

# Multi Strategy Alternatives Fund

The Netherlands

ANNUAL REPORT

**for the year ended 31 December 2020**

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Delegate/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 Wassenaarseweg 80 2596 CZ The Hague 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
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Payment Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

## Historical overview

Key figures	2020	2019	2018	2017	2016
<i>(All amounts in USD)</i>					
Equity at the beginning of the year	136,060,738	126,123,063	137,832,610	127,967,483	119,726,018
Issue of participations	7,341,421	15,450,619	2,925,000	11,546,000	13,745,371
Direct investment result	2,086	138,002	114,404	63,158	42,151
Indirect investment result	26,898,150	10,603,815	(7,101,336)	9,030,507	(2,509,070)
	<b>170,302,395</b>	<b>152,315,499</b>	<b>133,770,678</b>	<b>148,607,148</b>	<b>131,004,470</b>
Redemption of participations	(7,695,827)	(15,874,374)	(7,285,647)	(10,429,626)	(2,724,757)
Expenses	(365,185)	(380,387)	(361,968)	(344,912)	(312,230)
<b>Equity at the end of the year</b>	<b>162,241,383</b>	<b>136,060,738</b>	<b>126,123,063</b>	<b>137,832,610</b>	<b>127,967,483</b>
Investments	157,073,493	135,620,353	117,844,300	137,029,417	123,007,719
Cash	9,522,594	504,646	8,344,695	858,768	4,025,330
Other assets and liabilities	(4,354,704)	(64,261)	(65,932)	(55,575)	934,434
<b>Equity at the end of the year</b>	<b>162,241,383</b>	<b>136,060,738</b>	<b>126,123,063</b>	<b>137,832,610</b>	<b>127,967,483</b>
<b>Net profit/(loss)</b>					
Investment income	2,086	138,002	114,404	63,158	42,151
Indirect investment result	26,898,150	10,603,815	(7,101,336)	9,030,507	(2,509,070)
Expenses	(365,185)	(380,387)	(361,968)	(344,912)	(312,230)
<b>Net profit/(loss)</b>	<b>26,535,051</b>	<b>10,361,430</b>	<b>(7,348,900)</b>	<b>8,748,753</b>	<b>(2,779,149)</b>
<b>Number of participations</b>					
Class A participations	263,307.0547	1,207,242.9395	1,214,213.4669	1,263,567.5118	1,302,951.5860
Class C participations <sup>1</sup>	-	62,864.3263	57,974.6540	50,082.8611	-
Class A Euro <sup>3</sup>	940,458.1245	-	-	-	-
Class C Euro <sup>3</sup>	61,377.7259	-	-	-	-
<b>NAV per participation in accordance with Dutch GAAP<sup>2</sup></b>					
Class A participations	124.96	107.25	99.25	105.03	98.21
Class C participations	-	104.70	96.80	102.34	-
Class A Euro	105.90	-	-	-	-
Class C Euro	102.03	-	-	-	-
<b>NAV per participation in accordance with the Prospectus<sup>2</sup></b>					
Class A participations	124.96	107.25	99.25	105.04	98.23
Class C participations	-	104.70	96.80	102.35	-
Class A Euro	105.90	-	-	-	-
Class C Euro	102.03	-	-	-	-
<b>Performance</b>					
Class A participations	16.52%	8.05%	(5.51)%	6.94%	(2.38)%
Class C participations <sup>4</sup>	13.54%	8.15%	(5.42)%	2.34%	-
Class A Euro <sup>5</sup>	5.23%	-	-	-	-
Class C Euro <sup>6</sup>	2.37%	-	-	-	-

<sup>1</sup>The Class C participations were issued in November 2017 and were fully redeemed during 2020.

<sup>2</sup>The NAV per participation for 2016, 2017 and 2018 was calculated in accordance with Dutch GAAP.

<sup>3</sup>The Class A Euro and Class C Euro share classes were issued in November and December 2020.

<sup>4</sup>The Class C participations' performance for 2020 reflects the period from 1 January 2020 to 30 September 2020.

<sup>5</sup>The Class A Euro's performance for 2020 reflects the period from inception to 31 December 2020.

