

# **WINDMILL TREND EVOLUTION FUND**

*A Netherlands fund for joint account (“Fonds voor Gemene Rekening” or “FGR”)*

ISIN CODE CLASS A PARTICIPATIONS: NL0010730727

ISIN CODE CLASS B PARTICIPATIONS: NL001635222

PROSPECTUS

May 2022

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## IMPORTANT NOTICE

*Capitalized terms and expressions in this Prospectus have the meaning ascribed to them in Section 2 (Definitions) of this Prospectus.*

Potential Participants should review this Prospectus and its ancillary documents carefully and consult their legal and financial advisers to ascertain possible legal, financial, tax or other issues related to the acquisition, holding, transfer or redemption of Participations.

The contents of this Prospectus are not to be construed as an invitation to invest or as investment, legal or tax advice. The Participations are an appropriate investment only for professional and other investors who are capable themselves of evaluating the merits and risks of an investment in the Fund.

Potential Participants should review in particular the risk factors set out in Section 4 (*Risk factors*) of this Prospectus. The Fund carries a high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment. There is no guarantee that the Fund will achieve its Fund Objective. The value of your investments may fluctuate. Returns on past investments are no guarantee as to the returns on future investments.

The Fund Manager accepts responsibility for the information contained in this Prospectus. To the best knowledge and belief of the Fund Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The information herein is subject to change at any time. Neither the delivery of this Prospectus nor the offer, issue or sale of Participations will, under any circumstances, constitute a representation that the information contained in this Prospectus and its ancillary documents is correct at any time subsequent to the date of this Prospectus as printed on the cover of this Prospectus.

No person has been authorised to provide any information or make any representation in connection with the Fund, other than the information and representations contained in this Prospectus and its ancillary documents. Any such other information or representations, if given or made, should not be relied upon as having been authorised by the Fund Manager.

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The distribution of this Prospectus and the offer, sale and delivery of the Participations in certain jurisdictions may be restricted by law. No action has been or will be taken to permit the distribution of this Prospectus in any jurisdiction where any action would be required for such purpose or where distribution of this Prospectus would be unlawful.

This Prospectus does not constitute an offer for, or an invitation to subscribe to or purchase, any Participations in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions.

This Prospectus will be published in the English language only. This Prospectus will be governed by and construed in accordance with the laws of the Netherlands. Translations into English of Dutch legal terms used in this Prospectus are for convenience only and shall not influence the interpretation thereof.

## **1 EXECUTIVE SUMMARY**

### **1.1 Introduction**

The following is a brief summary only and is qualified in its entirety by the more detailed information appearing in the body of this Prospectus. Information in this executive summary is not intended to be exhaustive and should always be read in conjunction with the full text of this Prospectus. The information provided in this summary has been updated until and reflects the situation as per the date mentioned on the cover page of this Prospectus.

### **1.2 The Fund, Fund Manager and Legal Owner**

The Fund is a fund of funds and will invest in Investment Funds mainly focussed on innovative systematic strategies that invest outside the mainstream markets. The Fund may also hold cash and cash equivalents.

Privium Fund Management B.V. will act as the manager (*beheerder*) of the Fund and TMF Bewaar B.V. will act as Legal Owner of the assets and liabilities of the Fund. In managing the assets and liabilities of the Fund, the Fund Manager will act solely in the best interests of the Participants. The Legal Owner will be the legal owner of all Fund Assets and Fund Obligations. The Legal Owner will acquire and hold the Fund Assets and assume the Fund Obligations on behalf and for the account of the Participants. The Legal Owner will act solely in the best interests of the Participants.

### **1.3 Fund Objective and Investment Strategy**

The Fund's objective is to achieve medium-term capital gains for the Participants. To achieve this, it is expected that the Fund will primarily invest in trend-following funds mainly focussed on innovative systematic strategies that invest outside the mainstream markets. However, the Fund may invest in non trend-following strategies as well. The Fund may also hold cash and cash equivalents.

### **1.4 Legal structure, Tax aspects and Regulatory Position**

#### **1.4.1 Legal Structure**

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 has an open-ended structure. The Fund is governed by the Terms and Conditions. By executing the Subscription Form, a Participant represents and warrants to have reviewed the Terms and Conditions and agrees to be bound thereby. A Participant is admitted to the Fund by the issuance of Participations to the Participant.

