

Multi Strategy Alternatives Fund

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2019

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General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Delegate/Investment Advisor	Box Consultants B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Legal Owner	Stichting Juridisch Eigendom Multi Strategy Alternatives Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Legal Advisor	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Depositary	Darwin Depositary Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Payment Bank	ABN AMRO Bank Daalsesingel 71 3511SW Utrecht The Netherlands

Historical overview

Key figures	2019	2018	2017	2016	2015
<i>(All amounts in USD)</i>					
Equity at the beginning of the year/period ¹	126,123,063	137,832,610	127,967,483	119,726,018	-
Issue of participations	15,450,619	2,925,000	11,546,000	13,745,371	123,654,549
Direct investment result	138,002	114,404	63,158	42,151	1,680
Indirect investment result	10,603,815	(7,101,336)	9,030,507	(2,509,070)	618,990
	152,315,499	133,770,678	148,607,148	131,004,470	124,275,219
Redemption of participations	(15,874,374)	(7,285,647)	(10,429,626)	(2,724,757)	(4,116,825)
Expenses	(380,387)	(361,968)	(344,912)	(312,230)	(432,376)
Equity at the end of the year/period	136,060,738	126,123,063	137,832,610	127,967,483	119,726,018
Investments	135,620,353	117,844,300	137,029,417	123,007,719	107,313,013
Cash	504,646	8,344,695	858,768	4,025,330	2,642,344
Other assets and liabilities	(64,261)	(65,932)	(55,575)	934,434	9,770,661
Equity at the end of the year/period	136,060,738	126,123,063	137,832,610	127,967,483	119,726,018
Net profit/(loss)					
Investment income	138,002	114,404	63,158	42,151	1,680
Indirect investment result	10,603,815	(7,101,336)	9,030,507	(2,509,070)	618,990
Expenses	(380,387)	(361,968)	(344,912)	(312,230)	(432,376)
Net profit/(loss)	10,361,430	(7,348,900)	8,748,753	(2,779,149)	188,294
Number of participations					
Class A participations	1,207,242.9395	1,214,213.4669	1,263,567.5118	1,302,951.5860	2,380,143.7095
Class C participations ²	62,864.3263	57,974.6540	50,082.8611	-	-
NAV per participation in accordance with Dutch GAAP³					
Class A participations	107.25	99.25	105.03	98.21	100.60
Class C participations	104.70	96.80	102.34	-	-
NAV per participation in accordance with the Prospectus³					
Class A participations	107.25	99.25	105.04	98.23	100.63
Class C participations	104.70	96.80	102.35	-	-
Performance					
Class A participations	8.05%	(5.51)%	6.94%	(2.38)%	-
Class C participations	8.15%	(5.42)%	2.34%	-	-

¹ The Fund commenced operations on 15 January 2015.

² The Class C participations were issued in November 2017.

³ The NAV per participation is calculated in accordance with Dutch GAAP. Refer to note 14 of these financial statements for the 2018 reconciliation between the NAV calculated in accordance with the Prospectus and the NAV calculated in accordance with Dutch GAAP. There was no reconciliation for 2019 as the incorporation costs were fully amortised as at 31 December 2019.

Management Report

Report of the Fund Manager

The Multi Strategy Alternatives Fund Class A shares gained +8.05% in 2019. Class C shares returned +8.15% over the same period.

The below review will cover the period between 1 January 2019 and 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 Multi Strategy Alternatives Fund (the “Fund” or “MSAF”) is to achieve long term capital growth by investing in a diversified portfolio of alternative investment funds. To achieve the objective, the strategy of the Fund is to focus on investment boutiques within larger asset managers.

In 2019 all the strategies and most of the underlying managers within the Fund added value. Per year end, the portfolio of the Multi Strategy Alternatives Fund was allocated to the following five investment strategies:

- Long/Short Equity
- Event Driven
- Diversified Fixed Income
- Global Macro
- Long/Short Credit

All strategies contributed positively to returns during 2019. Especially the Long/Short Equity and Event Driven strategies posted strong returns. During the year we increased our exposure to Long/Short Equity strategies. We also switched two funds within this strategy for higher quality alternatives. We increased our exposure to Event Driven strategies by adding one fund at the start of the year. Fund exposure to the Equity Market Neutral strategy was fully divested during 2019. These funds were mostly quantitative in nature and the current investment environment doesn't seem to be favorable for their strategy. Therefore, we decided to remove them from the MSAF portfolio and allocate the proceeds to higher quality alternatives.