<sup>6</sup>The Class C Euro's performance for 2020 reflects the period from inception to 31 December 2020.

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## Management Report

### Report of the Fund Manager

The Multi Strategy Alternatives Fund gained +16.52% (Class A USD) in 2020. The Class C USD shares returned +13.54% up until 30 November 2020 after which this share class was converted into a EUR Share Class. During December 2020 the Class C EUR shares gained +2.37% . The Euro Share Class (Class A) gained +5.23% since its inception on October 1.

The below review will cover the period between January 1, 2020 and December 31, 2020.

### Review 2020

Readers need little reminder of the widespread economic devastation wrought by last year's pandemic. As global lockdowns brought activity to an abrupt halt, second-quarter GDP growth turned negative for every one of the 37 countries in the OECD. More broadly, 86% of the nearly 200 countries for which the IMF has released updates are expected to see their GDP to decline in 2020. The breadth of this economic tragedy is second only to its magnitude. The worldwide GDP growth plummeted to -44% in April of last year, while global GDP for the whole of the second quarter fell a staggering USD 10 trillion. While the last year has been dark and full of hardships, there are signs of light. The initial economic recovery from the pandemic was as swift as the downturn itself, with every OECD country posting positive quarterly GDP growth in the third quarter.

This rapid rebound was aided significantly by two factors, both of which bode well for the durability of the recovery. First, the recession was not the result of the kind of global economic excesses that take a long time to correct. Second, worldwide policymakers were quick to provide fiscal and monetary support, limiting the kind of damage to corporate and household balance sheets that typically hobbles recoveries. To appreciate the scope of this support, consider that last year's global monetary and fiscal stimulus totaled USD 21 trillion—about the size of US GDP— with central banks effectively buying about USD 1 billion of assets every hour.

The main investment objective of the Multi Strategy Alternatives Fund (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 2020 all the strategies and all the underlying managers within the MSAF 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/Fixed Income Relative Value
- Global Macro
- Long/Short Credit

All strategies contributed positively to returns during 2020. Especially the Diversified Fixed Income/Fixed Income Relative Value and Long/Short Equity strategies posted strong returns. During the year we increased our exposure to Long/Short Equity strategies. We added one new Long/Short Equity Fund.

We decreased our exposure to Event Driven strategies by redeeming one fund during the first half of the year. All in all, we are very satisfied with the allocations which are all qualitative in nature.

As of December 31, 2020, the portfolio of the MSAF consists of 10 (2019: 10) underlying funds. In the Euro Share Classes of the fund, direct FX exposures were hedged.

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## Management Report (*continued*)

### Outlook 2021

We expect this nascent upturn to be bolstered by widespread vaccinations in the first half of 2021, with our base case calling for a robust recovery. Although global GDP growth slowed with the resurgence of the virus late last year, we think this setback will prove temporary once the operational challenges of mass vaccinations are surmounted in the coming months.

Today's historically easy financial conditions should also support growth, as will the ongoing commitment of policymakers to support the recovery with additional stimulus. At the same time, the still-large economic slack across much of the world should temper inflationary pressures—beyond those arising temporarily as prices recover from currently depressed levels. Of course, there are a number of risks that could prolong the gloom in the year ahead, but these are expected to be manageable.

It is foreseen that we will maintain the allocation to Long/Short Equity given the increased dispersions across stocks. 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 MSAF.

Going into 2021 the fund only maintains investments in USD denominated investments. For investors in the Euro Share Classes we hedge the USD exposure.

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

Privium Fund Management B.V, Fund Manager of various funds, has a careful, controlled and sustainable remuneration policy which meets all the regulatory requirements as included in the Alternative Investment Fund Managers Directive (AIFMD), the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines) and the Sustainable Finance Disclosure Regulation. 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 is responsible for establishing the Remuneration policy. The Board of Privium reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium may consist out of a fixed remuneration (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium 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.

### Remuneration policy 2020

This policy is based on the situation as of December 31, 2020. The financial year of Privium ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. Amounts reflect remuneration related to funds managed by Privium, for the time Privium was the Fund Manager of those funds.

