

Principia Fund N.V.

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

for the period from 1 January 2020 to 30 June 2020

Table of contents

	Page(s)
General information	1-2
Profile	3
Interim financial statements	
Balance sheet	4
Income statement	5
Statement of cash flows	6
Notes to the interim financial statements	7-17

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
Foundation	Stichting Administratiekantoor Principia Luna Arena Herikerbergweg 238 P.O. Box 23393 1101 CM 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 Wassenaarseweg 80 2596 CZ The Hague The Netherlands
Payment Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

**The interim financial statements are neither audited nor reviewed by the Independent Auditor.*

General information *(continued)*

Depository

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

Fiscal Advisor (UK)

Rawlinson & Hunter
8th Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ
United Kingdom

Profile

Principia Fund N.V. (the “Fund”) is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The Fund is a public company limited by shares (*naamloze vennootschap*) and is a legal entity under the laws of the Netherlands. The Fund is managed by Privium Fund Management B.V. (the “Fund Manager”).

The investment objective of the Fund is to earn a higher return than the average of the world’s developed equity markets, as represented by iShares MSCI World UCITS ETF.

The unitholders’ equity per unit as at 30 June 2020, 31 December 2019 and 30 June 2019 are as follows:

Unitholders’ equity per unit in accordance with Dutch GAAP	30 June 2020	31 December 2019	30 June 2019
Unitclass A (in EUR)	122.51	143.47	128.45
Unitclass B (in EUR)	131.94	153.73	136.95
Unitholders’ equity per unit in accordance with the Prospectus			
Unitclass A (in EUR)	122.51	143.47	128.45
Unitclass B (in EUR)	131.94	153.73	136.95

Interim financial statements

BALANCE SHEET

	Note(s)	30 June 2020 EUR	31 December 2019 EUR
Assets			
Investments			
Equities		18,251,166	20,388,102
	3	<u>18,251,166</u>	<u>20,388,102</u>
Current assets (fall due in less than 1 year)			
Cash	4	301,882	1,236,655
Other receivables	5	31,932	34,743
		<u>333,814</u>	<u>1,271,398</u>
Total assets		<u>18,584,980</u>	<u>21,659,500</u>
Liabilities			
Current liabilities (fall due in less than 1 year)			
Subscriptions received in advance	6	-	(969,505)
Due to custodian	4	(38,878)	(158,602)
Accrued expenses and other payables	7	(38,588)	(47,018)
		<u>(77,466)</u>	<u>(1,175,125)</u>
Total liabilities		<u>(77,466)</u>	<u>(1,175,125)</u>
Total assets minus total liabilities		<u>18,507,514</u>	<u>20,484,375</u>
Unitholders' equity			
Contribution of unitholders	8	15,718,268	14,575,294
Unappropriated gain	8	2,789,246	5,909,081
Total unitholders' equity	8	<u>18,507,514</u>	<u>20,484,375</u>

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

Interim financial statements

INCOME STATEMENT

(For the periods ended 30 June 2020 and 2019)

	Note(s)	2020 EUR	2019 EUR
Investment (loss)/income			
<i>Direct investment result</i>			
Interest income	9	63	993
Dividend income	10	300,312	266,395
Other income		1,717	569
		<u>302,092</u>	<u>267,957</u>
<i>Indirect investment result</i>			
Realised gains on investment in equities	3, 12	291,303	28,868
Unrealised (losses)/gains on investment in equities	3, 12	(3,526,876)	1,699,439
Foreign currency gains on translation	11	4,376	13,477
		<u>(3,231,197)</u>	<u>1,741,784</u>
Total investment (loss)/income		<u>(2,929,105)</u>	<u>2,009,741</u>
Expenses			
Management fee	14, 15	(87,317)	(100,345)
Administration fee	14	(12,704)	(11,480)
Depositary fee	14	(10,252)	(9,983)
Other operational costs		(7,449)	(4,675)
Audit fee		(6,477)	(7,990)
Bank charges		(5,851)	(3,698)
Custody fee	14	(2,690)	(2,741)
FATCA fees		(2,260)	(2,213)
Interest expense		(645)	(1,620)
Legal fee		(599)	-
Total expenses	13	<u>(136,244)</u>	<u>(144,745)</u>
Net (loss)/profit before tax		(3,065,349)	1,864,996
Withholding tax on dividend income		(54,486)	(45,064)
Net (loss)/profit after tax		<u><u>(3,119,835)</u></u>	<u><u>1,819,932</u></u>

