

# Global Allocation Fund

The Netherlands

ANNUAL REPORT

**for the year ended 31 December 2019**

## Table of contents

	Page(s)
General information	1
Historical multi-year overview	2
Management report	3-7
Financial statements	
Balance sheet	8
Income statement	9
Statement of cash flows	10
Notes to the financial statements	
General information	11
Significant accounting principles and policies	11-13
Principles for determining the result	13
Notes for individual balance sheet items	
Investments	14-15
Cash	15
Accrued expenses and other payables	15
Share capital	16-17
Notes for individual income statement items	
Interest income	17
Dividend income	17
Investment return	17
Foreign currency translation	18
Costs	18-19
Relevant contracts	19-20
Related party transactions	20
Financial investments and associated risks	20-21
Participants' equity as issued	22
Events after the balance sheet date	22
Date of authorisation	22
Investment portfolio as at 31 December 2019	23
Investment portfolio as at 31 December 2018	24
Other information	
Provisions of the Prospectus on distribution policy	25
Interests held by the Directors	25
Provision of information	25
Independent Auditor's report	26-28

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Delegate	Box Consultants B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Depositary	Darwin Depositary Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Juridisch Eigendom Global Allocation Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Legal Advisor	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands

## Historical multi-year overview

### Key figures

	2019	2018 <sup>1</sup>
<i>(All amounts in EUR)</i>		
Equity at the beginning of the year/period	35,383,248	-
Issue of units	12,652,000	49,574,101
Direct investment result	204,166	201,812
Indirect investment result	5,138,388	(2,329,263)
	<b>53,377,802</b>	<b>47,446,650</b>
Redemption of units	(10,182,974)	(11,750,253)
Expenses	(240,438)	(313,149)
<b>Equity at the end of the year/period</b>	<b>42,954,390</b>	<b>35,383,248</b>
Investments	42,677,145	35,046,707
Cash and cash equivalents	336,147	1,034,841
Other assets and liabilities	(58,902)	(698,300)
<b>Equity at the end of the year/period</b>	<b>42,954,390</b>	<b>35,383,248</b>
<b>Net profit/(loss)</b>		
Investment income	204,166	201,812
Indirect investment result	5,138,388	(2,329,263)
Expenses	(240,438)	(313,149)
<b>Net profit/(loss)</b>	<b>5,102,116</b>	<b>(2,440,600)</b>
<b>Number of units</b>		
Class A	396,908.80	374,014.80
Class B	4,379.11	4,379.11
<b>Unitholders' equity per unit in accordance with Dutch GAAP<sup>2</sup></b>		
Class A	107.09	93.54
Class B	102.87	90.76
<b>Unitholders' equity per unit in accordance with the Prospectus<sup>2</sup></b>		
Class A	107.15	93.64
Class B	102.93	90.86
<b>Performance</b>		
Class A	14.43%	(6.36%)
Class B	13.29%	(9.14%)

<sup>1</sup> The Fund commenced operations on 2 October 2017 therefore the 2018 period was from 2 October 2017 to 31 December 2018.

<sup>2</sup> The participants' equity per participation is calculated in accordance with Dutch GAAP. Refer to note 15 of the 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.

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## Management Report

### Report of the Fund Manager

The Global Allocation Fund Class A shares gained +14.4% over 2019. Class B shares returned +13.3% over the same period.

The below review will cover the year ended 31 December 2019.

### Review 2019

2019 was a very strong year for global financial markets. After a painful drop in the last quarter of 2018, markets strongly recovered at the start of 2019. Generally upbeat economic data and outspoken support from central banks provided investors with the safety net they needed to push equity and credit markets to record levels. Around the mid-point of the year new cracks began to emerge and sentiment turned. Global political risk increased as US-China trade tensions flared up, Brexit developed into a painful political saga for all parties involved, conditions in the Middle East remained volatile and the streets of Hong Kong exploded into ever more gritty protests to Chinese intervention. Investors began to worry about the impact on international trade and long-term relations between the US, Europe and China. In the final months of the year optimism won out and equity markets made a final rally due to the growing chances on a (limited) trade deal between the US and China. Credit had to give back some of its gains particularly in developed market government bonds as investors moved out of their defensive positions. Political risk moved to the background and jobs, manufacturing and other economic data turned out to be resilient enough to absorb the disruptions.

The main investment objective of the Global Allocation Fund (the “Fund” or “GAF”) is to achieve long term capital growth. To achieve the objective, the strategy of the Fund is to invest in a diversified portfolio of Investment Funds (including hedge funds), ETF’s and structured products.

In 2019 all the categories and most of the underlying managers within the GAF added value. The portfolio of the Global Allocation Fund generally consists of three categories. This includes:

- Equity Related Investments
- Fixed Income Related Investments
- Alternatives

All categories contributed positively to returns during 2019 and the asset category weightings were broadly in line with last year. Especially the equity and fixed income related investments in Asia, Japan and Emerging Markets posted strong gains. During the year we decreased the exposure to quantitative focused strategies as these struggled to keep up with the changing market environment. We somewhat increased exposure to equity funds with a value investment approach. At the end of the year we initiated an equity fund investment into infrastructure as we believe that population growth and demand for new and better (digital) infrastructure, combined with high government debt and ageing existing infrastructure will provide an interesting long-term opportunity. In the short term, we like the defensive characteristics and inflation-linked cash flows of the sector.

