

# **LIQUIDATION REPORT**

**Cangaru Alternatives Fund**

**Period ended 31 January 2020**

## Table of contents

General information .....	3
Key figures .....	4
Report of the AIFM .....	5
Liquidation statements .....	11
Balance sheet.....	11
Profit and loss statement.....	12
Cash flow statement.....	13
Notes to the liquidation statements.....	14
Other Information.....	25

## General information

### Registered office

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

### AIFM

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

### Legal Owner

Stichting Juridisch Eigendom  
Cangaru Alternatives Fund  
Woudenbergseweg 11  
3953 ME Maarsbergen  
The Netherlands

### Bank

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

### Administrator

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

### Legal and Tax Counsel

Van Campen Liem  
J.J. Viottastraat 52  
1071 JT Amsterdam  
The Netherlands

### Independent Auditor

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

### Depository

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

## Key figures

	31-01-2020	31-12-2018
<b>Class D1</b>		
Net Asset Value (x € 1)	-	1,743,675
Number of outstanding participations	-	1,762.00
Net Asset Value per participation	-	989.60
<b>Class D2</b>		
Net Asset Value at (x € 1)	10,155,615	21,547,455
Number of outstanding participations	10,169.36	21,743.33
Net Asset Value per participation	998.65	990.99
<b>Total for the Fund</b>		
Net Asset Value (x € 1)	10,155,615	23,291,130
Number of outstanding participations	10,169.36	23,505.33
	<b>2019<sup>1</sup></b>	<b>2018<sup>2</sup></b>
<b>Investment result (x € 1)</b>		
Direct result	-	-
Revaluation	359,051	(109,962)
Costs	(221,010)	(114,043)
<b>Total investment result for the period</b>	<b>138,041</b>	<b>(224,005)</b>
<b>Investment result per participation<sup>3</sup> (x € 1)</b>		
Direct result	-	-
Revaluation	35.31	(4.68)
Costs	(21.74)	(4.85)
<b>Total investment result per participation</b>	<b>13.57</b>	<b>(9.53)</b>

<sup>1</sup> The key figures for 2019 cover the period from 1 January 2019 through 31 January 2020.

<sup>2</sup> The key figures for 2018 cover the period from 27 April 2018 through 31 December 2018.

<sup>3</sup> The result per participation is calculated using the total number of outstanding participations as per the end of the period.

## Report of the AIFM

### Liquidation Cangaru Alternatives Fund

The Fund Manager and the Legal Owner resolved on December 16, 2019 that the Cangaru Alternatives Fund ('hereafter called CAF') will be liquidated and that subscriptions will no longer be accepted with immediate effect and that regular redemptions by participants of the Fund (the "Participants") dated 23 December 2019 or later will be suspended due to the envisaged liquidation of the Fund.

The reason for the liquidation is that the Fund Manager was informed by the seed investor, the sole investor in the Fund, that it wants to sell its position in the Fund on behalf of its clients.

The final NAV of the Fund has been the 31 January 2020 NAV. The audit period will cover the period from 1 January 2019 through 31 January 2020.

### Investment objective

The Fund's objective is to achieve long term capital growth by investing in Investment Funds which will predominantly be hedge funds but the Fund may also invest in other Investment Funds. The Fund may also hold cash and cash equivalents.

To achieve the Fund Objective, the Fund will primarily invest in a diversified portfolio of Investment Funds established worldwide. The portfolio is composed of Investment Funds with various alternative strategies that aim to have a low correlation with traditional asset classes, especially during bear markets. Examples of hedge fund strategies in which the Fund may invest includes: Volatility Arbitrage, Equity Market Neutral, Relative Value Arbitrage, Merger Arbitrage, Multi-Strategy, Global Macro, Convertible Arbitrage and CTA's.

The portfolio will be managed actively to achieve the goals of long term growth with a reasonable risk adjusted return. The aim is to avoid illiquid strategies and illiquid Investment Funds. The portfolio will be managed without a benchmark and specified return objectives.