The two tables overleaf offer an overview of the remuneration at the level of Privium. The first table shows the remuneration overview as of December 31, 2019 and the second table shows the remuneration overview as of December 31, 2020.

Information per fund is not available. The Board of Privium is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

## Management Report (*continued*)

### Overview as December 31, 2019

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	33	35
Total fixed remuneration	€ 161,214	€ 5,323,500	€ 5,484,714
Total variable remuneration	€ 20,000	€ 4,339,313	€ 4,359,313
<b>Total remuneration</b>	<b>€ 181,214</b>	<b>€ 9,662,813</b>	<b>€ 9,844,027</b>

### Overview as December 31, 2020

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	34	36
Total fixed remuneration	€ 148,421	€ 4,839,700	€ 4,988,121
Total variable remuneration	€ 35,000	€ 5,331,064	€ 5,366,064
<b>Total remuneration</b>	<b>€ 183,421</b>	<b>€ 10,170,764</b>	<b>€ 10,354,185</b>

Privium 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. 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 e.g. on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2020 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 36 staff members were involved during (some part of) the year 2020 (2019: 35), including consultants and including both part-time and full-time staff.

One staff member, active in portfolio management, has earned more than EUR 1,000,000 in relation to the performance results during the year 2020 (2019: one).

## Management Report (*continued*)

### Remuneration policy 2020 (*continued*)

#### Remuneration Investee Funds

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

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

#### **Risk management**

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

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

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

The risk management function performs the following roles:

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

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

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

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



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## Management Report (*continued*)

### **Risk management** (*continued*)

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

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

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

The reoccurring risk tasks are:

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

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

In 2016 Privium's senior management team decided to engage an external party in the annual evaluation of the internal processes. This audit primarily focusses on risk management and compliance processes. In Q4 2020 this audit was executed for fifth time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

### **Risk management and willingness to take risks**

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

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

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

## Management Report *(continued)*

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

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2020 NAV	Expected impact on 2021 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2020 or 2021
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 +16.6% in 2020 (Class A). The Fund outperformed its benchmark which gained +6.8% in 2020 (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	Currently all underlying investments are denominated in USD. The depreciation of the USD during the year 2020 had no impact on the EUR share classes since the increase in portfolio value, measured in EUR (but not reflected in the P&L), due to the depreciation of the USD was fully neutralized by the FX hedges that were maintained in the EUR denominated share classes.	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, 2020 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 179.81% 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 gedragstoezicht financiële ondernemingen (‘Bgfo’)””. During 2020 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 2020 functioned effectively as described. During 2020 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 signaled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. The 2020 update was completed in November 2020. During the fourth quarter of 2020 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 2020 USD	31 December 2019 USD
<b>Assets</b>			
<b>Investments</b>			
Investee funds		157,828,642	135,620,353
	3	<u>157,828,642</u>	<u>135,620,353</u>
<b>Current assets (fall due in less than 1 year)</b>			
Cash and cash equivalents	4	9,522,594	504,646
Interest receivable		-	3,193
		<u>9,522,594</u>	<u>507,839</u>
<b>Total assets</b>		<u>167,351,236</u>	<u>136,128,192</u>
<b>Liabilities</b>			
<b>Investments</b>			
Derivative financial liabilities		(755,149)	-
	3	<u>(755,149)</u>	<u>-</u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Subscriptions received in advance	6	(4,275,950)	-
Accrued expenses and other payables	5	(78,754)	(67,454)
		<u>(4,354,704)</u>	<u>(67,454)</u>
<b>Total liabilities</b>		<u>(5,109,853)</u>	<u>(67,454)</u>
<b>Total assets minus total liabilities</b>		<u>162,241,383</u>	<u>136,060,738</u>
<b>Participants' equity</b>			
Contribution of participants		126,535,904	126,890,310
Unappropriated gain		35,705,479	9,170,428
<b>Total participants' equity</b>	7	<u>162,241,383</u>	<u>136,060,738</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>	<b>2020</b>	<b>2019</b>
		<b>USD</b>	<b>USD</b>
<b>Investment result</b>			
<i>Direct investment result</i>			
Interest income	8	2,086	138,002
		<b>2,086</b>	<b>138,002</b>
<i>Indirect investment result</i>			
Realised gains/(losses) on investee funds	3,10	755,359	(1,748,145)
Realised gains on derivative financial instruments	3,10	5,036,112	849,306
Unrealised gains on investee funds	3,10	21,777,634	11,466,993
Unrealised (losses)/gains on derivative financial instruments	3,10	(755,149)	69,456
Foreign currency gains/(losses) on translation	9	84,194	(33,795)
		<b>26,898,150</b>	<b>10,603,815</b>
<b>Total investment income</b>		<b>26,900,236</b>	<b>10,741,817</b>
<b>Expenses</b>			
Management fee	11,12,13	(122,531)	(117,101)
Custody fee	11,12	(65,578)	(55,069)
Administration fee	11,12	(62,721)	(60,103)
Other operational costs		(31,918)	(17,701)
Depositary fee	11,12	(24,024)	(23,010)
Bank charges	11	(23,053)	(23,687)
Auditor's fee	11,12	(21,982)	(20,506)
Legal ownership fee	11,12	(9,603)	(9,198)
Interest expense	11	(3,775)	(54,272)
Incorporation credit		-	260
<b>Total expenses</b>	11	<b>(365,185)</b>	<b>(380,387)</b>
<b>Net profit</b>		<b>26,535,051</b>	<b>10,361,430</b>

