

Multi Strategy Alternatives Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

for the period from 1 January 2021 to 30 June 2021

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General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Delegate/Investment Advisor	Box Consultants B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Legal Owner	Stichting Juridisch Eigendom Multi Strategy Alternatives Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Independent Auditor*	Ernst & Young Accountants LLP 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

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

Profile

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 commenced operations on 15 January 2015. The most recent Prospectus of the Fund was issued in November 2020.

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 net asset value (“NAV”) per participation as at 30 June 2021, 31 December 2020 and 30 June 2020 are as follows:

	30 June 2021	31 December 2020	30 June 2020
Class A participations (in USD)	132.65	124.96	110.92
Class A Euro	111.91	105.90	-
Class C Euro	107.87	102.03	-
Class C participations (in USD)	-	-	108.33

Interim financial statements

BALANCE SHEET

	<i>Note(s)</i>	30 June 2021 USD	31 December 2020 USD
Assets			
Investments			
Investee funds	3	178,334,742	157,828,642
		178,334,742	157,828,642
Current assets (fall due in less than 1 year)			
Cash and cash equivalents	4	1,184,363	9,522,594
Other receivables		5,037	-
		1,189,400	9,522,594
Total assets		179,524,142	167,351,236
Investments			
Derivative financial liabilities	3	(428,428)	(755,149)
		(428,428)	(755,149)
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	5	(95,692)	(78,754)
Subscriptions received in advance	6	(177,855)	(4,275,950)
		(273,547)	(4,354,704)
Total liabilities		(701,975)	(5,109,853)
Total assets minus total liabilities		178,822,167	162,241,383
Participants' equity			
Contribution of participants		137,768,048	126,535,904
Unappropriated gain		41,054,119	35,705,479
Total participants' equity	7	178,822,167	162,241,383

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

Interim financial statements

INCOME STATEMENT

(For the periods ended 30 June 2021 and 2020)

	<i>Note(s)</i>	2021 USD	2020 USD
Investment result			
<i>Direct investment result</i>			
Interest income	8	<u>2</u>	<u>2,084</u>
		2	2,084
<i>Indirect investment result</i>			
Realised gains on investee funds	3, 10	2,187,567	478,981
Realised (loss)/gain on derivative financial instruments	3, 10	(5,179,177)	650
Unrealised gains on investee funds	3, 10	8,218,533	4,230,761
Unrealised gains on derivative financial instruments	3, 10	326,721	-
Foreign currency gains on translation	9	21,979	175
		<u>5,575,623</u>	<u>4,710,567</u>
Total investment income		<u>5,575,625</u>	<u>4,712,651</u>
Expenses			
Management fee	12, 13	(72,671)	(57,938)
Custody fee	12	(38,379)	(27,875)
Administration fee	12	(37,086)	(29,765)
Bank charges		(31,680)	(5,313)
Depository fee	12	(13,829)	(11,366)
Audit fee		(11,474)	(10,155)
Other operational costs		(10,699)	(8,970)
Interest expense		(6,068)	(847)
Legal ownership fee		(5,099)	(4,622)
Total expenses	11	<u>(226,985)</u>	<u>(156,851)</u>
Net profit		<u>5,348,640</u>	<u>4,555,800</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 2021 and 2020)

	Note(s)	2021 USD	2020 USD
Cash flows from operating activities			
Purchase of investments	3	(26,022,802)	(12,600,000)
Proceeds from sale of investments	3	15,922,802	19,099,704
Net receipts from derivative financial assets and liabilities	3	(5,179,177)	650
Interest received		2	4,464
Interest paid		(6,152)	-
Management fee paid		(71,572)	(57,578)
Administration fee paid		(38,494)	(30,861)
Audit fee paid		(377)	(13,423)
Custody fee paid		(37,628)	(28,156)
Depositary fee paid		(13,829)	(11,366)
Legal fee paid		(10,136)	(9,335)
Bank charges paid		(31,015)	(6,153)
Other general expenses paid		(5,880)	(11,588)
Net cash flows (used in)/provided by operating activities		(15,494,258)	6,336,358
Cash flows from financing activities			
Proceeds from sales of participations – Class A participants	7	100,000	1,369,250
Proceeds from sales of participations – Class A Euro	7	14,307,867	-
Proceeds from sales of participations – Class C Euro	7	1,683,845	-
Payments on redemptions of participations – Class A participants	7	(2,138,224)	(952,332)
Payments on redemptions of participations – Class C participants		-	(975,000)
Payments on redemptions of participations – Class C Euro	7	(2,721,344)	-
Subscriptions received in advance		(4,098,095)	580,000
Net cash flows provided by financing activities		7,134,049	21,918
Net (decrease)/increase in cash		(8,360,209)	6,358,276
Cash at the beginning of the period		9,522,594	504,646
Foreign currency translation of cash positions		21,978	175
Cash at the end of the period	4	1,184,363	6,863,097
Analysis of cash			
Cash		384,956	6,863,097
Due from broker		799,407	-
Total cash	4	1,184,363	6,863,097

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

Notes to the interim 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 Legal Owner of 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 30 June 2021 and 31 December 2020, only the Class A participations and the Class C participations are in issue.