As of 31 December 2019, the portfolio of the Fund consists of 10 underlying funds. Direct FX exposures within the Fund were hedged during the year, but during 2019 the two EUR denominated funds were redeemed from the portfolio of the Fund.

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 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.

Management Report (*continued*)

Outlook 2020 (*continued*)

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

It is foreseen that we will maintain the allocation to equity long/short given the increased dispersions across stocks. We are also keeping an overweight position in event driven given the accommodating environment for corporate activity (M&A) due to the low interest rate environment and also because there are large uninvested pools of capital at many private equity managers. Additionally, we have a favorable outlook on the Global Macro strategy due to their flexible investment mandate combined with the outlook that central banks will remain very active.

We expect limited changes within the current strategy allocation although we are always looking for funds that offer a better risk/return ratio than any of the existing investments of the Fund.

Going into 2020 the Fund only maintains investments in USD denominated investments.

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 totaled 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
Total remuneration	€181,214	€9,662,813	€9,844,027

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.

Management Report (*continued*)

Remuneration policy 2019 (*continued*)

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 to best practice ethical standards, and/or other performance/non-performance related criteria. In 2019 no variable payments regarding the Multi Strategy 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.

Risk management and willingness to take risks

There have been no risk breaches during the year 2019. The risk profile of the Fund has not 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
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 gained +8.05% in 2019 (Class A). The Fund slightly underperformed its benchmark which gained +8.63% (HFRX Hedge Fund Index in USD).	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better than general equity markets over the long term. Especially measured on a risk/return basis.	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	None	No
Foreign Exchange risk	Yes	Direct FX risk is hedged within the fund.	None	None. Currently all underlying investments are denominated in USD.	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. Because the Fund is hedging direct FX risk by using FX forwards, the fund is utilizing implied leverage. As of December 31, 2019 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 96.72% and Commitment method: 100%.	None	None	None

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 gedragtoezicht 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.

Financial statements

BALANCE SHEET (As at 31 December)

		31 December 2019 USD	31 December 2018 USD
Assets			
Investments			
Investee funds		135,620,353	117,913,756
	3	<u>135,620,353</u>	<u>117,913,756</u>
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	504,646	8,344,695
Interest receivable		3,193	5,684
		<u>507,839</u>	<u>8,350,379</u>
Total assets		<u>136,128,192</u>	<u>126,264,135</u>
Liabilities			
Investments			
Derivative financial liabilities		-	(69,456)
	3	<u>-</u>	<u>(69,456)</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	5	(67,454)	(71,616)
		<u>(67,454)</u>	<u>(71,616)</u>
Total liabilities		<u>(67,454)</u>	<u>(141,072)</u>
Total assets minus total liabilities		<u>136,060,738</u>	<u>126,123,063</u>
Participants' equity			
Contribution of participants		126,890,310	127,314,065
Unappropriated gain/(loss)		9,170,428	(1,191,002)
Total participants' equity	6,14	<u>136,060,738</u>	<u>126,123,063</u>

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

Financial statements

INCOME STATEMENT

(For the years ended 31 December)

	<i>Note(s)</i>	2019	2018
		USD	USD
Investment result			
<i>Direct investment result</i>			
Interest income	7	138,002	114,404
		138,002	114,404
<i>Indirect investment result</i>			
Realised losses on investee funds	3,9	(1,748,145)	(1,752,743)
Realised gains on derivative financial instruments	3,9	849,306	1,586,079
Unrealised gains/(losses) on investee funds	3,9	11,466,993	(6,952,241)
Unrealised gains/(losses) on derivative financial instruments	3,9	69,456	(71,400)
Foreign currency (losses)/gains on translation	8	(33,795)	88,969
		10,603,815	(7,101,336)
Total investment income/(loss)		10,741,817	(6,986,932)
Expenses			
Management fee	10,11,12	(117,101)	(115,085)
Administration fee	10,11	(60,103)	(59,267)
Custody fee	10,11	(55,069)	(55,754)
Interest expense	10,11	(54,272)	(38,249)
Bank charges		(23,687)	(20,957)
Depositary fee	10,11	(23,010)	(23,361)
Auditor's fee	10,11	(20,506)	(20,645)
Other operational costs		(17,701)	(26,711)
Legal ownership fee	10	(9,198)	(2,618)
Incorporation credit		260	679
Total expenses	10	(380,387)	(361,968)
Net profit/(loss)		10,361,430	(7,348,900)