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>	<b>2020</b>	<b>2019</b>
		<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>			
Purchase of investments	3	(24,075,000)	(69,931,638)
Proceeds from sale of investments	3	24,399,704	61,943,890
Net receipts from derivative financial assets and liabilities	3	5,036,112	849,306
Management fee paid		(120,648)	(116,429)
Administration fee paid		(58,603)	(59,211)
Custody fee paid		(57,637)	(54,172)
Other general expenses paid		(34,187)	(33,316)
Other income received		-	29,323
Depositary fee paid		(24,024)	(23,010)
Bank charges paid		(20,517)	(21,476)
Audit fee paid		(34,621)	(19,797)
Incorporation costs received		-	260
Interest received		1,631	53,771
<b>Net cash flows (used in)/provided by operating activities</b>		<b><u>5,012,210</u></b>	<b><u>(7,382,499)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations	7	11,617,371	15,450,619
Payments on redemptions of participations	7	(7,695,827)	(15,874,374)
<b>Net cash flows used in financing activities</b>		<b><u>3,921,544</u></b>	<b><u>(423,755)</u></b>
<b>Net (decrease)/increase in cash</b>		<b>8,933,754</b>	<b>(7,806,254)</b>
Cash at the beginning of the year		504,646	8,344,695
Foreign currency (losses)/gains on translation of cash positions		84,194	(33,795)
<b>Cash at the end of the year</b>	4	<b><u>9,522,594</u></b>	<b><u>504,646</u></b>

*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 November 2020.

The Fund may issue Class A participations, Class B participations and Class C participations. As at 31 December 2020, only the Class A participations and the Class C participations are in issue.

During the year 2020 the Fund Manager also issued EUR denominated Class A participations and Class C participations.

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 2020 and 2019.

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 24 June 2021.

### 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.

## Notes to the financial statements

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

#### Recognition and measurement (continued)

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

#### Estimates

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

#### Foreign exchange

Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the USD are converted to USD at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the income statement. Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of transactions.

Translation differences in non-monetary assets such as equities, investments in investee funds and debt instruments held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

#### Classification of participations

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

#### Basis of valuation - policies in preparing the balance sheet

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

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/(losses) on investee funds’ and ‘realised gains on derivative financial instruments’ or ‘unrealised gains on investee funds’ and ‘unrealised (losses)/gains 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 2020 and 2019, 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 2020 and 2019, 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 2020, estimated values were used.