### Net Asset Value per unit

	31 January 2020	31 December 2019	31 December 2018
Class D1 Net Asset Value per unit	N/A	N/A	989.95
Class D2 Net Asset Value per unit	998.65	997.48	990.99

### Review for the period between 31 December 2018 and 31 January 2020

#### Performance

Between 31 December 2018 and 31 January 2020, the CANGARU Alternatives Fund (CAF) returned +0.77% for the D2 share class. For the year 2019 the return was +0.66% and the result for January 2020 was +0.12%<sup>1</sup>. However, the performance for January 2020 was not really representative for the fund's policy given the composition of the portfolio: various positions had already been sold as a result of the liquidation process. Next to that one should take into account other operational influences such as (incurred) costs mostly due to the unfortunate liquidation of the fund and the significant decrease in CAF's assets under management. Since CAF's launch the D2 share class returned -0.25% until and including December 2019. And for the extended period including January 2020 the fund returned -0.14%.

<sup>1</sup> The latest NAV for the D1 share class was the 30 September 2019 NAV (EUR 996.00). In that regard the performance for the year 2019 period until and including September was +0.46%, compared with a +0.60% return of for the D2 share class. The cumulative performance since the launch of the fund as of 27 April 2018 was -0.55% for the D1 share class, compared with -0.30% for the D2 share class to put it in perspective.

Although the fund does not have a benchmark in place, the HFRX Global Hedge Fund EUR Index generated a return of +3.44% in 2019 and +3.36% for the extended period including January 2020 (the January 2020 return was -0.07%). Since CAF's launch as of 27 April 2018 these numbers were, respectively, -4.94% and -5.01%<sup>2</sup>. For the year 2019 the index performed better as to be expected given the risk profile of the fund, but CAF fared much better than hedge funds in general considered since its launch.

Most of the underlying funds in the fund's portfolio have been arbitrage strategies. Given the persistent and historical low volatility in the market we utilized more of our risk budget by adding some risk to the portfolio in the fourth quarter of 2019 by selling the only Long Volatility position and decreased the exposure to Volatility Arbitrage and increased our exposure to Event-Driven strategies in the equities at the cost of the credit space. The performance for 2019 and the performance since CAF's launch have mostly been driven by the Merger Arbitrage and Event-Driven strategies within the portfolio. CAF's performance suffered most from the cost of hedging the USD currency risk to EUR since the short-term interest rate differential between the US and Eurozone was still unfavourable. Though the interest rate differential became smaller as the FED lowered interest rates three times in 2019.

---

<sup>2</sup> Given its extended May month for the fund the performance for the HFRX Global Hedge Fund EUR Index is taken as of 30, 2018.

### Risk management and willingness to take risks

There have been no risk breaches during the year 2019 and during January 2020. The risk profile of the Fund hasn't changed during the reporting period. Neither did the investment objective (s) or any of the investment restrictions of the Fund changed during the reporting period.

Reference to the investment objective (s), risk profile and the investment restrictions of the Fund is made in the Prospectus of the Fund and the Key Investor Information Document.

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 2019 NAV	Expected impact on 2020 NAV if risk materializes	Adjustments made or expected 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 Management companies. A rigid due diligence process is in place when investment funds are selected.	The Fund does not have an official benchmark. The HFRX Hedge Fund Index (EUR) gained +3.44% in 2019 and gained -0.07% in January 2020. The Cangaru Alternatives Fund gained +0.66% in 2019 and +0.12% in January 2020.	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Interest rate risk	No	The Fund has no interest bearing financial instruments except for cash at bank. Therefore the Fund is not exposed to significant interest rate risk.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Foreign Exchange risk	Yes	The Fund currently only maintains positions in EUR denominated funds.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Credit risk	No	Spare cash is maintained at ABN AMRO Bank. ABN AMRO Bank has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. As of January 31, 2020 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 0% and Commitment method: 100%.	None	In December 2019 the decision was made to liquidate the Cangaru Alternatives Fund.	None

## **Risk management**

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

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

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

The risk management function performs the following roles:

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

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

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

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

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

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

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



The reoccurring risk tasks are:

- Weekly risk report by risk management, including Value at Risk.
- Monthly reporting by portfolio management
- Quarterly Operational risk management
- Monthly stress scenarios. On ad hoc basis extra stress scenarios can be done.