As said portfolio level exposure to fixed income was kept in line with last year. Underlying however we added specific exposure to European bonds. This mostly includes corporate bond exposure.

The Alternatives category also made a positive contribution during 2019. This category exclusively consists of the investment in the Multi Strategy Alternatives Fund. No changes were made here.

As of 31 December 2019, the portfolio of the Fund consists of 25 underlying investments. Direct FX exposures within the fund were not hedged during the full year of 2019.

## Management Report (*continued*)

### Outlook 2020

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the corona virus ("COVID-19") outbreak. Some recovery has occurred, but the outlook remains uncertain.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment will be rising. There is clear uncertainty about the extent of this economic downturn. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

Based on current available information there are no continuity issues for the Fund and we expect limited changes within the asset allocation weightings of the Fund. Nevertheless, we are always looking for funds or products that offer a better risk/return ratio than any of the existing investments of the Fund. It might well be possible that the equity market sensitivity within the portfolio will be decreased when the year progresses.

Direct FX exposures within the Fund are not expected to be hedged during the full year of 2020 either.

### 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 31 December 2019. The financial year of the Fund Manager ends on 31 December of any year. For some of the funds the compensation consists of both a management and a performance fee. In 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>

## Management Report (*continued*)

### Remuneration policy 2019 (*continued*)

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 2019 no variable payments regarding the Global Allocation 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 Global Allocation Fund invests, amongst 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.

### Risk management and willingness to take risks

There have been no risk breaches during the year 2019. 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 overleaf we list the various risks 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.

## Management Report *(continued)*

### Risk management and willingness to take risks *(continued)*

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
Price/Market Risk	No	The portfolio of the Global Allocation Fund consists of long only equity investments, long only fixed income investments, investments in structured products and investments in hedge funds. Asset allocation decisions will be a major driver of the returns of the Fund. Another component of the returns will be the selection of the underlying investments itself. Price fluctuations due to general equity and bond market movements will therefore be an important part of the return. This risk is inherent when securities like equities and bonds are traded.	The Fund gained +14.43% in 2019 (Class A). The Fund does not have a benchmark. Global Equities, measured by the MSCI World Index (EUR) gained +26.51%, bonds measured by the Vanguard Global Bond Index Fund gained +5.28% in 2019 and hedge funds measured by the HFRX Hedge Fund Index (in EUR) gained +3.44%.	Investments are selected after a thorough due diligence process but the occurrence of this risk will also largely depend on general market circumstances.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Manager Risk	No	The Fund maintains investments in other investment funds. These funds are managed by external Fund Management companies. A rigid due diligence process is in place when investment funds or structured products are selected.	The impact was neutral since the biggest part of the returns in 2019 can be contributed to the asset allocation.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investment funds will perform better than general equity markets over the long term.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Interest rate risk	No	39.4% of the portfolio is invested in Fixed Income related investments. This includes cash as well. The Fund is therefore exposed to interest rate risk.	Fixed income investments in general experienced a positive year in 2019.	This will largely depend on interest rate movements.	No. The Fund Manager is comfortable with the risk exposure currently in place.
Foreign Exchange risk	No	Direct FX risk is currently not being hedged. As of December 31, 2019 73.6% of the investments were denominated in EUR. The remaining 26.4% was invested in USD denominated investments. The Fund has the possibility to hedge FX risks going forward.	73.6% of the investments were denominated in EUR. During 2019 the USD appreciated +2.3% vs the EUR. So there has been a positive contribution.	This will largely depend on FX movements.	No. The Fund Manager is comfortable with the risk exposure currently in place.
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. The Fund Manager is comfortable with the risk exposure currently in place.
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes. The Fund also maintains positions in funds that invest in fixed income (corporate credit, emerging market debt, sovereign debt, etc).	Fixed income investments in general experienced a positive year in 2019.	Medium (for the credit investments, but this will largely depend on the movements in credit markets)	No. The Fund Manager is comfortable with the risk exposure currently in place.
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 several Privium Funds.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. As of December 31, 2019 the leverage calculations according to the Gross method and Commitment method were as follows: Gross method: 99.22% and Commitment method: 100%.	None	None	No. The Fund Manager is comfortable with the risk exposure currently in place.



## Management Report (*continued*)

### 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. No errors have been signaled.

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 signaled.