The Fund shall have two (2) classes of Participations, Class A Participations and Class B Participations. All Classes provide exposure to the same Investment Objective and Investment Strategy. The sole difference between the different Classes is the currency of the Participations the Participants can subscribe for. Prospective Participants can subscribe for Class A Participations in EUR and for Class B Participations in USD.

Because the base currency of the Fund is the Euro, this entails a foreign exchange risk for the holders of the Class B Participations. The Fund Manager intends to hedge foreign exchange risks. Any profits or losses of currency hedges shall be allocated to the holders of the Class B Participations.

The Participations are redeemable on certain conditions as set forth in this Prospectus and the Terms and Conditions. Participations cannot be transferred, assigned or made subject to any encumbrance.

#### **1.4.2 Tax Aspects**

The Fund qualifies as a transparent or “closed” fund for joint account for Dutch tax purposes, since Participations can only be transferred to the Fund itself, as, except for Permitted Transfers, a transfer of Participations is not possible. Consequently, the Fund does not qualify as a taxable entity. Tax is therefore levied on the results and revenue of the investment at the level of the Participants and not at the level of the Fund itself. This implies that for Dutch tax purposes the Fund’s results are directly allocated to the individual Participants in accordance with the size (and, if applicable, the duration) of their pro rata investment.

#### **1.4.3 Regulatory Position**

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule. This Prospectus is prepared in conformity with the FSA as in force on the date of this Prospectus.

### **1.5 Fund Governance**

The Participants will hold meetings when called by the Fund Manager. The Fund Manager shall call a meeting of Participants (i) as often as the Fund Manager deems necessary in the interest of Participants and (ii) in case of one (1) or more Participants holding, in aggregate, at least twenty five per cent. (25%) of the outstanding Participations request the Fund Manager to call such meeting.

### **1.6 Distribution Policy**

Any distribution to Participants shall be published on the Website. Distributions of Net Proceeds will be made in cash, in EUR in respect of Class A Participations and in USD in respect of Class B Participations.



### 1.7 **Minimum Investment, Subscriptions and Redemptions**

The minimum subscription amount is ten thousand Euros (EUR 10,000) per Participant for Class A Participations and one hundred thousand U.S. Dollars (USD 100,000) for Class B Participations. This minimum subscription amount may be waived by the Fund Manager in its sole discretion.

Section 7 (*Admission to the Fund and Subscriptions*) of this Prospectus contains the subscription procedures. The Fund Manager reserves the right to reject an application in whole or in part.

A Participant cannot transfer its Participations, except for Permitted Transfers, but will be able to redeem its Participations upon its request. The Fund Manager may suspend a redemption under certain conditions. Section 8 (*Transfer and Redemption of Participations*) of this Prospectus contains the redemption procedures.

### 1.8 **Website**

The Fund Manager's website address is [www.priviumfund.com/funds](http://www.priviumfund.com/funds).

## 2 DEFINITIONS

Unless the context otherwise requires, the following capitalised terms used in this Prospectus shall bear the meanings set forth below.

<b>“Administration Agreement”</b>	has the meaning, ascribed to it in Section 6.5.2 of this Prospectus.
<b>“Administrator”</b>	means APEX Fund Services (Netherlands) B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated and existing under the laws of the Netherlands, having its official seat ( <i>zetel</i> ) in Amsterdam, the Netherlands, and its principal offices at Van Heuven Goedhartlaan 935 A, Kamer 6, 1181 LD Amstelveen, the Netherlands, and registered with the Trade Register under number 24266841, or such other administrator of the Fund as may be appointed from time to time by the Fund Manager.
<b>“Affiliate”</b>	means a person directly or indirectly controlling or controlled by or under common control with the party at issue; the term "control" (and any derivative thereof) means - for the purpose of the definition of Affiliate - in respect of an entity the right to: (i) exercise the majority of the voting rights in the meeting of shareholders (or similar meeting of investors, partners or other owners) of such entity; (ii) appoint the majority of the members of the body in charge of the day-to-day business of such entity; or (iii) determine the policy and strategy of such entity.
<b>“AFM”</b>	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ).
<b>“AIF”</b>	means alternative investment fund ( <i>beleggingsinstelling</i> ).
<b>“AIFMD”</b>	means Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and amending directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as amended from time to time.
<b>“Auditor”</b>	means Ernst & Young Accountants LLP, or such other independent auditor of the Fund as may be appointed from time to time by the Fund Manager.