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## Notes to the financial statements

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

#### *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.

#### **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 to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### *Movement in schedule of investments*

<i>(All amounts in USD)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Investment in investee funds</b>		
As at 01 January	135,620,353	117,913,756
Purchases	24,075,000	69,931,638
Sales	(24,399,704)	(61,943,889)
Realised gain/(loss)	755,359	(1,748,145)
Unrealised gains	21,777,634	11,466,993
<b>As at 31 December</b>	<b><u>157,828,642</u></b>	<b><u>135,620,353</u></b>
<i>(All amounts in USD)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Derivative financial instruments</b>		
As at 01 January	-	(69,456)
Purchases	-	-
Sales	(5,036,112)	(849,306)
Realised gains	5,036,112	849,306
Unrealised (loss)/gain	(755,149)	69,456
<b>As at 31 December</b>	<b><u>(755,149)</u></b>	<b><u>-</u></b>
<b>Total investments</b>		
As at 01 January	135,620,353	117,844,300
Purchases	24,075,000	69,931,638
Sales	(29,435,816)	(62,793,195)
Realised gain/(loss)	5,791,471	(898,839)
Unrealised gains	21,022,485	11,536,449
<b>As at 31 December</b>	<b><u>157,073,493</u></b>	<b><u>135,620,353</u></b>

The table below provides an analysis of the forward currency contracts at 31 December 2020. The Fund did not hold any forward currency contracts at 31 December 2019.

#### 2020

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Valuation rate*	Unrealised USD
29/01/2021	EUR	105,400,000	USD	129,598,111	1.2296	1.2224	(755,149)
<b>Total unrealised loss on open forward currency contracts</b>							<b><u>(755,149)</u></b>

\* 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 2020

	Total USD	Quoted prices (unadjusted) in active markets USD	Other USD
Investment in investee funds (assets)	157,828,643	76,502,502	81,326,141 *
<b>Total</b>	<b>157,828,642</b>	<b>76,502,502</b>	<b>81,326,141</b>

#### 31 December 2019

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

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

#### 4. Cash

As at 31 December 2020, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 5,192,362 (2019: USD 504,646) and with ABN AMRO Bank N.V. of USD 4,330,232 (2019: USD Nil). As at 31 December 2020 and 2019, no restrictions in the use of these balances exist.

#### 5. Accrued expenses and other payables

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

<i>(All amounts in USD)</i>	31 December 2020	31 December 2019
Administration fee payable	(21,800)	(17,682)
Custody fee payable	(14,966)	(7,025)
Regulator fee payable	(12,540)	(9,256)
Management fee payable	(11,595)	(9,712)
Audit fee payable	(7,929)	(20,568)
Brokerage fee payable	(4,747)	(2,211)
FATCA fee payable	(4,000)	-
Other payables	(610)	(560)
Interest payable	(567)	(440)
<b>Total</b>	<b>(78,754)</b>	<b>(67,454)</b>

## Notes to the financial statements

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

#### 6. Subscriptions received in advance

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

As at 31 December 2020, the subscriptions received in advance amounts to USD 4,275,950. As at 31 December 2019, there were no subscriptions received in advance. On 1 January 2021, the Fund issued 27,381.8185 Class A EUR participations and 5,880.2960 Class C EUR participations to the subscribing Participants.

#### 7. 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, each denominated in USD and EUR. 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 2020, 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 2020 and 2019 is as follows:

<i>(All amounts in USD)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Contributions of participants</i>		
Balance at the beginning of the year	126,890,310	127,314,065
Issue of participations	7,341,421	15,450,619
Redemption of participations	(7,695,827)	(15,874,374)
<b>Total contributions at the end of the year</b>	<b>126,535,904</b>	<b>126,890,310</b>
<i>Unappropriated gain/(loss)</i>		
Balance at the beginning of the year	9,170,428	(1,191,002)
Net gain	26,535,051	10,361,430
<b>Total undistributed gain at the end of the year</b>	<b>35,705,479</b>	<b>9,170,428</b>
<b>Equity at the end of the year</b>	<b>162,241,383</b>	<b>136,060,738</b>