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

Interim financial statements

STATEMENT OF CASH FLOWS (For the periods ended 30 June 2020 and 2019)

	<i>Note</i>	2020 EUR	2019 EUR
Cash flows from operating activities			
Purchases of investments	3	(6,275,434)	(3,835,606)
Proceeds from sale of investments	3	5,176,797	3,489,099
Interest paid		(509)	(466)
Dividend received		303,008	259,817
Other income received		1,717	569
Management fee paid		(89,437)	(103,275)
Withholding tax paid		(54,486)	(45,064)
Depository fee paid		(10,252)	(9,983)
Administration fee paid		(13,869)	(8,789)
Audit fee paid		(7,550)	(8,555)
Other general expenses paid		(13,714)	(5,482)
Bank charges paid		(5,851)	(3,698)
Custody fee paid		(2,715)	(2,713)
Legal fee paid		(599)	-
Net cash flows used in operating activities		(992,894)	(274,146)
Cash flows from financing activities			
Proceeds from sales of units – class A units	8	818,132	2,731,649
Proceeds from sales of units – class B units	8	327,924	8,739
Payments on redemptions of units – class A units	8	(3,082)	(2,259,140)
Subscriptions received in advance		(969,505)	(38,400)
Net cash flows provided by financing activities		173,469	442,848
Net (decrease)/increase in cash		(819,425)	168,702
Cash at the beginning of the period		1,078,053	420,511
Foreign currency translation of cash positions		4,376	13,477
Cash at the end of the period	4	263,004	602,690
Analysis of cash			
Cash at bank		1,157	146,428
Due from custodian		300,725	456,262
Due to custodian		(38,878)	-
Total cash	4	263,004	602,690

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

Notes to the interim financial statements

1. GENERAL INFORMATION

Principia Fund N.V. (the “Fund”) is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The Fund is a public company limited by shares (*naamloze vennootschap*) and is a legal entity under the laws of the Netherlands. The Fund is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 60521945. The Fund commenced operations on 22 May 2014. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, The Netherlands. The most recent Prospectus of the Fund was issued in May 2018.

The shares of the Fund are divided in two series (“shareclasses”), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. Investors can invest in the Fund by obtaining depository receipts (“units”) representing an interest in Shareclass A (“A units”) or Shareclass B (“B units”). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series (“unitclasses”), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund. All other persons can subscribe for units in Unitclass A. As at 30 June 2020 and 31 December 2019, both Unitclass A and Unitclass B units are in issue.

The investment objective of the Fund is to earn a higher return than the average of the world’s developed equity markets, as represented by iShares MSCI World UCITS ETF.

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 period ended 30 June 2020 and the year ended 31 December 2019.

The Fund Manager is subject to the supervision of the Netherlands Authority for the Financial Markets (“AFM”). 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 interim financial statements have been authorised for issue by the Fund Manager on 12 August 2020.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The interim 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 interim financial statements have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”).

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

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

Functional currency

The interim 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.

Notes to the interim financial statements

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

Recognition and measurement (*continued*)

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 interim 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 interim 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 units

The units of the Fund are classified as equity. These units 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 gains on investment in equities’ and ‘unrealised (losses)/gains on investment in equities’.

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 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 interim 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 period 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.

Unitholders' equity

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

Principles for determining the result

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

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

Dividends from equities are included at the date when they are declared. Dividend withholding tax is presented gross on the income statement.

Income and expenses are accounted for in the income statement on the accrual basis.

Subscription fees, where applicable, are included in the income statement.