## Financial statements

### BALANCE SHEET

(As at 31 December)

		31 December 2019 EUR	31 December 2018 EUR
	<i>Note(s)</i>		
<b>Assets</b>			
<b>Investments</b>			
Investee funds		38,377,135	28,158,231
Debt instruments		4,300,010	5,472,165
Equities		-	1,416,311
	3	<u>42,677,145</u>	<u>35,046,707</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash	4	336,147	1,034,841
Bank interest receivable		1	147
		<u>336,148</u>	<u>1,034,988</u>
<b>Total assets</b>		<u>43,013,293</u>	<u>36,081,695</u>
<b>Liabilities</b>			
<b>Current liabilities (fall due in less than 1 year)</b>			
Due to broker		-	(650,250)
Accrued expenses and other payables	5	(58,903)	(48,197)
		<u>(58,903)</u>	<u>(698,447)</u>
<b>Total liabilities</b>		<u>(58,903)</u>	<u>(698,447)</u>
<b>Total assets minus total liabilities</b>		<u>42,954,390</u>	<u>35,383,248</u>
<b>Participants' equity</b>			
Contribution of participants		40,292,874	37,823,848
Unappropriated gain/(loss)		2,661,516	(2,440,600)
<b>Total participants' equity</b>	6, 15	<u>42,954,390</u>	<u>35,383,248</u>

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

## Financial statements

### INCOME STATEMENT

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

	Note(s)	2019 EUR	2018 EUR
<b>Investment income</b>			
<i>Direct investment result</i>			
Interest income	7	201,348	191,878
Dividend income	8	2,818	9,934
		<b>204,166</b>	<b>201,812</b>
<i>Indirect investment result</i>			
Realised losses on investee funds	3, 9	(161,201)	(217,408)
Realised (losses)/gains on debt instruments	3, 9	(267,700)	51,710
Realised gains on equities	3, 9	318,290	23,221
Unrealised gains/(losses) on investee funds	3, 9	4,211,748	(1,359,238)
Unrealised gains/(losses) on debt instruments	3, 9	990,820	(846,920)
Unrealised gains/(losses) on equities	3, 9	29,576	(29,576)
Foreign currency gains on translation	10	16,855	48,948
		<b>5,138,388</b>	<b>(2,329,263)</b>
<b>Total investment income/(loss)</b>		<b>5,342,554</b>	<b>(2,127,451)</b>
<b>Expenses</b>			
Administration fee	11, 12	(55,000)	(67,740)
Management fee	11, 12, 13	(51,523)	(53,329)
Custody fee	11, 12	(43,560)	(54,656)
Depositary fee	11, 12	(29,040)	(36,858)
Other operational costs		(23,225)	(15,306)
Audit fee		(18,341)	(20,340)
Legal fees		(11,486)	(1,222)
Interest expense		(3,140)	(5,518)
Bank charges		(2,933)	(3,562)
Incorporation costs	11	-	(52,129)
<b>Total expenses</b>	11	<b>(238,248)</b>	<b>(310,660)</b>
<b>Net gain/(loss) before tax</b>		<b>5,104,306</b>	<b>(2,438,111)</b>
Withholding tax		(2,190)	(2,489)
<b>Net gain/(loss) after tax</b>		<b>5,102,116</b>	<b>(2,440,600)</b>

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

## Financial statements

### STATEMENT OF CASH FLOWS

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

	<i>Note</i>	<b>2019</b> <b>EUR</b>	<b>2018</b> <b>EUR</b>
<b>Cash flows from operating activities</b>			
Purchases of investments	3	(15,902,615)	(52,492,754)
Proceeds from sale of investments	3	13,379,110	15,051,246
Interest received		201,494	191,731
Interest paid		(3,595)	(4,637)
Dividend received		2,818	9,934
Incorporation costs paid		-	(52,129)
Administration fee paid		(54,863)	(59,993)
Management fee paid		(47,806)	(50,075)
Depositary fee paid		(29,040)	(36,858)
Custody fee paid		(38,305)	(39,568)
Other general expenses paid		(22,199)	(11,394)
Audit fee paid		(17,315)	(3,025)
Bank charges paid		(2,933)	(3,562)
Withholding tax paid		(2,190)	(2,489)
Legal fees paid		(11,486)	(1,222)
<b>Net cash flows used in operating activities</b>		<b>(2,548,925)</b>	<b>(37,504,795)</b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations		12,652,000	49,574,101
Payments on redemptions of participations		(10,182,974)	(11,750,253)
Distribution from equity investments		14,600	16,590
<b>Net cash flows provided by financing activities</b>		<b>2,483,626</b>	<b>37,840,438</b>
<b>Net (decrease)/increase in cash</b>		<b>(65,299)</b>	<b>335,643</b>
Cash at the beginning of the year/period		384,591	-
Foreign currency translation of cash positions		16,855	48,948
<b>Cash at the end of the year/period</b>	4	<b>336,147</b>	<b>384,591</b>
<b>Analysis of cash</b>			
Cash		336,147	1,034,841
Due to broker		-	(650,250)
<b>Total cash</b>	4	<b>336,147</b>	<b>384,591</b>

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

# Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

## 1. GENERAL INFORMATION

Global Allocation Fund (the “Fund”) is structured as an open-ended investment fund (*beleggingsfonds*) and a fund for joint account (*fonds voor gemene rekening*) organised and established under the laws of the Netherlands and was established in August 2017. The Fund is not a legal entity (*rechtspersoon*) but a contractual arrangement *sui generis* between the Fund Manager, 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 is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 66151457. The Fund commenced operations on 2 October 2017. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, the Netherlands.