<b>“Authority”</b>	has the meaning ascribed to it in Section <b>Error! Reference source not found.</b> of this Prospectus.
<b>“Article 8 Fund”</b>	means funds as defined under article 8(1) of the SFDR.
<b>“Article 9 Fund”</b>	means funds as defined under article 9(1), (2) and (3) of the SFDR.
<b>“Business Day”</b>	means any day on which banks are generally open for business in the Netherlands.
<b>“CITA”</b>	means the Dutch Corporation Tax Act 1969 ( <i>Wet op de vennootschapsbelasting 1969</i> ), as amended from time to time.
<b>“Civil Code”</b>	means the Dutch Civil Code ( <i>Burgerlijk Wetboek</i> ), as amended from time to time.
<b>“CM System”</b>	has the meaning ascribed to it in Section 3.4 of this Prospectus.
<b>“Class”</b>	means a class of Participations, being Class A or Class B.
<b>“Closing Date”</b>	has the meaning, ascribed to it in Section 7.1.3 of this Prospectus.
<b>“CRS”</b>	has the meaning ascribed to it in Section 10.4.2 of this Prospectus.
<b>“Decree”</b>	has the meaning ascribed to it in Section 14 of this Prospectus.
<b>“Delegate”</b>	means OAKK Capital Partners B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated and existing under the laws of the Netherlands, having its official seat (zetel) in Rotterdam, the Netherlands, and its principal offices at Beursplein 37, 3011 AA Rotterdam, the Netherlands, and registered with the Trade Register under number 24425154, or such other delegate as may be appointed by the Fund Manager from time to time.
<b>“Delegated Regulation”</b>	means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as amended from time to time.

<b>“Delegation Agreement”</b>	means the Windmill Trend Evolution Fund delegation agreement between the Fund Manager and the Delegate dated July 4, 2018 relating to the appointment of the Delegate to provide the Fund Manager with certain portfolio management and advisory services as a delegate in relation to the Fund as amended from time to time.
<b>“Depositary”</b>	means Darwin Depositary Services B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated and existing under the laws of the Netherlands, having its official seat ( <i>zetel</i> ) in Amsterdam, the Netherlands, and its principal offices at Barbara Strozilaan 101, 1083 HN Amsterdam, the Netherlands, and registered with the Trade Register under number 59855622, or such other depositary of the Fund as may be appointed from time to time in accordance with the Terms and Conditions
<b>“Depositary Agreement”</b>	has the meaning ascribed to it in Section 6.3.2 of this Prospectus.
<b>“DNB”</b>	means the central bank of the Netherlands ( <i>De Nederlandsche Bank N.V.</i> ).
<b>“Dutch GAAP”</b>	means generally accepted accounting principles in the Netherlands.
<b>“ETFs”</b>	has the meaning ascribed to it in Section 4.3.10 of this Prospectus
<b>“EUR” or “Euro”</b>	means the single currency of the participating member states of the European Union.
<b>“FATCA”</b>	means the United States Foreign Account Tax Compliance Act, as amended from time to time.
<b>“FFI”</b>	means a foreign financial institution.
<b>“Foreign Tax Authorities”</b>	has the meaning ascribed to it in Section 10.4.2 of this Prospectus.
<b>“FSA”</b>	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ), as amended from time to time.
<b>“Fund”</b>	means the contractual arrangements between the Fund Manager, the Legal Owner and each of the Participants in relation to the participation, management, custody and administration of the fund

as described in this Prospectus and the Terms and Conditions, also referred to as Windmill Trend Evolution Fund.