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 unitholder) are not subject to dividend withholding tax.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in EUR)</i>	1 January to 30 June 2020	1 January to 30 June 2019
Investment in equities		
Opening balance	20,388,102	15,621,165
Purchases	6,275,434	3,835,606
Sales	(5,176,797)	(3,489,099)
Realised	291,303	28,868
Unrealised	(3,526,876)	1,699,439
As at 30 June	<u>18,251,166</u>	<u>17,695,979</u>

4. Cash

As at 30 June 2020, cash comprises of balances held with ABN AMRO Bank N.V. amounting to EUR 1,157 (31 December 2019: EUR 972,128). As at 30 June 2020 and 31 December 2019, no restrictions in the use of these balances exist.

Cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 300,725 (31 December 2019: EUR 264,527). As at 31 December 2019, the Fund also had an amount due to ABN AMRO Clearing Bank N.V of EUR 38,878 (31 December 2019: EUR 158,602) which represented amounts held in brokerage accounts.

5. Other receivables

As at 30 June 2020 and 31 December 2019, other receivables consist of the following:

<i>(All amounts in EUR)</i>	30 June 2020	31 December 2019
Dividend receivable	31,932	34,628
Interest receivable	-	115
Total other receivables	<u>31,932</u>	<u>34,743</u>

6. Subscriptions received in advance

Subscriptions received in advance represent the amounts received from unitholders for subscriptions to units of the Fund for the first business day of the next month. Unitholders are required to deposit the amounts with the Fund prior to the issuance of units.

As at 30 June 2020, there were no subscriptions received in advance. As at 31 December 2019, the subscriptions received in advance amount to EUR 969,505. On 1 January 2020, the Fund issued 5,053.2818 units of Unitclass A and 1,581.0107 units of Unitclass B to the subscribing unitholders.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Accrued expenses and other payables

As at 30 June 2020 and 31 December 2019, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	30 June 2020	31 December 2019
Audit fee payable	(14,906)	(15,979)
Management fee payable	(14,211)	(16,331)
Administration fee payable	(4,044)	(5,209)
FATCA fee payable	(2,225)	(4,459)
Licence fees payable	(1,775)	(1,275)
Other payables	(900)	(650)
Custody fee payable	(431)	(456)
Interest payable	(96)	(138)
Foundation fee payable	-	(2,521)
Total accrued expenses and other payables	<u>(38,588)</u>	<u>(47,018)</u>

8. Share capital

Structure of the Fund's capital

The Fund is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The shares of the Fund are divided in two series ("shareclasses"), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. The shareclasses only differ with respect to the management fee, as no such fees are charged to Shareclass B. Investors can invest in the Fund by obtaining depository receipts ("units") representing an interest in Shareclass A ("A units") or Shareclass B ("B units"). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series ("unitclasses"), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund. All other persons can subscribe for units in Unitclass A. As at 30 June 2020 and 30 June 2019, both Unitclass A and Unitclass B units were in issue.

The movement of equity in the units during the periods is as follows:

<i>(All amounts in EUR)</i>	1 January to 30 June 2020	1 January to 30 June 2019
<i>Contributions of unitholders</i>		
Balance at the beginning of the period	14,575,294	13,878,821
Issue of units – class A units	818,132	2,731,649
Issues of units – class B units	327,924	8,739
Redemption of units – class A units	(3,082)	(2,234,272)
Redemption of units – class B units	-	(24,868)
Total contributions at the end of the period	<u>15,718,268</u>	<u>14,360,069</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the period	5,909,081	1,960,644
Net (loss)/profit after tax	(3,119,835)	1,819,932
Total undistributed gain at the end of the period	<u>2,789,246</u>	<u>3,780,576</u>
Equity at the end of the period	<u>18,507,514</u>	<u>18,140,645</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Subscriptions and redemptions

The Fund enables the Foundation to issue units on the first business day of each calendar month at the Net Asset Value per Unit on the preceding Valuation Day, plus an anti-dilution levy of maximum 0.15% of the subscription amount. The minimum initial subscription for each unitholder is EUR 20,000 with the minimum subsequent subscription amounts being EUR 1,000. The Unitclass A and Unitclass B units were issued at an initial subscription price of EUR 100 per unit and thereafter at the unitholders' equity per unit. The minimum subscription amount can be lowered at the sole discretion of the Fund Manager.