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 2019 this audit was executed for fourth time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

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

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

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

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

### **Remuneration policy 2019**

This policy is based on the situation as of December 31, 2019. The financial year of the Fund Manager ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. In 2019 the aggregate costs for staff totalled EUR 9,844,027,-. 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	33	35
Total fixed remuneration	€ 161,214	€ 5,323,500	€ 5,484,714
Total variable remuneration	€ 20,000	€ 4,339,313	€ 4,359,313
<b>Total remuneration</b>	<b>€ 181,214</b>	<b>€ 9,662,813</b>	<b>€ 9,844,027</b>

Privium Fund Management B.V. has delegated certain portfolio management duties of some of its funds to outside investment advisers ('delegates'). Remuneration of identified staff of delegates is not included in the table. The delegates are subject to regulatory requirements on remuneration policies and disclosures that are comparable with the requirements applicable to Privium Fund Management B.V. Reference to the remuneration of the delegates is included in the Prospectus and annual report of the funds concerned. Since no delegates have been assigned for the Cangaru Alternatives Fund this is not applicable to the Cangaru Alternatives Fund.

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2019 no variable payments regarding the Cangaru Alternatives 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 35 staff members were involved during (some part of) the year, including consultants and including both part-time and full-time staff.

One of the staff members, active in portfolio management, has earned more than EUR 1,000,000 in relation to the performance results during the year 2019.

#### **Remuneration Investee Funds**

The Cangaru Alternatives Fund invests in other Investee Funds. These Funds are managed by other Investment Managers. These Investment Managers are regulated and need to comply with the local legislation in the countries in which they are regulated.

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

#### **Control Statement**

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the "Wet op het financieel toezicht and the 'Besluit gedragstoezicht financiële ondernemingen ('Bgfo')". During 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 2019 functioned effectively as described. During 2019 a number of independent service providers have conducted checks on Privium's operations as part of their ongoing responsibility and investor demand. 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 2019 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.

#### **Corona disclaimer**

There has been no impact from the Corona virus outbreak since the liquidation of the Cangaru Alternatives Fund was already underway. All redemption proceeds have been received from the underlying Investee Funds.

Amsterdam, 4 June 2020

The AIFM

**Privium Fund Management B.V.**

## Liquidation statements

### Balance sheet

(all amounts in EUR)	Notes	<b>31 January 2020</b>	<b>31 December 2018</b>
<b>Assets</b>			
<b>Investments</b>			
Investment funds	1	-	21,454,670
<b>Total investments</b>		<b>-</b>	<b>21,454,670</b>
<b>Intangible assets</b>			
Organizational fees		-	70,626
<b>Total intangible assets</b>		<b>-</b>	<b>70,626</b>
<b>Receivables</b>			
Receivables from fund investments	2	1,511,109	-
Other receivables		76	-
<b>Total receivables</b>		<b>1,511,185</b>	<b>-</b>
<b>Other assets</b>			
Cash	3	8,682,021	1,966,154
<b>Total other assets</b>		<b>8,682,021</b>	<b>1,966,154</b>
<b>Total assets</b>		<b>10,193,206</b>	<b>23,491,450</b>
<b>Liabilities</b>			
<b>Net asset value</b>	4	10,155,615	23,291,130
<b>Other liabilities</b>			
Subscriptions received in advance		-	169,500
Other liabilities	5	37,591	30,820
<b>Total other liabilities</b>		<b>37,591</b>	<b>200,320</b>
<b>Total liabilities</b>		<b>10,193,206</b>	<b>23,491,450</b>

**Profit and loss statement**

(all amounts in EUR)	Notes	<b>1-1-2019 through 31-1-2020</b>	<b>27-4-2018 through 31-12-2018</b>
		<u>                    </u>	<u>                    </u>
<b>Revaluation of investments</b>	6		
Realised results		359,051	(52,279)
Unrealised results		-	(57,683)
<b>Total changes in value</b>		<b><u>359,051</u></b>	<b><u>(109,962)</u></b>
<b>Operating expenses</b>			
Management fee	7	(51,196)	(32,060)
Performance fee	7	-	(87)
Administration fees	8	(24,112)	(12,126)
Depository fees	9	(24,653)	(13,548)
Organisational fees		(70,626)	(10,866)
Interest expenses		-	(6)
Brokerage fees and other transaction costs		(1,412)	(931)
Audit fees	10	(16,161)	(13,467)
Supervision fees		-	(6,667)
Legal fees	11	(5,212)	(605)
Other expenses		(27,638)	(23,680)
<b>Total operating expenses</b>		<b><u>(221,010)</u></b>	<b><u>(114,043)</u></b>
<b>Result for the period</b>		<b><u>138,041</u></b>	<b><u>(224,005)</u></b>