<b>“Fund Assets”</b>	means the Investee Funds Interests and all other assets, including cash, that are held by the Legal Owner in accordance with the Fund Objective and Investment Restrictions in its own name for the account and risk of the Participants in connection with the Fund.
<b>“Fund Documents”</b>	has the meaning ascribed to it in Section 5.1.5 of this Prospectus.
<b>“Fund Manager”</b>	means Privium Fund Management B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under the laws of the Netherlands, , having its official seat ( <i>zetel</i> ) in Amsterdam, the Netherlands, and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands, and registered with the Trade Register under number 34268930, or such other manager of the Fund as may be appointed from time to time in accordance with the Terms and Conditions.
<b>“Fund Objective”</b>	means the objectives of the Fund as set forth in Section 3.1.1 of this Prospectus.
<b>“Fund Obligations”</b>	means the obligations which the Legal Owner assumes and/or incurs in its own name for the account and risk of the Participants in connection with the Fund.
<b>“GDPR”</b>	means Regulation (EUR) 2016/679 of the European Parliament and of the Council dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as amended from time to time.
<b>“Indemnified Person”</b>	has the meaning ascribed to it in Article 25.1 of the Terms and Conditions.
<b>“Investee Fund Discount”</b>	has the meaning ascribed to it in Section 8.3.1 of this Prospectus.
<b>“Investee Funds”</b>	means Investment Funds invested in by the Fund.

<b>“Investee Funds Interests”</b>	means interests in Investee Funds held by the Fund.
<b>“Investment Funds”</b>	means investment funds within the meaning of article 1:1 FSA (for the avoidance of doubt, including undertakings for collective investment in transferable securities).
<b>“Investee Fund Surcharge”</b>	has the meaning ascribed to it in Section 7.1.3 of this Prospectus.
<b>“Investment Restrictions”</b>	means the investment restrictions to be observed by the Fund Manager as set forth in Section 3.2 of this Prospectus.
<b>“Investment Strategy”</b>	means the investment strategy to be observed by the Fund Manager as set forth in Section 3.1.2 of this Prospectus.
<b>“IRS”</b>	means the United States Internal Revenue Service.
<b>“KYC Requirements”</b>	has the meaning ascribed to it in Section 7.2.2 of this Prospectus.
<b>“Legal Owner”</b>	means TMF Bewaar B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under the laws of the Netherlands, having its official seat ( <i>zetel</i> ) in Amsterdam, the Netherlands, and its principal offices at Herikerbergweg 238, Luna ArenA, 1101 CM Amsterdam, the Netherlands, and registered with the Trade Register under number 34236917, or such other legal owner of the Fund Assets as may be appointed from time to time in accordance with the Terms and Conditions.
<b>"Management Fee"</b>	means the fee due by the Fund to the Fund Manager as remuneration for its management of the Fund as set forth in Section 9.2.3 of this Prospectus.
<b>“Net Asset Value”</b>	means the balance, expressed in EUR or USD, as applicable, of the fair value of the Fund Assets minus the value of the Fund Obligations, as determined based on accounting and valuation principles of the Fund as set forth in Section 10.1 of this Prospectus.
<b>"Net Proceeds"</b>	means all dividends and interest and all divestment, redemption and other income and proceeds of the Fund, net of taxes, fees, costs and other charges to be borne by the Fund, and after payment of or making

reasonable reservation for any obligations and expenses of the Fund.

<b>“OCF”</b>	means the total amount of the costs of the Fund incurred in a year - except for transaction costs, interest costs and costs related to the issue and redemption of Participations that are chargeable to the net Fund Assets - expressed as a percentage of the Fund's average Net Asset Value for the year concerned.
<b>“Ordinary Consent”</b>	means the written consent of Participants together representing more than fifty per cent. (50%) of the issued and outstanding Participations.
<b>“Organisational Expenses”</b>	means all costs incurred in connection with the formation of the Fund as further set forth in Section 9.2.6 of this Prospectus.
<b>“Participant”</b>	means a natural or legal person, which participates in the Fund in accordance with the Subscription Form and the Terms and Conditions.
<b>“Participation”</b>	means a unit representing the rights of a Participant to a certain percentage of the Net Asset Value, constituting a Class A Participation or a Class B Participation. Each Participation belonging to a specific Class represents an equal interest in the Net Asset Value.
<b>“Permitted Transfer”</b>	has the meaning ascribed to it in Section 8.2 of this Prospectus.
<b>“Prospectus”</b>	means this prospectus including its schedules, as amended from time to time.
<b>“Redemption Date”</b>	means: (i) the first (1st) Business Day of each month; (ii) the first (1st) Business Day after the fifteenth (15th) calendar day of each month if there is sufficient cash available and it will not harm the remaining investors and on a best effort basis; and/or (iii) under certain circumstances set out in the Terms and Conditions: such other day or days as the Fund Manager may from time to time determine at its sole discretion.
<b>“Redemption Notice”</b>	means the standard notice through which a request for redemption of Participations is made.
<b>“Redemption Price”</b>	means the Net Asset Value per Participation as at the Valuation Date immediately preceding the