The Fund enables the Foundation to redeem units of the unitholders' equity on the last day of each calendar month, less a fee (the "anti-dilution levy") of maximum 0.15% of the redemption amount. The minimum value of units which may be subject of one redemption request will be EUR 1,000. The Fund Manager may decide to lower this amount in individual cases.

The movement of the units during the period ended 30 June 2020 was as follows:

	Units at the beginning of the period	Units issued	Units redeemed	Units at the end of the period
Unitclass A	133,270.9370	5,825.3046	(24.0000)	139,072.2416
Unitclass B	8,871.7694	2,258.4530	-	11,130.2224
Total	<u>142,142.7064</u>	<u>8,083.7576</u>	<u>(24.0000)</u>	<u>150,202.4640</u>

The movement of the units during the period ended 30 June 2019 was as follows:

	Units at the beginning of the period	Units issued	Units redeemed	Units at the end of the period
Unitclass A	128,721.9657	21,381.3912	(17,308.6470)	132,794.7099
Unitclass B	8,031.5235	65.2430	(188.7608)	7,908.0057
Total	<u>136,753.4892</u>	<u>21,446.6342</u>	<u>(17,497.4078)</u>	<u>140,702.7156</u>

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 unitholders 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

9. Interest income

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

10. Dividend income

Dividend income relates to dividends from equity instruments.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. 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 period ended 30 June 2020, this amounted to gains of EUR 4,376 (2019: gains of EUR 13,477). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2020		2019	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 Euro)</i>				
Swiss Franc	1.06411	1.06415	-	-
Great Britain Pound	0.8750	0.9059	0.8732	0.8956
Hong Kong Dollar	8.5524	8.7067	8.8590	8.8851
Japanese Yen	119.2800	121.2500	124.3100	122.6700
Norwegian Krone	10.7559	10.8128	9.7290	9.7060
United States Dollar	1.1020	1.1234	1.1295	1.1368

12. Investment return

<i>(All amounts in EUR)</i>	2020		2020	2019
	Profit	Loss	Total	Total
Equities				
Realised result	1,091,803	(800,500)	291,303	28,868
Unrealised result	725,223	(4,252,099)	(3,526,876)	1,699,439
Total result	1,817,026	(5,052,599)	(3,235,573)	1,728,307

13. Expenses

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2020 and 2019.

<i>(All amounts in EUR)</i>	2020	2019
Expenses accruing to the Fund Manager		
Management fee	(87,317)	(100,345)
Other expenses		
Administration fee	(12,704)	(11,480)
Depositary fee	(10,252)	(9,983)
Other operational costs	(7,449)	(4,675)
Audit fee	(6,477)	(7,990)
Bank charges	(5,851)	(3,698)
Custody fee	(2,690)	(2,741)
FATCA fees	(2,260)	(2,213)
Interest expense	(645)	(1,620)
Legal fee	(599)	-
Total	(136,244)	(144,745)

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

13. Expenses (continued)

The basis on which various expenses are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual expenses and the expenses disclosed in the Prospectus. During the period ended 30 June 2020, all expenses actually charged to the Fund were in accordance with the expenses disclosed in the Prospectus. During the period, the Fund also incurred expenses such as other operational costs of EUR 7,449 (2019: EUR 4,675), bank charges of EUR 5,851 (2019: EUR 3,698), FATCA fees of EUR 2,260 (2019: EUR 2,213) and interest expense of EUR 645 (2019: EUR 1,620) which are not detailed in the Prospectus.