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

Financial statements

STATEMENT OF CASH FLOWS (For the years ended 31 December)

	<i>Note</i>	2019	2018
		USD	USD
Cash flows from operating activities			
Purchase of investments	3	(69,931,638)	(49,343,597)
Proceeds from sale of investments	3	61,943,890	59,752,330
Net receipts from derivative financial assets and liabilities	3	849,306	1,586,079
Management fee paid		(116,429)	(116,000)
Administration fee paid		(59,211)	(60,446)
Custody fee paid		(54,172)	(52,226)
Other general expenses paid		(33,316)	(25,505)
Other income received		29,323	28,561
Depositary fee paid		(23,010)	(23,361)
Bank charges paid		(21,476)	(20,957)
Audit fee paid		(19,797)	(13,859)
Incorporation costs received		260	679
Interest received		53,771	45,907
Net cash flows (used in)/provided by operating activities		<u>(7,382,499)</u>	<u>11,757,605</u>
Cash flows from financing activities			
Proceeds from sales of participations		15,450,619	2,925,000
Payments on redemptions of participations		(15,874,374)	(7,285,647)
Net cash flows used in financing activities		<u>(423,755)</u>	<u>(4,360,647)</u>
Net (decrease)/increase in cash		<u>(7,806,254)</u>	<u>7,396,958</u>
Cash at the beginning of the year		8,344,695	858,768
Foreign currency (losses)/gains on translation of cash positions		(33,795)	88,969
Cash at the end of the year	4	<u>504,646</u>	<u>8,344,695</u>
Analysis of cash			
Cash at banks		504,646	1,201,173
Due from broker		-	7,143,522
Total of cash	4	<u>504,646</u>	<u>8,344,695</u>

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

Notes to the financial statements

1. GENERAL INFORMATION

Multi Strategy Alternatives Fund (the “Fund”) is an open-ended investment fund (*beleggingsfonds*) for joint account (*besloten fonds voor gemene rekening*) organised and established on 30 July 2014 under the laws of the Netherlands. 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 61167649. The Fund commenced operations on 15 January 2015. The most recent Prospectus of the Fund was issued in October 2017.

The Fund may issue Class A participations, Class B participations and Class C participations. As at 31 December 2019, only the Class A participations and the Class C participations are in issue.

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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

The Fund had no employees during the years ended 31 December 2019 and 2018.

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

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

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

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

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

Functional currency

The financial statements are presented in United States Dollar (“USD”), 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.

Notes to the financial statements

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

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

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' and 'realised gains on derivative financial instruments' or 'unrealised gains/(losses) on investee funds' and 'unrealised gains/(losses) on derivative financial instruments'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2019 and 2018, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 31 December 2019 and 2018, no such adjustments were made.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value. As at 31 December 2019, estimated values were used.

Receivables and prepayments

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

Payables and accruals

Payables and accruals and deferred income are included at fair value.

Cash

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

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Statement of cash flows

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

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

Participants' equity

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

The changes in value of investments in investee funds are accounted for in the income statement. The Fund uses 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.

Interest income and expense are accounted for in the income statement on the accrual basis.