**Cash flow statement**

(all amounts in EUR)	Notes	<b>1-1-2019 through 31-1-2020</b>	<b>27-4-2018 through 31-12-2018</b>
<b>Cash flow from operating activities</b>			
Purchases of investments		(14,463,619)	(23,614,624)
Sales of investments		34,766,231	2,049,992
Management and performance fee paid		(51,827)	(27,974)
Interest paid		-	(6)
Operating expenses paid		(91,862)	(125,869)
<b>Net cash flow from operating activities</b>		<b>20,158,925</b>	<b>(21,718,481)</b>
<b>Cash flow from financing activities</b>			
Proceeds from subscriptions		1,585,934	24,673,651
Payments for redemptions		(15,028,990)	(989,016)
<b>Net cash flow from financing activities</b>		<b>(13,443,056)</b>	<b>23,684,635</b>
<b>Net cash flow for the period</b>		<b>6,715,867</b>	<b>1,966,154</b>
Cash at beginning of the period		1,966,154	-
<b>Cash at the end of the period</b>	3	<b>8,682,021</b>	<b>1,966,154</b>

## Notes to the liquidation statements

### General information

Cangaru Alternatives Fund (the Fund) was incorporated on 9 March 2018 and commenced operations on 27 April 2018. The reporting period of the Fund is 1 January 2019 through 31 January 2020.

The Fund is a fund for joint account ('fonds voor gemene rekening') organised and established under the laws of The Netherlands. The Fund is under Dutch law not a legal entity (rechtspersoon) nor a partnership, commercial partnership or limited partnership (maatschap, vennootschap onder firma or commanditaire vennootschap), but a contractual arrangement sui generis between the AIFM, the Legal Owner and each of the participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the participants.

The Fund has its principal offices at the offices of the AIFM at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, The Netherlands. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Dutch trade register (handelsregister).

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

The Fund Manager authorised these liquidation statements for issue on 4 June 2020.

#### *Liquidation*

The Fund Manager and the Legal Owner resolved on December 16, 2019 that the Fund will be liquidated and that subscriptions will no longer be accepted with immediate effect and that regular redemptions by participants of the Fund (the "Participants") dated 23 December 2019 or later will be suspended due to the envisaged liquidation of the Fund.

The reason for the liquidation is that the Fund Manager was informed by the seed investor, the sole investor in the Fund, that it wants to sell its position in the Fund on behalf of its clients.

The final NAV calculation of the Fund will be based on the 31 January 2020 NAV. The audit period will cover the period from 1 January 2019 through 31 January 2020.

## Accounting policies

### General

The liquidation report has been prepared with the purpose to inform the investors of the Fund on the financial position as per 31 January 2020. The liquidation report is therefore a special purpose report that has been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The reporting date is set on 31 January 2020 due to the final NAV calculation on this date. Legally the Fund exists till its final dissolution.

### Basis of accounting

As disclosed in the notes to the liquidation report "General" section, on 31 January 2020 the Management Board deemed that the Fund had come to the end of its useful life and resolved that it was in the best interest of the shareholders of the Fund to commence the orderly winding down of the Fund. Consequently, the liquidation report is prepared not on a going concern basis, but applying unchanged accounting principles.

Valuation of assets and liabilities and determination of the result of 31 December 2018 takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

### Extended reporting period

The reporting period is from 1 January 2019 through 31 January 2020.

### Measurement currency

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

### Receivables

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

### Investments

#### Recognition and basis of measurement

All investment securities are initially recognised at cost.

#### Valuation

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

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

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

#### Gains and losses

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

#### Dividend and interest income

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

#### **Translation of foreign currency**

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

#### **Brokerage/expenses**

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

#### **Cash**

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

#### **Cash flow statement**

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

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

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

#### **Ongoing charges figure (OCF)**

The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2019 until 31 January 2020 excluding the transaction costs, interest costs and performance fees. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month's used (for this period the number of months is 13).

#### **Turnover ratio (TOR)**

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



## Notes to the balance sheet

### 1. Investments

The movement of the financial instruments is as follows:

(all amounts in EUR)	<b>1-1-2019 through 31-1-2020</b>	<b>27-4-2018 through 31-12-2018</b>
<i>Investment funds</i>		
Opening balance	21,454,670	-
Purchases	14,463,619	23,614,624
Sales	(36,277,340)	(2,049,992)
Realised investment result	359,051	(52,279)
Unrealised investment result	-	(57,683)
<b>Balance at end of period</b>	<b>-</b>	<b>21,454,670</b>

### 2. Receivables from fund investments

The receivables from fund investments consists of redemption amounts from investments in other investment funds that have not yet been received by Cangaru Alternatives Fund.