The Fund has two classes of participations, Class A participations and Class B participations. The sole difference between the different classes is that Class A participants pay a lower management fee, due to the fact that the Delegate waived its delegation fee that is payable out of the management fee for this Class. Only investors that are a client of the Delegate are issued Class A participations against each such participant’s individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. As at 31 December 2019, both Class A participations and Class B participations are in issue.

The investment objective of the Fund is to achieve long term capital growth. To achieve this, the strategy of the Fund is to invest in a diversified portfolio of investment funds (including hedge funds or other (alternative) collective investment vehicles worldwide), listed investee companies, stocks, debt instruments, futures, forward currency contracts and in commodity related instruments including, but not limited to ETF’s, ETP’s, REIT’s, index funds and structured products.

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 year ended 31 December 2019 and period ended 31 December 2018.

The Fund Manager is in possession of an AFM (Stichting Autoriteit Financiële Markten) license as referred to in article 2:65(1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and the Dutch Central Bank (“De Nederlandsche Bank”).

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license (2:65 Wft new) by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule.

The financial statements have been authorised for issue by the Fund Manager on 22 June 2020.

## 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

### Basis of preparation

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

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.

Overleaf is a summary of the accounting policies of the Fund.

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### Functional currency

The financial statements are presented in Euro ("EUR"), which is the Fund's functional currency.

#### 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

Assets and liabilities denominated in currencies other than the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in the income statement.

#### 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 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.

The Fund measures the fair value of any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon using its last traded price on the relevant business day. If no trades occurred on such day, it will be valued at the closing price on the previous business day.

Gains and losses arising from fair value changes are calculated based on historical cost and recognised in the income statement as 'realised losses on investee funds', 'realised (losses)/gains on debt instruments', 'realised gains on equities', 'unrealised gains/(losses) on investee funds', 'unrealised gains/(losses) on debt instruments' and 'unrealised gains/(losses) on equities'.

#### Receivables and prepayments

The value of accounts receivable and prepayments will be deemed to be the full amount unless it is unlikely to be paid or received in full. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Cash is carried at face value.

#### Payables and accruals

Payables and accruals are included at fair value.

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### **Cash**

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

#### **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 participations of the Fund. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

#### **Participants' equity**

All references to net asset value ("NAV") throughout the financial statements are equivalent to participants' equity.

#### **Tax position**

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

#### **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 the value of the investments held by the Fund are accounted for in the income statement. The Fund may use forward currency contracts to limit the exchange rate risk. Forward currency contracts are accounted for as currency transactions. The change in value of forward currency contracts are also accounted for in the income statement.

Dividend income related to exchange-traded equity investments is recognised in the income statement on the ex-dividend date. Dividend withholding tax is presented gross in the income statement.

Interest income and expense are accounted for in the income statement on the accrual basis. Transaction costs in relation to equities are capitalised while transaction costs in relation to forward currency contracts are expensed immediately.

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

<i>(All amounts in EUR)</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Investment in investee funds</b>		
Opening balance	28,158,231	-
Purchases	12,290,664	38,727,230
Sales	(6,107,707)	(8,975,763)
Realised	(161,201)	(217,408)
Unrealised	4,211,748	(1,359,238)
Distribution	(14,600)	(16,590)
<b>As at 31 December</b>	<b>38,377,135</b>	<b>28,158,231</b>
<i>(All amounts in EUR)</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Investment in debt instruments</b>		
Opening balance	5,472,165	-
Purchases	1,400,000	8,748,685
Sales	(3,295,275)	(2,481,310)
Realised	(267,700)	51,710
Unrealised	990,820	(846,920)
<b>As at 31 December</b>	<b>4,300,010</b>	<b>5,472,165</b>
<i>(All amounts in EUR)</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Investment in equities</b>		
Opening balance	1,416,311	-
Purchases	2,211,951	5,016,839
Sales	(3,976,128)	(3,594,173)
Realised	318,290	23,221
Unrealised	29,576	(29,576)
<b>As at 31 December</b>	<b>-</b>	<b>1,416,311</b>
<i>(All amounts in EUR)</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Total investments</b>		
Opening balance	35,046,707	-
Purchases	15,902,615	52,492,754
Sales	(13,379,110)	(15,051,246)
Realised	(110,611)	(142,477)
Unrealised	5,232,144	(2,235,734)
Distribution	(14,600)	(16,590)
<b>As at 31 December</b>	<b>42,677,145</b>	<b>35,046,707</b>



## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### 3. Investments (continued)

##### *Movement in schedule of investments (continued)*

The tables below provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value based on how that fair value is determined.