14. 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 (the "Fee") on Shareclass A of 1.5% per annum when the performance of the Fund is equal to the return of the benchmark over the three years ending on the date of the calculation. A maximum fee of 2% is payable if the return of Shareclass A is superior to that of the benchmark by 20% over the three years ending on the date of the calculation. A minimum fee of 1% is payable if the return of Shareclass A is below that of the benchmark by 20% over the three years ending on the date of the calculation. Please also see the Prospectus of the Fund for an additional explanation. The management fee is calculated monthly and payable monthly in arrears.

No management fee is charged to Unitclass B.

Please also see the Prospectus of the Fund for an additional explanation. Details of management fees charged for the periods 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 unitholders' equity of the Fund before deduction of the management fee, and with a minimum of EUR 15,000 per annum. This annual fee is based on the following sliding scale:

- | | |
|--|-----------------|
| ▪ Part up to EUR 30 million | 10 basis points |
| ▪ Part between EUR 30 million and EUR 50 million | 8 basis points |
| ▪ Part above EUR 50 million | 6 basis points |

The Administrator charges a fixed fee of EUR 5,000 per annum for the preparation of the annual report. No VAT has to be paid on these amounts.

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

Payment Bank/Custodian

ABN AMRO Clearing Bank N.V. acts as Custodian to the Fund and ABN AMRO Bank N.V. acts as Payment Bank 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 of EUR 16,500 (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. Details of depository fees charged for the periods are disclosed in the income statement.

Notes to the interim financial statements

14. RELEVANT CONTRACTS (CONTINUED)

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor for the audit of the annual financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

15. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

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

Transactions from 1 January 2020 – 30 June 2020 and balances as at 30 June 2020

	Paid	Balance
	EUR	EUR
Management fee	(89,437)	(14,211)

Transactions from 1 January 2019 – 30 June 2019 and balances as at 31 December 2019

	Paid	Balance
	EUR	EUR
Management fee	(103,275)	(16,331)

The units in Unitclass B have been issued to persons working for the Fund Manager or related to the Fund. Mr. Ryan Nicholas Dally, the portfolio manager, holds 1,255.001 units (31 December 2019: 1,255.001 units) of Unitclass B.

16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to earn a higher return than the average of the world's developed equity markets, as represented by iShares MSCI World UCITS ETF.

The Fund attempts to achieve its objective by investing predominantly in global listed equities and is therefore exposed to all the risks and rewards associated with the equities selected. The Fund is actively managed and will likely differ materially from the benchmark in order to achieve its objective.

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.

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. There may be various reasons why markets fall, like recessions caused by a change in the economic business cycle or a pandemic. 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 30 June 2020 and 31 December 2019, price risk arises on the Fund's investment in equities.

Notes to the interim financial statements

16. 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 at banks and amounts due from/to custodian 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's exposure to foreign exchange movements as at 30 June 2020 and 31 December 2019 is as follows:

	30 June 2020		31 December 2019	
	Fair value EUR	% of unitholders' equity	Fair value EUR	% of unitholders' equity
Currency				
Great Britain Pound	3,403,015	18.4	3,540,919	17.3
Hong Kong Dollar	1,209,978	6.5	1,141,975	5.6
Japanese Yen	2,139,584	11.6	356,924	1.7
Norwegian Krone	198,245	1.1	1,769,549	8.6
Swiss Franc	1,728,024	9.3	2,150,059	10.5
United States Dollar	7,275,603	39.3	9,411,767	45.9

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 equities) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 333,814 (31 December 2019: EUR 1,271,398).

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 units and it is therefore exposed to the liquidity risk of meeting unitholders redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of 10 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 interim financial statements

17. PROVISION OF INFORMATION

The interim 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.

18. EVENTS AFTER THE BALANCE SHEET DATE

Covid-19

At the time of writing this report the global economy continues to be under severe pressure caused by the effects of the COVID-19 pandemic (generally referred to as corona virus). Some recovery has occurred, but the outlook remains uncertain.

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.

There were no other material subsequent events which necessitate revision of the figures or disclosures included in the unaudited condensed interim financial statements.

19. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 12 August 2020.