## Notes to the financial statements

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

#### 7. Share capital (continued)

##### 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.

The movement of the participations during the year ended 31 December 2020 was as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	1,207,242.9395	27,147.3773	(971,083.2621)	263,307.0547
Class C	62,864.3263	-	(62,864.3263)	-
Class A Euro	-	940,458.1244	-	940,458.1244
Class C Euro	-	61,377.7259	-	61,377.7259
<b>Total</b>	<b>1,270,107.2658</b>	<b>1,028,983.2276</b>	<b>(1,033,947.5884)</b>	<b>1,265,142.9050</b>

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
<b>Total</b>	<b>1,272,188.1209</b>	<b>149,066.5229</b>	<b>(151,147.3780)</b>	<b>1,270,107.2658</b>

## Notes to the financial statements

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

#### 7. Share capital (continued)

##### 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 2020 and 2019, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 8. Interest income

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

#### 9. 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 2020, this amounted to gains of USD 84,194 (2019: losses of USD 33,795). 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):

	2020		2019	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 United States Dollar)</i>				
Euro	0.8757	0.8185	0.8818	0.8917

## Notes to the financial statements

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

#### 10. Investment return

<i>(All amounts in USD)</i>	2020		2020	2019
	Profit	Loss	Total	Total
<b>Investee funds</b>				
Realised result	755,359	-	755,359	(1,748,145)
Unrealised result	22,211,216	(433,582)	21,777,634	11,466,993
	<u>22,966,575</u>	<u>(433,582)</u>	<u>22,532,993</u>	<u>9,718,848</u>
<b>Derivative financial instruments</b>				
Realised result	5,036,112	-	5,036,112	849,306
Unrealised result	-	(755,149)	(755,149)	69,456
	<u>5,036,112</u>	<u>(755,149)</u>	<u>4,280,963</u>	<u>918,762</u>
<b>Total result</b>	<u>28,002,687</u>	<u>(1,188,731)</u>	<u>26,813,956</u>	<u>10,637,610</u>

#### 11. 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>	31 December 2020	31 December 2019
<b>Expenses accruing to Fund Manager</b>		
Management Fee	(122,531)	(117,101)
<b>Other expenses</b>		
Custody fee	(65,578)	(55,069)
Administration fee	(62,721)	(60,103)
Depositary fee	(24,024)	(23,010)
Bank charges	(23,053)	(23,687)
Audit fee	(21,982)	(20,506)
FATCA fees	(17,013)	(4,000)
Regulatory fee	(12,485)	(8,541)
Legal ownership fee	(9,603)	(9,198)
Interest expenses	(3,775)	(54,272)
Other operational costs	(2,420)	(5,160)
Incorporation fee	-	260
<b>Total</b>	<u>(365,185)</u>	<u>(380,387)</u>

## Notes to the financial statements

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

#### 11. 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 2020, 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 3,775 (2019: USD 54,272), regulatory fees of USD 12,485 (2019: USD 8,541), bank charges of USD 23,053 (2019: USD 23,687), FATCA fees of USD 17,013 (2019: USD 4,000) and other operational costs of USD 2,420 (2019: USD 5,160) 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 2020 and 2019, the ongoing charges ratio for the Fund is as follows:

	<b>2020</b>	<b>2019</b>
Ongoing charges ratio	0.25%	0.24%
Ongoing charges ratio including expenses of underlying funds	1.54%	1.51%

#### Turnover factor

For the year ended 31 December 2020, the turnover factor for the Fund is 27.28% (2019: 74.58%). 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.

## 12. RELEVANT CONTRACTS

### Fund Manager

#### *Management fee*

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

CSC 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

### 12. RELEVANT CONTRACTS (CONTINUED)

#### Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of USD 21,982 (2019: USD 20,506) audit fee (including VAT) for the audit of the financial statements.