### 3. Cash

At 31 January 2020, no restrictions on the use of the cash position exist.

#### 4. Net asset value

The movement of the individual Series for the period 1 January 2019 to 31 January 2020 is as follows:

(all amounts in EUR)	<b>Opening balance</b>	<b>Subscriptions</b>	<b>Redemptions</b>	<b>Dividend paid</b>	<b>Result</b>	<b>Net asset value</b>
Class D1	1,743,675	-	(1,751,993)	-	8,318	-
Class D2	21,547,455	1,755,434	(13,276,997)	-	129,723	10,155,615
<b>Total</b>	<b>23,291,130</b>	<b>1,755,434</b>	<b>(15,028,990)</b>	<b>-</b>	<b>138,041</b>	<b>10,155,615</b>

The participations of Class D are issued in Euro.

The movement in participations of the individual Series for the period 1 January 2019 to 31 January 2020 is as follows:

(in number of participations)	<b>Opening balance</b>	<b>Subscriptions</b>	<b>Redemptions</b>	<b>Closing balance</b>
Class D1	1,762.00	-	(1,762.00)	-
Class D2	21,743.33	1,759.71	(13,333.68)	10,169.36
<b>Total</b>	<b>23,505.33</b>	<b>1,759.71</b>	<b>(15,095.68)</b>	<b>10,169.36</b>

The movement of the individual Series for the period 27 April January 2018 to 31 December 2018 is as follows:

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

The participations of Class D are issued in Euro.

The movement in participations of the individual Series for the period 27 April January 2018 to 31 December 2018 is as follows:

(in number of participations)	<b>Opening balance</b>	<b>Subscriptions</b>	<b>Redemptions</b>	<b>Closing balance</b>
Class D1	-	1,797.00	(35.00)	1,762.00
Class D2	-	22,705.60	(962.27)	21,743.33
<b>Total</b>	<b>-</b>	<b>24,502.60</b>	<b>(997.27)</b>	<b>23,505.33</b>

**5. Other liabilities**

(all amounts in EUR)

	<b>31-1-2020</b>	<b>31-12-2018</b>
Management and performance fees payable	3,542	4,173
Audit fees payable	16,161	13,467
Depositary fee payable	4,689	-
Supervision fees payable	4,000	6,667
Other fees payable	9,199	6,513
<b>Balance at end of period</b>	<b>37,591</b>	<b>30,820</b>

## Notes to the profit and loss statement

### 6. Revaluation of investments

(all amounts in EUR)	<b>1-1-2019 through 31-1-2020</b>	<b>27-4-2018 through 31-12-2018</b>
<i>Net realised result on financial assets and liabilities at fair value through profit or loss</i>		
Realised gains on investment funds	744,636	-
Realised losses on investment funds	(385,585)	(52,279)
<b>Total realised result</b>	<b>359,051</b>	<b>(52,279)</b>
<i>Net unrealised result on financial assets and liabilities at fair value through profit or loss</i>		
Unrealised gains on investment funds	-	168,620
Unrealised losses on investment funds	-	(226,303)
<b>Total unrealised result</b>	<b>-</b>	<b>(57,683)</b>
<b>Total revaluation of investments</b>	<b>359,051</b>	<b>(109,962)</b>

### 7. Management fee and performance fee

The Fund Manager is entitled to an annual Management Fee equal to:

- 1.00% of the Net Asset Value (i.e. 100 basis points) of the Class A Participations;
- 0.75% of the Net Asset Value (i.e. 75 basis points) of the Class B Participations;
- 0.55% of the Net Asset Value (i.e. 55 basis points) of the Class C Participations;
- 0.40% of the Net Asset Value (i.e. 40 basis points) of the Class D1 Participations; and
- 0.20% of the Net Asset Value (i.e. 20 basis points) of the Class D2 Participations,

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

The management fee for the period ended 31 January 2020 amounts to EUR 51,196 (2018: EUR 32,060).

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

The performance fee for the period ended 31 January 2020 amounts to EUR nil (2018: EUR 87).