During 2020, the Fund Manager also started issuing 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 period ended 30 June 2021 and the year ended 31 December 2020.

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.

As per 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) came 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.

The interim financial statements have been authorised for issue by the Fund Manager on 10 August 2021.

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 United States Dollar (“USD”), which is the Fund’s functional currency.

Notes to the interim financial statements

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

Recognition and measurement

An asset is recognised in the balance sheet when it is probable that future economic benefits of the asset will flow to the Fund and the amount of the asset can be reliably measured. A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Income is recognised in the income statement when an increase in future economic benefit related to an increase in an asset or decrease in a liability has arisen that can be measured reliably.

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

Estimates

The preparation of 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

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 on investee funds’ and ‘realised (loss)/gain on derivative financial instruments’ or ‘unrealised gains on investee funds’ and ‘unrealised 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 30 June 2021, the value of investment in investee funds is the aggregate of the Fund’s attributable share of the latest available (unaudited) 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. No such adjustments were made during the periods.

Notes to the interim financial statements

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

Basis of valuation - policies in preparing the balance sheet (*continued*)

Where an up-to-date value of an underlying investment is not available yet, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value. As at 30 June 2021 and 31 December 2020, certain estimated values were used since the official NAV's from the administrators of the investee funds were not available yet.

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 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.

Participants' equity

All references to NAV throughout the interim financial statements are equivalent to participants' 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 value of the 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 expenses are accounted for in the income statement on the accrual basis.

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 USD)</i>	1 January to 30 June 2021	1 January to 30 June 2020
Investment in investee funds		
Opening balance	157,828,642	135,620,353
Purchases	26,022,802	12,600,000
Sales	(15,922,802)	(19,099,704)
Realised	2,187,567	478,981
Unrealised	8,218,533	4,230,761
As at 30 June	<u>178,334,742</u>	<u>133,830,391</u>

<i>(All amounts in USD)</i>	1 January to 30 June 2021	1 January to 30 June 2020
Derivative financial instruments		
Opening balance	(755,149)	-
Purchases	-	-
Sales	5,179,177	(650)
Realised	(5,179,177)	650
Unrealised	326,721	-
As at 30 June	<u>(428,428)</u>	<u>-</u>

Total investments		
Opening balance	157,073,493	135,620,353
Purchases	26,022,802	12,600,000
Sales	(10,743,625)	(19,100,354)
Realised	(2,991,610)	479,631
Unrealised	8,545,254	4,230,761
As at 30 June	<u>177,906,314</u>	<u>133,830,391</u>

4. Cash

As at 30 June 2021, cash comprises of balances held with ABN AMRO Bank N.V. amounting to USD 384,956 (31 December 2020: USD 4,330,232) and with ABN AMRO Clearing Bank N.V. amounting to USD 799,407 (31 December 2020: USD 5,192,362). As at 30 June 2021 and 31 December 2020, no restrictions in the use of these balances exist.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

5. Accrued expenses and other payables

As at 30 June 2021 and 31 December 2020, accrued expenses and other payables consist of the following:

<i>(All amounts in USD)</i>	30 June 2021	31 December 2020
Administration fee payable	(20,392)	(21,800)
Regulator fee payable	(19,140)	(12,540)
Audit fee payable	(19,026)	(7,929)
Custody fee payable	(15,717)	(14,966)
Management fee payable	(12,694)	(11,595)
Brokerage fee payable	(5,412)	(4,747)
FATCA fee payable	(2,000)	(4,000)
Other payables	(828)	(610)
Interest payable	(483)	(567)
Total accrued expenses and other payables	(95,692)	(78,754)

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 30 June 2021, the subscriptions received in advance amounts to USD 177,855 (31 December 2020: USD 4,275,950). On 1 July 2021, the Fund issued 1,340.2880 Class A EUR participations to the subscribing Participants.