#### 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.

### 13. RELATED PARTY TRANSACTIONS

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

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

The 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 2020 - 31 December 2020 and balances as at 31 December 2020*

	<b>Paid</b>	<b>Balance</b>
	<b>USD</b>	<b>USD</b>
Management fee	120,648	11,595

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

	<b>Paid</b>	<b>Balance</b>
	<b>USD</b>	<b>USD</b>
Management fee	116,429	9,712



## Notes to the financial statements

### 14. 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. 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 31 December 2020 and 2019, 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 2020 and 2019 is as follows:

Strategy	2020		2019	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	81,227,930	50.07%	55,459,713	40.76%
Multi Strategy	46,030,226	28.37%	41,337,340	30.38%
Fixed Income	30,570,486	18.84%	25,788,666	18.95%
Event Driven	-	-	13,034,634	9.58%
	<b>157,828,642</b>	<b>97.28%</b>	<b>135,620,353</b>	<b>99.67%</b>

The table below details the sensitivity of the Fund's investments to a reasonable possible increase of 5% at 31 December 2020 and 2019:

Strategy	2020		2019	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	4,061,397	2.50%	2,772,986	2.04%
Multi Strategy	2,301,511	1.42%	2,066,867	1.52%
Fixed Income	1,528,524	0.94%	1,289,433	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

### 14. 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. The forward currency contracts are settled on a gross basis and as such, the Fund has a settlement risk USD 130 million and a credit risk exposure towards the counterparty at 31 December 2020 of USD Nil.

The currency exposure of the Fund at 31 December 2020 is as follows:

		2020	
	Net position USD	Notional amounts forwards USD	Total currency exposure USD
<b>Currency</b>			
Euro	5,184,033	(129,598,111)	(124,414,078)

As at 31 December 2020 all forward contracts will mature within 1 month. The notional amounts represent the undiscounted cash flow at the maturity date.

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
<b>Currency</b>		
Euro		(15,064)

##### 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 9,522,594 (2019: USD 507,839).

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## Notes to the financial statements

### 14. 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' (2019: '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 liquidity risk is significantly reduced because the Fund diversifies its investments across different investee funds.

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

### 15. EVENTS AFTER THE BALANCE SHEET DATE

#### Introduction Sustainable Finance Disclosure Regulation (SFDR)

As per 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) has come into force. In the context of the SFDR, the Fund is classified as an Article 6 fund. Additional SFDR related disclosures can be found in the Prospectus of 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 2020

Assets	Currency	Fair Value USD	% of NAV
<b>Investee funds</b>			
BlackRock Credit Alpha Offshore Class A1-USD-Series 1	USD	15,297,224	9.4
BlackRock Credit Alpha Offshore Class A1-USD-Series 2	USD	944,121	0.6
BlackRock European Hedge - Class I USD	USD	20,547,498	12.7
BlackRock Strategic Funds – UK Emerging Companies Absolute Return Fund	USD	14,680,705	9.0
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-04-2012-USD	USD	15,211,962	9.4
Global Event Partners Ltd. Class A1-USD-Series 1	USD	14,388,325	8.9
JPMorgan Investment Funds - Global Macro Opportunities	USD	15,400,556	9.5
Legg Mason Global Funds PLC-Legg Mason Western Asset Macro Opportunities Bond Fund	USD	15,633,476	9.6
Schroder GAIA Egerton Equity	USD	15,539,815	9.6
Serviced Platform SICAV - Select Equity Long/Short UCITS Sub-Fund	USD	15,247,949	9.4
The Obsidian (Offshore) Fund Ltd. - Class V Master Series	USD	14,937,011	9.2
		<b><u>157,828,642</u></b>	<b><u>97.3</u></b>

## Investment portfolio as at 31 December 2019

Assets	Currency	Fair Value USD	% of NAV
<b>Investee funds</b>			
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
		<b><u>135,620,353</u></b>	<b><u>99.7</u></b>

## 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 2020, the Board of Directors did not hold any shares in the Fund or in any of the investments that the Fund holds.

### 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](http://www.priviumfund.com).

### Date of authorisation

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 24 June 2021.



## 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 2020 included in the annual report

### Our opinion

We have audited the financial statements 2020 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 December 31, 2020, and of its result and its cash flows for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

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

### Basis for our opinion

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

We are independent of 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.

## 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:

- The management report
- Other information as required by 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.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.



## Description of responsibilities for the financial statements

### Responsibilities of management for the financial statements

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company'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 engagement 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 detect all material errors and fraud during our audit.

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management'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 company'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 a company to cease to continue as a going concern



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

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

- 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 management 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, 24 June 2021

Ernst & Young Accountants LLP

Signed by R.J. Bleijs