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in USD)</i>	31 December 2019	31 December 2018
Investment in investee funds		
As at 01 January	117,913,756	137,027,473
Purchases	69,931,638	49,343,597
Sales	(61,943,889)	(59,752,330)
Realised	(1,748,145)	(1,752,743)
Unrealised	11,466,993	(6,952,241)
As at 31 December	<u>135,620,353</u>	<u>117,913,756</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

Movement in schedule of investments (continued)

<i>(All amounts in USD)</i>	31 December 2019	31 December 2018
Derivative financial instruments		
As at 01 January	(69,456)	1,944
Purchases	-	-
Sales	(849,306)	(1,586,079)
Realised	849,306	1,586,079
Unrealised	69,456	(71,400)
As at 31 December	-	(69,456)
Total investments		
As at 01 January	117,844,300	137,029,417
Purchases	69,931,638	49,343,597
Sales	(62,793,195)	(61,338,409)
Realised	(898,839)	(166,664)
Unrealised	11,536,449	(7,023,641)
As at 31 December	135,620,353	117,844,300

The Fund did not hold any forward currency contracts at 31 December 2019.

The table below provides an analysis of the forward currency contracts at 31 December 2018

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Valuation rate*	Unrealised USD
31/01/2019	USD	21,203,718	EUR	18,500,000	1.14615	1.14956	(63,106)
07/01/2019	USD	1,828,690	EUR	1,600,000	1.14293	1.14690	(6,350)
Total unrealised loss on open forward currency contracts							(69,456)

* Showing the equivalent of 1 Euro.

Notes to the financial statements

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

	Total USD	Quoted prices (unadjusted) in active markets USD	Other USD
Investment in investee funds (assets)	135,620,353	69,134,210	66,486,143*
Total	135,620,353	69,134,210	66,486,143

31 December 2018

	Total USD	Quoted prices (unadjusted) in active markets USD	Other USD
Investment in investee funds (assets)	117,913,756	81,670,030	36,243,726*
Derivative financial liabilities	(69,456)	(69,456)	-
Total	117,844,300	81,600,574	36,243,726

*For the investment in investee funds, the fair value is derived from Administrator statements.

4. Cash

As at 31 December 2019, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 504,646 (2018: USD 1,201,173). As at 31 December 2019 and 2018, no restrictions in the use of these balances exist.

As at 31 December 2019, there were no balances due from ABN AMRO Clearing Bank N.V. As at 31 December 2018, balances due from ABN AMRO Clearing Bank N.V. amount to USD 7,143,522.

5. Accrued expenses and other payables

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

<i>(All amounts in USD)</i>	31 December 2019	31 December 2018
Audit fee payable	(20,568)	(19,859)
Administration fee payable	(17,682)	(16,790)
Management fee payable	(9,712)	(9,040)
Regulator fee payable	(9,256)	(10,176)
Custody fee payable	(7,025)	(6,128)
Brokerage fee payable	(2,211)	-
Other payables	(560)	(2,056)
Interest payable	(440)	(3,567)
FATCA fee payable	-	(4,000)
Total	(67,454)	(71,616)

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital

Structure of the Fund's capital

Multi Strategy Alternatives Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations, Class B participations and Class C participations. All classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Delegate/Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Delegate/Investment Advisor shall be issued Class A participations against each such participant's individual subscription. Class C participations will pay no management fee, due to the fact that both the Delegate and the Fund Manager will waive, respectively, the delegation fee payable out of the management fee and the management fee payable for this Class. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 31 December 2019, only the Class A participations and Class C participations are in issue.

The movement of equity in the participations during the year ended 31 December 2019 and 2018 is as follows:

<i>(All amounts in USD)</i>	31 December 2019	31 December 2018
<i>Contributions of participants</i>		
Balance at the beginning of the year	127,314,065	131,674,712
Issue of participations	15,450,619	2,925,000
Redemption of participations	(15,874,374)	(7,285,647)
Total contributions at the end of the year	126,890,310	127,314,065
<i>Unappropriated gain/(loss)</i>		
Balance at the beginning of the year	(1,191,002)	6,157,898
Net gain/(loss)	10,361,430	(7,348,900)
Total undistributed gain/(loss) at the end of the year	9,170,428	(1,191,002)
Equity at the end of the year	136,060,738	126,123,063

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on the first business day of each calendar month ("subscription day") at the NAV per participation as at the valuation day immediately preceding the subscription day ("subscription price"). The minimum initial subscription for each participant is USD 100,000. Participations were issued at an initial subscription price of USD 100 per participation and thereafter at the NAV per participation. No subscriptions fees are charged to the participants of the Fund.