#### 31 December 2019

	<b>Total</b>	<b>Quoted prices (unadjusted) in active markets</b>	<b>Other</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Investment in investee funds (assets)	38,377,135	32,595,792	5,781,343*
<b>Total</b>	<b>38,377,135</b>	<b>32,595,792</b>	<b>5,781,343</b>

#### 31 December 2018

	<b>Total</b>	<b>Quoted prices (unadjusted) in active markets</b>	<b>Other</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Investment in investee funds (assets)	28,158,231	4,915,891	23,242,340*
<b>Total</b>	<b>28,158,231</b>	<b>4,915,891</b>	<b>23,242,340</b>

*\*For the investment in investee funds, the fair value is derived from Administrator statements. One of the investments of the Global Allocation Fund, the Multi Strategy Alternatives Fund, has a monthly Net Asset Value calculation frequency. The December 2019 Net Asset Value of the Multi Strategy Alternatives Fund was received in the second week of January 2020 and therefore was not yet incorporated into the December 31, 2019 Net Asset Value of the Global Allocation Fund.*

#### 4. Cash

As at 31 December 2019, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to EUR 336,147 (2018: EUR 1,034,841). As at 31 December 2019 amounts due to ABN AMRO Clearing Bank N.V. of EUR Nil (2018: EUR 650,250).

As at 31 December 2019, no restrictions in the use of these balances exist.

#### 5. Accrued expenses and other payables

As at 31 December, accrued expenses and other payables consist of the following:

	<b>2019</b>	<b>2018</b>
<i>(All amounts in EUR)</i>		
Custody fee payable	(20,343)	(15,088)
Audit fee payable	(18,341)	(17,315)
Administration fee payable	(7,884)	(7,747)
Management fee payable	(6,971)	(3,254)
Other payables	(4,938)	(3,912)
Interest payable	(426)	(881)
<b>Total accrued expenses and other payables</b>	<b>(58,903)</b>	<b>(48,197)</b>

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### 6. Share capital

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

The Fund is structured as an open-ended investment fund and was established in Amsterdam in August 2017. The Fund has two classes of participations, Class A participations and Class B participations. The sole difference between the different classes is that Class A participants pay a lower management fee, due to the fact that the Delegate waived its delegation fee that is payable out of the management fee for this Class. Only investors that are a client of the Delegate are issued Class A participations against each such participant's individual subscription. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. As at 31 December 2019, both Class A participations and Class B participations are in issue.

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

<i>(All amounts in EUR)</i>	<b>2019</b>	<b>2018</b>
<i>Contributions of participants</i>		
Balance at the beginning of the year/period	37,823,848	-
Issue of participations	12,652,000	49,574,101
Redemption of participations	(10,182,974)	(11,750,253)
<b>Total contributions at the end of the year/period</b>	<b>40,292,874</b>	<b>37,823,848</b>
<i>Unappropriated gain/(loss)</i>		
Balance at the beginning of the year/period	(2,440,600)	-
Net gain/(loss) after tax	5,102,116	(2,440,600)
<b>Total undistributed gain/(loss) at the end of the year/period</b>	<b>2,661,516</b>	<b>(2,440,600)</b>
<b>Equity at the end of the year/period</b>	<b>42,954,390</b>	<b>35,383,248</b>

##### *Subscriptions and redemptions*

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a weekly dealing day at the subscription price. The minimum initial subscription for each participant is EUR 100,000. The Class A participations and Class B participations were issued at an initial subscription price of EUR 100 per participation. No subscriptions fees are charged to the participants of the Fund. The Fund's policy allows for redemptions on a weekly basis and notice of 3 business days must be provided. No redemption fees are charged to the participants of the Fund.

The movement of the participations during the year ended 31 December 2019 was as follows:

	<b>Participations at the beginning of the year</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the year</b>
Class A participations	374,014.795	123,963.816	(101,069.807)	396,908.804
Class B participations	4,379.108	-	-	4,379.108
<b>Total</b>	<b>378,393.903</b>	<b>123,963.816</b>	<b>(101,069.807)</b>	<b>401,287.912</b>

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### 6. Share capital (continued)

*Subscriptions and redemptions (continued)*

The movement of the participations during the period ended 31 December 2018 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A participations	-	487,637.012	(113,622.217)	374,014.795
Class B participations	-	9,379.108	(5,000.000)	4,379.108
<b>Total</b>	<b>-</b>	<b>497,016.120</b>	<b>(118,622.217)</b>	<b>378,393.903</b>

#### *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, the Fund does not intend to pay dividends. All earnings will normally be retained for investments.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 7. Interest income

Interest income relates to the interest on custodian balances.

#### 8. Dividend income

Dividend income relates to dividend from equity instruments.

