Portfolio (the "Company") was incorporated as a segregated portfolio company with limited liability in the Cayman Islands. The Company operates as an open-ended mutual fund and is regulated under the Mutual Funds Law (as amended) of the Cayman Islands.

The Company currently has five share classes in issue, namely Class A1 USD, Class A1 AUD, Class A1 EUR, Class A1 JPY and Class Z USD.

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

The financial statements of AHL (Cayman) SPC - Class A Evolution Segregated Portfolio have been issued with an unqualified opinion for the year ended 30 June 2019 by Ernst & Young Ltd and are available at the office of the Fund Manager.

Further information:

(i) Details of the Fund's investment in the Company

As at 30 June 2019, the Fund holds 36,029,847 (2018: 25,791,440) Class A1 EUR shares in the Company and the Fund's investment in the Company represents 84.93% (2018: 85.37%) of the NAV of the Fund.

(ii) Balance sheet of the Company as at 30 June

	2019 USD	2018 USD
Assets		
Cash and cash equivalents	218,159,996	59,269,457
Balances due from broker	5,561,399	14,015,331
Investment in financial assets at fair value	2,318,929,268	2,110,044,401
Net unrealised gain on forward currency contracts	247,879	319,261
Other assets	196,383	183,000
Total assets	<u>2,543,094,925</u>	<u>2,183,831,450</u>
Liabilities		
Balances due to broker	-	915,186
Equalisation payable	2,550,483	2,338,347
Net unrealised loss on forward currency contracts	755,993	513,522
Subscriptions received in advance	14,341,614	10,211,714
Redemptions payable	108,502,716	72,782
Accrued expenses and other liabilities	72,098,541	33,784,044
Total liabilities	<u>198,249,347</u>	<u>47,835,595</u>
Net assets attributable to holders of redeemable participating shares	<u>2,344,845,578</u>	<u>2,135,995,855</u>
Net Asset Value per share:		
Class A1 USD (based on 998,117,400 (2018: 1,019,736,167) shares in issue)	USD 2.0306	USD 1.7929
Class A1 AUD (based on 20,819,619 (2018: 21,084,713) shares in issue)	AUD 2.0000	AUD 1.7686
Class A1 EUR (based on 120,992,373 (2018: 130,136,594) shares in issue)	EUR 1.6360	EUR 1.4786
Class A1 JPY (based on 49,500,000 (2018: 49,500,000) shares in issue)	JPY 120.4214	JPY 108.8721
Class Z USD (based on 4,646,632 (2018: 4,202,146) shares in issue)	USD 1.8326	USD 1.5466

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

(iii) Statement of operations of the Company for the year ended 30 June

	2019	2018
	USD	USD
Investment income		
Interest income	14,546,620	7,082,735
Other income	2,177,888	2,186,236
Total investment income	16,724,508	9,268,971
Operating expenses		
Interest expense	-	4,440
Management fees	44,802,734	45,157,555
Performance fees	68,702,319	35,588,775
Services manager fees	1,897,680	1,908,100
Depositary fees	336,920	330,994
Directors' fees	12,000	12,000
Other expenses	206,411	191,820
Total operating expenses	115,958,064	83,193,684
Net investment loss	(99,233,556)	(73,924,713)
Realised and movement in unrealised gain on investments, derivatives and foreign currency		
Realised gain on investments, derivatives and foreign currency	181,157,184	170,198,384
Movement in unrealised gain from investments, derivatives and foreign currency	190,342,237	57,965,585
Net realised and movement in unrealised gain on investments, derivatives and foreign currency	371,499,421	228,163,969
Net increase in net assets resulting from operations	272,265,865	154,239,256

(iv) Investment portfolio of the Company as at 30 June

The investment portfolio of the Company comprises the following investments as at 30 June (expressed as a percentage of the total assets of the Company):

	2019	2018
AHL Evolution Fund	64.92%	65.66%
Debt – Investment in securities at fair value - long	33.97%	33.12%
Forward currency contracts - long	0.00%	0.00%
Forward currency contracts - short	(0.02%)	(0.01%)
Total	98.87%	98.77%

Notes to the financial statements

16. INDIRECT INVESTMENTS (CONTINUED)

(v) Statement of changes in net assets of the Company for the year ended 30 June

	2019	2018
	USD	USD
Net assets at the beginning of the year	2,135,995,855	2,115,661,045
Increase in net assets resulting from operations	272,265,865	154,239,256
Decrease in net assets resulting from capital transactions	(63,204,007)	(135,720,186)
(Decrease)/increase in net assets resulting from effects of equalisation	(212,135)	1,815,740
Net assets at the end of the year	<u>2,344,845,578</u>	<u>2,135,995,855</u>

17. PROVISION OF INFORMATION

This annual report and the Prospectus of the Fund are available free of charge from the Fund Manager.

18. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 22 November 2019.

Investment portfolio as at 30 June 2019

2019

Assets	Currency	Fair value EUR	% of NAV
Investee funds			
AHL Alpha (Cayman) Limited- Class Euro	EUR	516,880	1.2
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	35,512,967	83.7
Man AHL Evolution Frontier Limited	EUR	5,170,292	12.2
Man AHL Trend Alternative	EUR	713,237	1.7
		41,913,376	98.8

Investment portfolio as at 30 June 2018

2018

Assets	Currency	Fair value EUR	% of NAV
Investee funds			
AHL Alpha (Cayman) Limited- Class Euro	EUR	3,838,256	9.1
AHL (Cayman) SPC Class A Evolution Segregated Portfolio	EUR	32,007,110	76.2
Man AHL Evolution Frontier Limited	EUR	5,159,377	12.3
Man AHL Trend Alternative	EUR	575,102	1.4
		41,579,845	99.0

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. Any amounts which it determines to distribute shall be paid to participants pro rata to the number of participations held by each of them.

Interests held by the Directors

As at 30 June 2019 and 2018, none of the Directors of the Fund Manager hold shares in the Fund.

Events after the balance sheet date

There were no material events which occurred after the balance sheet date that could influence the transparency of these financial statements.

Independent auditor's report

To: The shareholders and the directors of Privium Fund Management B.V. as investment manager of Windmill Trend Evolution Fund

Report on the audit of the financial statements for the year ended 30 June 2019 included in the annual report

Our opinion

We have audited the financial statements for the year ended 30 June 2019 of Windmill Trend Evolution Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Windmill Trend Evolution Fund as at 30 June 2019, and of its result and its cash flows for the period ending on 30 June 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The Statement of Financial Position as at 30 June 2019
- The following statements for the period ending on 30 June 2019: Income Statement and Cash Flow Statement
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Windmill Trend Evolution Fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

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

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Independent auditor's report (*continued*)

Report on other information included in the annual report (*continued*)

The board of directors is responsible for the preparation of the other information, including the board of director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors

Independent auditor's report (*continued*)

Description of responsibilities for the financial statements (*continued*)

Our responsibilities for the audit of the financial statements (continued)

- Concluding on the appropriateness of the board of director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, 22 November 2019

Ernst & Young Accountants LLP

signed by R.J. Bleijs