The Fund will enable participants to redeem participations at the NAV per participation as at the valuation day immediately preceding the redemption day ("redemption price") on the first business day of each calendar month ("redemption day"). The Administrator must receive the redemption request in proper form at least one month before the relevant redemption day. The Fund Manager may decide, in its sole discretion to accept redemption notices which are not received in a timely manner. No redemption fees are charged to the participants of the Fund.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (continued)

Subscriptions and redemptions (continued)

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

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	1,214,213.4669	144,176.8506	(151,147.3780)	1,207,242.9395
Class C	57,974.6540	4,889.6723	-	62,864.3263
Total	1,272,188.1209	149,066.5229	(151,147.3780)	1,270,107.2658

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

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	1,263,567.5118	20,508.8247	(69,862.8696)	1,214,213.4669
Class C	50,082.8611	7,891.7929	-	57,974.6540
Total	1,313,650.3729	28,400.6176	(69,862.8696)	1,272,188.1209

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. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. As at 31 December 2019 and 2018, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Interest income

Interest income relates to the interest on bank and broker balances.

8. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than financial assets and liabilities. For the year ended 31 December 2019, this amounted to losses of USD 33,795 (2018: gains of USD 88,969). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one United States Dollar is shown):

	2019		2018	
	Average	Closing	Average	Closing
(Showing the equivalent of 1 United States Dollar)				
Euro	0.8818	0.8917	0.8525	0.8719

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

9. Investment return

<i>(All amounts in USD)</i>	2019		2019	2018
	Profit	Loss	Total	Total
Investee funds				
Realised result	286,036	(2,034,181)	(1,748,145)	(1,752,743)
Unrealised result	12,272,477	(805,484)	11,466,993	(6,952,241)
	<u>12,558,513</u>	<u>(2,839,665)</u>	<u>9,718,848</u>	<u>(8,704,984)</u>
Derivative financial instruments				
Realised result	849,306	-	849,306	1,586,079
Unrealised result	69,456	-	69,456	(71,400)
	<u>918,762</u>	<u>-</u>	<u>918,762</u>	<u>1,514,679</u>
Total result	<u>13,477,275</u>	<u>(2,839,665)</u>	<u>10,637,610</u>	<u>(7,190,305)</u>

10. Costs

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

<i>(All amounts in USD)</i>	2019	2018
Expenses accruing to Fund Manager		
Management Fee	(117,101)	(115,085)
Other expenses		
Administration fee	(60,103)	(59,267)
Custody fee	(55,069)	(55,754)
Interest expenses	(54,272)	(38,249)
Bank charges	(23,687)	(20,957)
Depository fee	(23,010)	(23,361)
Audit fee	(20,506)	(20,645)
Legal ownership fee	(9,198)	(2,618)
Regulatory fee	(8,541)	(10,452)
Other operational costs	(5,160)	(11,973)
FATCA fees	(4,000)	(4,286)
Incorporation fee	260	679
Total	<u>(380,387)</u>	<u>(361,968)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Costs (continued)

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 interest expense of USD 54,272 (2018: USD 38,249), regulatory fees of USD 8,541 (2018: USD 10,452), bank charges of USD 23,687 (2018: USD 20,957), FATCA fees of USD 4,000 (2018: USD 4,286) and other operational costs of USD 5,160 (2018: USD 11,973) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding interest costs) to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e. monthly.

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

	2019	2018
Ongoing charges ratio	0.24%	0.24%
Ongoing charges ratio including expenses of underlying funds	1.51%	0.94%

Turnover factor

For the year ended 31 December 2019, the turnover factor for the Fund is 74.58% (2018: 74.52%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

11. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee of 0.09% of the NAV of Class A participations and 1.09% of the NAV of Class B participations as at the last day of each calendar month. The management fee is calculated monthly and payable monthly in arrears. The Fund Manager pays a delegation fee to the Delegate for the Class B participations. No management fee is applicable to Class C participations.

Details of management fees charged for the year 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 of 0.04% of the NAV, as of the last day of each month, subject to an annual minimum fee of EUR 20,000 (including VAT). The fee is calculated monthly and paid quarterly in arrears.

The Administrator also charges a fee of EUR 5,000 per annum for the preparation of the financial statements.