#### 9. Investment return

*(All amounts in EUR)*

	2019		2019	2018
	Profit	Loss	Total	Total
<b>Investee funds</b>				
Realised result	169,961	(331,162)	(161,201)	(217,408)
Unrealised result	4,335,898	(124,150)	4,211,748	(1,359,238)
<b>Total result</b>	<b>4,505,859</b>	<b>(455,312)</b>	<b>4,050,547</b>	<b>(1,576,646)</b>

*(All amounts in EUR)*

	2019		2019	2018
	Profit	Loss	Total	Total
<b>Debt instruments</b>				
Realised result	98,700	(366,400)	(267,700)	51,710
Unrealised result	992,360	(1,540)	990,820	(846,920)
<b>Total result</b>	<b>1,091,060</b>	<b>(367,940)</b>	<b>723,120</b>	<b>(795,210)</b>

*(All amounts in EUR)*

	2019		2019	2018
	Profit	Loss	Total	Total
<b>Equities</b>				
Realised result	336,308	(18,018)	318,290	23,221
Unrealised result	44,253	(14,677)	29,576	(29,576)
<b>Total result</b>	<b>380,561</b>	<b>(32,695)</b>	<b>347,866</b>	<b>(6,355)</b>
<b>Total result</b>	<b>5,977,480</b>	<b>(855,947)</b>	<b>5,121,533</b>	<b>(2,378,211)</b>

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### 10. Foreign currency 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 31 December 2019, this amounted to gains of EUR 16,855 (period ended 2018: EUR 48,948). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2019		2018	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 Euro)</i>				
United States Dollar	1.1095	1.1214	1.1809	1.1469

#### 11. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the year ended 31 December 2019 and period ended 31 December 2018.

*(All amounts in EUR)*

	2019	2018
<b>Expenses accruing to the Fund Manager</b>		
Management fee	(51,523)	(53,329)
<b>Other expenses</b>		
Administration fee	(55,000)	(67,740)
Custody fee	(43,560)	(54,656)
Depositary fee	(29,040)	(36,858)
Audit fee	(18,341)	(20,340)
Other operational costs	(13,150)	(8,521)
Legal fees	(11,486)	(1,222)
FATCA fee	(10,075)	(6,785)
Interest expense	(3,140)	(5,518)
Bank charges	(2,933)	(3,562)
Incorporation costs	-	(52,129)
<b>Total</b>	<b>(238,248)</b>	<b>(310,660)</b>

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the year ended 31 December 2019, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year, the Fund also incurred costs such as other operational costs of EUR 13,150 (2018 EUR 8,521), interest expense of EUR 3,140 (2018: EUR 5,518), bank charges of EUR 2,933 (2018: EUR 3,562) and legal fees of EUR 11,486 (2018: EUR 1,222) which are not detailed in the Prospectus. The Fund also incurs incorporation costs of EUR Nil (2018: EUR 52,129).

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

#### 11. Costs (continued)

##### Ongoing charges ratio

The ongoing charges ratio is the ratio of the total 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 unitholders' equity i.e., weekly.

For the year ended 31 December 2019 and period ended 31 December 2018, the ongoing charges ratio for the Fund is as follows:

	2019	2018
Ongoing charges ratio including interest*	0.61%	0.87%*
Ongoing charges ratio excluding interest*	0.60%	0.85%*
Ongoing charges ratio including interest **	0.61%	0.86%**
Ongoing charges ratio excluding interest**	0.60%	0.84%**
Ongoing charges ratio including expenses of underlying funds	0.56%	0.51%

##### Turnover factor

For the year ended 31 December 2019, the turnover factor for the Fund is 16.49% (period ended 31 December 2018: 17.39%\* (17.16%\*\*)). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average unitholders' equity.

\*These are not annualised.

\*\* Annualised.

### 12. RELEVANT CONTRACTS

#### Fund Manager

##### *Management fee*

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee equal to:

- (i) Class A participations: 10 basis points (0.10%) of the participants' equity.
- (ii) Class B participations: 110 basis points (1.10%) of the participants' equity.

The management fee is calculated on the last calendar day of each month, payable monthly in arrears out of the Fund's assets. After two years from October 2017 (the closing date) the total annual management fee retained by the Fund Manager after the payment of the delegation fee is subject to a minimum of EUR 75,000 per annum.

The Fund Manager has entered into a delegation agreement with Box Consultants B.V. Certain portfolio management responsibilities have been delegated to Box Consultants B.V. The Fund Manager pays a delegation fee to the Delegate for the Class B participations only. No delegation fee is paid to Box Consultants B.V. regarding the Class A participations. Details of management fees charged for the year/period 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 an annual fee, to be calculated and paid monthly in arrears on the basis of the participants' equity of the Fund before deduction of the management fee, and with a minimum of EUR 50,000 per annum. This annual fee is based on the following sliding scale:

- Part up to EUR 100 million 10 basis points
- Part between EUR 100 million and EUR 200 million 8 basis points
- Part above EUR 200 million 6 basis points

Details of administration fees charged for the year/period are disclosed in the income statement.

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

### 12. RELEVANT CONTRACTS (CONTINUED)

#### Custodian

ABN AMRO Clearing Bank N.V. acts as Custodian to the Fund. The Custodian is entitled to receive fees from the Fund in accordance with its customary charges.

#### Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee equal to 0.014% of the net asset values of the Fund (based on the average of the net asset values of the Fund at the end of each calendar quarter) with a minimum of EUR 24,000, payable quarterly in advance for depository services provided to the Fund. Details of depository fees charged for the year/period are disclosed in the income statement.

#### Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 18,341 (2018: EUR 20,340) audit fee (including VAT) for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

#### Legal Owner

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

### 13. RELATED PARTY TRANSACTIONS

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

The Fund maintains an investment in the Multi Strategy Alternatives Fund, a fund also being managed by the Fund Manager and Box Consultants B.V. has also been appointed as Delegate of the Fund. The investment in Multi Strategy Alternatives Fund is maintained in the Class C participations and no management fee is applicable.

The Delegate is considered a related party. As at 31 December 2019, employees of the Delegate held 1,024.4432 Class A participations in the Fund. The Fund Manager is also considered a related party.

The following transactions occurred between the Fund and the Fund Manager during the reporting year/period.

*Transactions from 1 January 2019 – 31 December 2019 and balances as at 31 December 2019*

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(47,806)	(6,971)

*Transactions from 2 October 2017 – 31 December 2018 and balances as at 31 December 2018*

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(50,075)	(3,254)

### 14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The investment objective of the Fund is to achieve long term capital growth. To achieve this, the strategy of the Fund is to invest in a diversified portfolio of investment funds (including hedge funds or other (alternative) collective investment vehicles worldwide), listed investee companies, stocks, debt instruments, futures, forward currency contracts and in commodity related instruments including, but not limited to ETF's, ETP's, REIT's, index funds and structured products.

## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

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

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk. The funds, to which the Fund subscribes, indirectly expose the Fund to various risks which are not outlined below. These risks are monitored by the Investment Manager 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 market price risk, interest rate risk and currency risk. The Fund's market risk is managed through diversification of its investments.

#### Market price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

#### 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. As at 31 December 2019, interest rate risk arises on most of the Fund's investments in fixed income.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency. The Fund's exposure to foreign exchange movements as at 31 December 2019 and 31 December 2018 are as follows:

	2019		2018	
	Fair value EUR	% of Participants' equity	Fair value EUR	% of Participants' equity
<b>Currency</b>				
United States Dollar	11,335,739	26.4	9,258,810	26.2

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investment in investee funds and equity instruments) best represent the maximum credit risk exposure as at the reporting date and amounts to EUR 4,636,158 (2018: EUR 6,507,153). The Fund had debt instruments amounting to EUR 4,300,010 (2018: EUR 5,472,165) at the year end.

The current credit rating of ABN AMRO Clearing Bank N.V. is 'A' (2018: 'A'), as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

#### Liquidity risk

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

The Fund's Prospectus provides for the weekly creation and cancellation of participants and it is therefore exposed to the liquidity risk of meeting participants' redemptions. The Fund's policy allows for redemptions on a weekly basis and notice of 3 business days must be provided.

The Fund's listed securities are considered to be readily realisable as they are listed on recognised exchanges.

The Fund's other liabilities are short-term in nature.



## Notes to the financial statements

(For the year ended 31 December 2019/ for the period from 2 October 2017 to 31 December 2018)

### 15. PARTICIPANTS' EQUITY AS ISSUED

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

To determine the participants' equity in accordance with Dutch GAAP the following schedule is presented as at 31 December 2019 and 31 December 2018.

	31 December 2019 EUR	31 December 2018 EUR
<b>Participants' equity attributable to holders of participations in accordance with the Prospectus</b>	42,983,010	35,422,295
<b>Adjustments</b>		
Unamortised incorporation costs	(28,620)	(39,047)
<b>Adjusted participants' equity attributable to holders of participations in accordance with Dutch GAAP</b>	<b>42,954,390</b>	<b>35,383,248</b>
<b>Number of participations</b>		
Class A participations	396,908.80	374,014.80
Class B participations	4,379.11	4,379.11
<b>Participants' equity per participation in accordance with the Prospectus</b>		
Class A participations	107.15	93.64
Class B participations	102.93	90.86
<b>Participants' equity per participation in accordance with Dutch GAAP</b>		
Class A participations	107.09	93.54
Class B participations	102.87	90.76

### 16. EVENTS AFTER THE BALANCE SHEET DATE

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the corona virus ("COVID-19") outbreak. Some recovery has occurred, but the outlook remains uncertain.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment will be rising. There is clear uncertainty about the extent of this economic downturn. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

Based on current available information there are no continuity issues for the Fund.