**8. Administration fees**

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

**9. Depositary fees**

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

The Depositary expenses for the period ended 31 January 2020 amounts to EUR 24,653 (2018: EUR 13,548).

**10. Audit fees**

The Fund has appointed Ernst & Young Accountants LLP as the independent auditor of the Fund. The Independent Auditor's remuneration for the audit of the annual report amounts to EUR 16,161 (2018: EUR 13,467). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

**11. Legal Owner fees**

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

**12. Income and withholding taxes**

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

## Other notes

Following the decision by the Fund Manager and Title Holder to liquidate the Fund, all investments have been sold and no portfolio investments remains at 31 January 2020. Therefore the Fund is no longer exposed to significant risks, such as:

- Market risk (including market price risk, currency risk and interest rate risk);
- Liquidity risk.

### Credit risk

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

Following the decision by the Fund Manager and Title Holder to liquidate the Fund, the Fund's maximum exposure to credit risk at 31 January 2020 relates solely to the cash and cash equivalents and receivables for a total carrying amount of EUR 10,193,206 (2018: EUR 1,966,154) as indicated in the statement of liquidation position.

### 13. Ongoing charges figure (OCF)

(all amounts in EUR)

	<b>2019</b>	<b>2018</b>
Average net asset value	20,038,750	21,142,959
Total ongoing expenses	219,598	113,019
<b>Ongoing charges figure</b>	<b>1.10%</b>	<b>0.53%</b>
<b>Annualised ongoing charges figure</b>	<b>1.02%</b>	<b>0.80%</b>

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

### 14. Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 1 January 2019 until 31 January 2020 is 169 (2018: 1).

### 15. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party making financial or operational decisions.

All services rendered by the Fund from the Fund Manager therefore qualify as related party transactions. During the period, the Fund paid management fees of EUR 51,827 (2018: EUR 32,060) to the Fund Manager.

**16. Core business and outsourcing**

The following key tasks have been outsourced by the Fund during the period:

*Administration*

The administration has been delegated to Circle Investment Support Services B.V, who carries out the administration of the Fund, including the processing of all investment transactions, processing of revenues and expenses and the preparation of the NAV. It also states, under the responsibility of the Manager, the interim report and the liquidation statements of the Fund. For information on the fees of the Administrator refer to note 8.

**17. Proposed appropriation of the result**

The result for the period ended 31 January 2020 has been added to the Net asset value of the Fund and will be distributed to the remaining participation holders as part of the liquidation of the Fund.

**18. Events after balance sheet date**

On February 18, 2020 97.5 % of the Fund's net assets, based on the January 31, 2020 Net Asset Value date, has been distributed to investors. On 28 May 2020 the remaining balance has been distributed to investors.

There has been no impact from the Corona virus outbreak since the liquidation of the Cangaru Alternatives Fund was already underway. All redemption proceeds have been received from the underlying Investee Funds.

Amsterdam, 4 June 2020

Fund Manager

**Privium Fund Management B.V.**



## Other Information

### **Personal holdings of the Board of Directors of the AIFM**

The Board of Directors of the AIFM had no interests or positions at 1 January 2019 and 31 January 2020 in investments the Fund holds in portfolio at these dates.

### **Independent Auditor's report**

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

## Independent auditor's report

To: the manager of Cangaru Alternatives Fund

### Report on the audit of the financial statements included in the liquidation report

#### Our opinion

We have audited the financial statements of Cangaru Alternatives Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cangaru Alternatives Fund as at 31 January 2020, and of its result and its cash flows in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 January 2020
- The following statements for the period ended 31 January 2020: the profit and loss statement and cash flow statement
- The notes comprising a summary of the accounting policies and other explanatory information

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Cangaru Alternatives Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

#### Emphasis on voluntary liquidation

We draw attention to the note General and Basis for accounting included in the accounting policies where, among other things, the situation of liquidation and its effects on the policies is explained. Our opinion is not qualified in respect of this matter.

## Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The situation changes on a daily basis. The impact of Corona on the reported matters of the Fund is disclosed in the management report section Corona disclaimer on page 10 and the financial statements disclosure on subsequent events on page 24. Our opinion is not modified in respect of this matter.

## Report on other information included in the annual report

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

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

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

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

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

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

## Description of responsibilities for the financial statements

### Responsibilities of the manager for the financial statements

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

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

#### Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

The Hague, 4 June 2020

Ernst & Young Accountants LLP

signed by R.J. Bleijs