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

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.

Legal owner fee

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%.

Notes to the financial statements

11. RELEVANT CONTRACTS (CONTINUED)

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of USD 20,506 (2018: USD 20,645) 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.

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual minimum fee of EUR 16,500, (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. This also includes a fee for management of the legal owner. Details of depository fees charged for the year are disclosed in the income statement.

12. RELATED PARTY TRANSACTIONS

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

The following provides details on the related parties of the Fund and transactions with the related parties.

The Global Allocation Fund, a fund also being managed by the Fund Manager, maintains an investment in the Multi Strategy Alternatives Fund. 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. No management fee is applicable for this share class.

The Fund Manager is considered a related party also.

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

Transactions from 1 January 2019 - 31 December 2019 and balances as at 31 December 2019

	Paid	Balance
	USD	USD
Management fee	116,429	9,712

Transactions from 1 January 2018 - 31 December 2018 and balances as at 31 December 2018

	Paid	Balance
	USD	USD
Management fee	116,000	9,040

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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 fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, interest rate risk and currency risk. 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.

As at 31 December 2019 and 2018, price risk arises on the Fund's investments in investee funds.

The Fund's diversification of financial assets and liabilities at fair value through profit or loss represented per significant strategy as at 31 December 2019 and 2018 is as follows:

Strategy	2019		2018	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	55,459,713	40.76%	56,269,952	44.62%
Multi Strategy	41,337,340	30.38%	37,772,399	29.94%
Fixed Income	25,788,666	18.95%	23,871,405	18.93%
Event Driven	13,034,634	9.58%	-	-
	135,620,353	99.67%	117,913,756	93.49%

The table below details the sensitivity of the Fund's investments to a reasonable possible increase of 5% at 31 December 2019 and 2018:

Strategy	2019		2018	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	2,772,986	2.04%	2,813,498	2.23%
Multi Strategy	2,066,867	1.52%	1,888,620	1.50%
Fixed Income	1,289,433	0.95%	1,193,570	0.95%
Event Driven	651,732	0.48%	-	-

A 5% decrease of the Fund's investments in each strategy would have resulted in an equal but opposite effect, on the basis that all other variables remain constant.

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Interest rate risk

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

Currency risk

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

The Fund uses forward rate contracts to mitigate the foreign currency exchange risk. This hedging strategy is intended to substantially mitigate the currency risk but does not eliminate such risk.

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. As at 31 December 2019, the Fund did not hold any forward currency contracts. The forward currency contracts are settled on a gross basis and as such at 31 December 2018, the Fund has a settlement risk USD 0.1 million and a credit risk exposure towards the counterparty of USD Nil.

As at 31 December 2019, all of the investments in investee funds are in USD. As the Fund's assets and liabilities are predominately denominated in the functional currency (USD) the Fund is not exposed to material currency risk.

The currency exposure of the Fund at 31 December 2019 is as follows:

	2019 Total currency exposure USD
Currency	
Euro	(15,064)

The currency exposure of the Fund at 31 December 2018 is as follows:

	2018		Total currency exposure USD
	Net position USD	Notional amounts forwards USD	
Currency			
Euro	22,895,025	(23,032,407)	(137,382)

As at 31 December 2018 all forward contracts will mature within 1 month. The notional amounts represent the undiscounted cash flow at the maturity date.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash, derivative financial assets and interest receivable. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amount to USD 507,839 (2018: USD 8,350,379).

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Credit risk (continued)

All transactions of the Fund are cleared by ABN AMRO Clearing Bank N.V. representing a concentration risk. Bankruptcy or insolvency of ABN AMRO Clearing Bank N.V. may cause the Fund's rights with respect to the cash and/or its investments to be delayed or limited. The Fund regularly monitors its risk by monitoring the credit quality of ABN AMRO Clearing Bank N.V. as reported.

The current credit rating of ABN AMRO Bank N.V., the parent company 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 Fund Manager will deal with another provider.

Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants' redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of one month must be provided.