7. Share capital

Structure of the Fund's capital

The 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 participants' 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 30 June 2021 and 30 June 2020, only the Class A participations and Class C participations are in issue.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Share capital (continued)

Structure of the Fund's capital (continued)

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

<i>(All amounts in USD)</i>	1 January to 30 June 2021	1 January to 30 June 2020
<i>Contributions of participants</i>		
Balance at the beginning of the period	126,535,904	126,890,310
Issue of Class A participations	100,000	1,369,250
Issue of Class A Euro	14,307,867	-
Issue of Class C Euro	1,683,845	-
Redemption of Class A participations	(2,138,224)	(952,332)
Redemption of Class A Euro	(2,721,344)	-
Redemption of Class C participations	-	(975,000)
Total contributions at the end of the period	137,768,048	126,332,228
<i>Unappropriated gain</i>		
Balance at the beginning of the period	35,705,479	9,170,428
Net gain for the period	5,348,640	4,555,800
Total undistributed profit at the end of the period	41,054,119	13,726,228
Equity at the end of the period	178,822,167	140,058,456

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 subscription 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 period ended 30 June 2021 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A participations	263,307.0547	7,967.7161	(62,626.7304)	208,648.0404
Class A Euro	940,458.1244	166,366.9077	(40,063.5400)	1,066,761.4921
Class C Euro	61,377.7259	13,569.8625	-	74,947.5884
Total	1,265,142.9050	187,904.4863	(102,690.2704)	1,350,357.1209

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

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A participations	1,207,242.9395	12,580.6148	(9,263.3371)	1,210,560.2172
Class C participations	62,864.3263	-	(9,513.1407)	53,351.1856
Total	1,270,107.2658	12,580.6148	(18,776.4778)	1,263,911.4028

Notes to the interim 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. During the periods ended 30 June 2021 and 2020, 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 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 2021, this amounted to gains of USD 21,979 (2020: gains of USD 175). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one United States Dollar is shown):

	2021		2020	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 United States Dollar</i>				
Euro	0.8310	0.8434	0.8910	0.8902

10. Investment return

<i>(All amounts in USD)</i>	Profit	2021		2020	
		Loss	Total	Total	Total
Investee funds					
Realised result	2,187,567	-	2,187,567	478,981	
Unrealised result	9,400,577	(1,182,044)	8,218,533	4,230,761	
	11,588,144	(1,182,044)	10,406,100	4,709,742	
Derivative financial instruments					
Realised result	(5,179,177)	-	(5,179,177)	650	
Unrealised result	326,721	-	326,721	-	
	(4,852,456)	-	(4,852,456)	650	
Total result	6,735,688	(1,182,044)	5,553,644	4,710,392	

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2021 and 2020.

<i>(All amounts in USD)</i>	2021	2020
Expenses accruing to the Fund Manager		
Management fee	(72,671)	(57,938)
Other expenses		
Custody fee	(38,379)	(27,875)
Administration fee	(37,086)	(29,765)
Bank charges	(31,680)	(5,313)
Depositary fee	(13,829)	(11,366)
Audit fee	(11,474)	(10,155)
Regulatory fee	(7,047)	(5,262)
Interest expense	(6,068)	(847)
Legal ownership fee	(5,099)	(4,622)
FATCA fees	(2,000)	(2,000)
Other operational costs	(1,652)	(1,708)
Total	<u>(226,985)</u>	<u>(156,851)</u>

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 period ended 30 June 2021, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as interest expense of USD 6,068 (2020: USD 847), bank charges of USD 31,680 (2020: USD 5,313), FATCA fees of USD 2,000 (2020: USD 2,000), regulatory fee of USD 7,047 (2020: USD 5,262) and other operational costs of USD 1,652 (2020: USD 1,708) which are not detailed in the Prospectus.

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 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 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 periods are disclosed in the income statement.

Notes to the interim financial statements

12. RELEVANT CONTRACTS (CONTINUED)

Custodian

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

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual 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 periods are disclosed in the income statement.

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor for the audit of the annual financial statements.

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%.

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 EUR 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 periods.

Transactions from 1 January 2021 – 30 June 2021 and balances as at 30 June 2021

	Paid USD	Balance USD
Management fee	(71,572)	(12,694)

Transactions from 1 January 2020 – 30 June 2020 and balances as at 31 December 2020

	Paid USD	Balance USD
Management fee	(57,578)	(11,595)

Notes to the interim 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.

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 2021 and 31 December 2020, price risk arises on the Fund's investment in investee funds.

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 of USD 282 million (31 December 2020: USD 130 million) and a credit risk exposure towards the counterparty at 30 June 2021 of USD Nil (31 December 2020: USD Nil).

The currency exposure of the Fund as at 30 June 2021 is as follows:

	Net position	2021 Notional amounts forwards	Total currency exposure
	USD	USD	USD
Currency			
Euro	178,883,904	(281,556,251)	(102,672,347)

Notes to the interim financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Currency risk (continued)

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

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

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 investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to USD 1,189,400 as at 30 June 2021 (31 December 2020: USD 9,522,594).

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 participations 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 investment 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

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

16. 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.

17. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 10 August 2021.