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

### 17. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 22 June 2020.



## Investment portfolio as at 31 December 2019

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
Comgest Growth Emerging Markets	EUR	1,180,149	2.7
Comgest Growth Europe	EUR	1,502,176	3.5
GS Europe Core Equity Portfolio	EUR	1,158,588	2.7
GS Japan Equity Portfolio	EUR	2,369,949	5.5
JP Morgan Strategic Value	EUR	1,622,490	3.8
KBI Development Equity Fund	EUR	1,244,106	2.9
Kempen International Funds - Sustainable Smallcap Fund	EUR	860,953	2.0
MSIM Global Fixed Income Fund	EUR	1,955,050	4.6
Partners Group Listed Investments SICAV	EUR	1,586,702	3.7
PIMCO GIS Income Fund	EUR	2,092,746	4.9
Robeco Financial Institutions	EUR	1,496,482	3.5
Robeco Q1 Global Developed Enhanced	EUR	871,838	2.0
SEB Danish Mortgage Bond Fund	EUR	1,457,189	3.4
SISF - Asian Opportunity Fund	EUR	1,419,124	3.3
UBAM - High Grade Euro Income	EUR	1,174,799	2.7
Vanguard European Stock Index	EUR	864,658	2.0
Vanguard Global Bond Index	EUR	2,246,961	5.2
Vanguard Emerging Markets	EUR	1,938,029	4.5
Fidelity Pacific Fund	USD	1,190,200	2.8
Multi Strategy Alternatives Fund	USD	5,781,343	13.5
NB Emerging Market Debt Fund	USD	1,890,339	4.4
Serviced Platform SICAV - Select Equity Long/Short UCITS	USD	2,473,264	5.8
		<b>38,377,135</b>	<b>89.4</b>
<b>Debt Instruments</b>			
Credit Suisse AG London 0% 14/05/2026	EUR	1,582,800	3.7
Credit Suisse AG London 0% 26/09/2024	EUR	1,318,750	3.1
Goldman Sachs Fin C Intl 0% 23/12/2026	EUR	1,398,460	3.2
		<b>4,300,010</b>	<b>10.0</b>
		<b>42,677,145</b>	<b>99.4</b>

## Investment portfolio as at 31 December 2018

Assets	Currency	Fair value EUR	% of NAV
<b>Investee Funds</b>			
Comgest Growth Emerging Markets	EUR	806,468	2.3
Comgest Growth Europe	EUR	1,116,282	3.2
Fidelity Pacific Fund	USD	783,191	2.2
GS Japan Equity Portfolio	EUR	1,820,637	5.1
JPMorgan Strategic Value	EUR	1,363,537	3.9
KBI Development Equity Fund	EUR	1,014,070	2.9
Multi Strategy Alternatives Fund	USD	4,915,891	13.9
MSIM Global Fixed Income Fund	EUR	1,665,409	4.7
NB Emerging Market Debt Fund	USD	1,627,453	4.6
PIMCO GIS Income Fund	EUR	1,791,958	5.1
Robeco Financial Institutions	EUR	861,104	2.4
Robeco Q1 Global Developed Enhanced	EUR	954,593	2.7
SEB Danish Mortgage Bond Fund	EUR	1,425,031	4.0
Serviced PL Maver Fund	USD	1,931,521	5.5
SISF-Asian Opportunity Fund	EUR	1,125,515	3.1
Vanguard European Stock Index	EUR	683,596	1.9
Vanguard Global Bond Index	EUR	852,630	2.4
Vanguard Emerging Markets	EUR	2,114,838	6.0
Vanguard Global Short Term Index Fund	USD	1,304,507	3.7
		<b>28,158,231</b>	<b>79.6</b>
<b>Equities</b>			
ISHARES MSCI Europe	EUR	940,006	2.7
ISHR MSCI Far East	EUR	476,305	1.3
		<b>1,416,311</b>	<b>4.0</b>
<b>Debt Instruments</b>			
BNP Paribas Issuance BV 0% 22/07/2019	EUR	753,750	2.1
Credit Suisse AG London 0% 14/05/2026	EUR	1,393,650	3.9
Credit Suisse AG London 0% 26/09/2024	EUR	1,174,875	3.3
Goldman Sachs 0% 27/12/2024	EUR	1,230,390	3.5
Morgan Stanley BV 0% 28/10/2024	EUR	919,500	2.6
		<b>5,472,165</b>	<b>15.4</b>
		<b>35,046,707</b>	<b>99.0</b>

## 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 sums 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 31 December 2019, the Board of Directors did not hold any shares in the Fund or in the underlying investment funds.

### Provision of information

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

## Independent auditor's report

To: The shareholders and the directors of Privium Fund Management B.V. as investment manager of Global Allocation Fund

## Report on the audit of the financial statements 2019 included in the annual report

### Our opinion

We have audited the financial statements 2019 of Global Allocation Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Global Allocation Fund as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2019
- The following statements for 2019 : Profit and loss statement and cash flow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information

### Basis for our opinion

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

We are independent of Global Allocation 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.

### Emphasis of matter relating Corona developments

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 financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty.

The impact of these developments on Global Allocation Fund is disclosed in the Management Board Letter on page 4 of the Annual Report and in the disclosure about events after the reporting period on page 22 of the Annual Report. We draw attention to these disclosures.

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:

- 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.

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.

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

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

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 among others:

- 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 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 June 2020

Ernst & Young Accountants LLP

Signed by R.J. Bleijs