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

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

Notes to the financial statements

14. NET ASSET VALUE AS ISSUED

As at 31 December 2019 there was no reconciliation between the 31 December 2019 NAV in accordance with the Prospectus and the 31 December 2019 NAV as determined in accordance with Dutch Accounting Standard 210 (“Dutch GAAP”) as the incorporation costs were fully amortised as at 31 December 2019.

The following schedule shows the reconciliation between the 31 December 2018 NAV in accordance with the Prospectus and the 31 December 2018 NAV as determined in accordance with Dutch GAAP.

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

	31 December 2018 USD
Net assets attributable to holders of participations in accordance with the Prospectus	126,133,305
Adjustments	
Unamortised incorporation costs	(10,242)
Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP	<u>126,123,063</u>
Number of participations	
Class A participations	1,214,213.4669
Class C participations	57,974.6540
NAV per participation in accordance with the Prospectus	
Class A participations	99.25
Class C participations	96.80
Adjusted NAV per participation in accordance with Dutch GAAP	
Class A participations	99.25
Class C participations	96.80

15. 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.

Investment portfolio as at 31 December 2019

Assets	Currency	Fair Value USD	% of NAV
Investee funds			
BlackRock Credit Alpha Offshore Class A1-USD-Series 1	USD	13,036,626	9.6
BlackRock Credit Alpha Offshore Class A1-USD-Series 2	USD	675,178	0.5
BlackRock European Hedge - Class I USD	USD	14,784,675	10.9
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-04-2012-USD	USD	13,534,188	9.9
Global Event Partners Ltd. Class A1-USD-Series 1	USD	13,790,701	10.2
Global Event Partners Ltd. Class A1-USD-Series 17	USD	841,944	0.6
JPMorgan Investment Funds - Global Macro Opportunities	USD	12,992,891	9.5
Legg Mason Global Funds PLC-Legg Mason Western Asset Macro Opportunities Bond Fund	USD	13,317,767	9.8
Schroder GAIA Egerton Equity	USD	14,199,326	10.4
Serviced Platform SICAV - Select Equity Long/Short UCITS Sub-Fund	USD	12,941,524	9.5
The Obsidian (Offshore) Fund Ltd. - Class V Master Series	USD	11,444,046	8.4
The Obsidian (Offshore) Fund Ltd. - Class V Series 0519	USD	1,026,853	0.8
U Access IRL Cheyne Arbitrage UCITS	USD	13,034,634	9.6
		135,620,353	99.7

Investment portfolio as at 31 December 2018

Assets	Currency	Fair Value USD	% of NAV
Investee funds			
BlackRock Credit Alpha Offshore Class A1-USD-Series 1	USD	12,758,353	10.1
BlackRock Global Event Partners Ltd. Class A1-USD-Series 1	USD	12,383,862	9.8
GIM Portfolio Strategies Fund - Europe Dynamic Long-Short Fund Class A-10-2003-EUR	EUR	9,857,191	7.8
GIM Portfolio Strategies Fund - Europe Dynamic Long-Short Fund Class A 10-2015-USD	USD	1,082,841	0.9
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-04-2012-USD	USD	12,551,984	10.0
JPMorgan Investment Funds - Global Macro Opportunities	USD	12,630,184	10.0
Legg Mason Global Funds PLC-Legg Mason Western Asset Macro Opportunities Bond Fund	USD	12,134,142	9.6
Saemor Europe Alpha Fund Class A EUR	EUR	11,208,485	8.9
Serviced Platform SICAV - Maverick Fundamental Quant UCITS Fund	USD	11,479,399	9.1
Serviced Platform SICAV - Select Equity Long/Short UCITS Sub-Fund	USD	10,090,053	8.0
The Obsidian (Offshore) Fund Ltd.	USD	11,737,262	9.3
		117,913,756	93.5

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager does not intend to distribute any income of the Fund to participants. The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund.

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 annual report 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.

Date of authorisation

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

Independent auditor's report

To: The shareholders and the directors of Privium Fund Management B.V. as investment manager of Multi Strategy Alternatives 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 Multi Strategy 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 Multi Strategy Alternatives 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 Multi Strategy Alternatives 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 Multi Strategy Alternatives Fund is disclosed in the Management Board Letter on pages 3 and 4 of the Annual Report and in the disclosure about events after the reporting period on page 23 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