	Redemption Date on which the relevant Participation is redeemed.
<b>“Register”</b>	means the register in which in respect of each Participant are entered its name, address and other contact details, the bank or securities account details of the account on which the Participant wishes to receive payments, its tax status and the number and Class of its Participations.
<b>“SASB”</b>	means the Sustainability Accounting Standards Board, an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
<b>“SFDR”</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended from time to time.
<b>“Special Consent”</b>	means the written consent of Participants together representing more than seventy five per cent. (75%) of the issued and outstanding Participations.
<b>“Subscription Date”</b>	means: (i) the first (1 <sup>st</sup> ) Business Day of each month; (ii) the first (1 <sup>st</sup> ) Business Day after the fifteenth (15 <sup>th</sup> ) calendar day of each month; and/or (iii) such other day or days as the Fund Manager may from time to time determine at its sole discretion.
<b>“Subscription Form”</b>	means the subscription form, by means of which the Participants accept the Prospectus and the Terms and Conditions, a template of which is attached hereto as <b><u>Schedule 2</u></b> .
<b>“Subscription Price”</b>	means the Net Asset Value per Participation as at the Valuation Date immediately preceding the Subscription Date on which the relevant Participation is issued.
<b>“Terms and Conditions”</b>	means the terms and conditions of management and custody ( <i>voorwaarden van beheer en bewaring</i> ) of the Fund as attached hereto as <b><u>Schedule 1</u></b> .
<b>“Total Redemption Amount”</b>	means the Total Redemption Price possibly reduced by an Investee Fund Discount.
<b>“Total Redemption Price”</b>	means the Redemption Price multiplied by the relevant number of redeemed Participations.
<b>“Total Subscription Amount”</b>	means the Total Subscription Price possibly increased by an Investee Fund Surcharge.



<b>“Total Subscription Price”</b>	means the Subscription Price multiplied by the relevant number of issued Participations.
<b>“Trade Register”</b>	means the trade register of the Netherlands ( <i>Handelsregister</i> ).
<b>“USD” or “U.S. Dollar”</b>	means United States dollar, the lawful currency of the United States of America.
<b>“Valuation Date”</b>	means: (i) the fifteenth (15th) calendar day of each month; (ii) the last Business Day of each month; and/or (iii) such other day or days as the Fund Manager may from time to time determine at its sole discretion.
<b>“VAT”</b>	means Dutch or foreign value added tax.
<b>“Website”</b>	means the website of the Fund Manager, i.e. <a href="http://www.priviumfund.com/funds">www.priviumfund.com/funds</a> .
<b>“Wwft”</b>	means the Dutch Money Laundering and Terrorist Financing (Prevention) Act ( <i>Wet ter voorkoming van witwassen en financieren van terrorisme</i> ), as amended from time to time.

### **3 THE INVESTMENT OPPORTUNITY, RESTRICTIONS, SUSTAINABILITY AND RISK MANAGEMENT**

#### **3.1 Fund Objective, Investment Strategy and liquidity Risk**

##### **3.1.1 Fund Objective**

The Fund's objective is to achieve medium-term capital gains for the Participants.

##### **3.1.2 Investment Strategy**

To achieve the Fund Objective, it is expected that the Fund will primarily invest in trend-following funds mainly focussed on innovative systematic strategies that invest outside the mainstream markets. However, the Fund may invest in non trend-following strategies as well. The Fund may also hold cash and cash equivalents.

The Fund will be managed in accordance with the Investment Strategy and the Investment Restrictions. The Fund Manager may only deviate from these provisions and change the Investment Strategy by amending this Prospectus and the Terms and Conditions in the way set forth in Section 5.1.6 of this Prospectus.

If the Fund holds investments denominated in currencies other than the Euro, this entails a foreign exchange risk. The Fund Manager may therefore hedge foreign exchange risks if it considers this to be in the interest of the Fund.

##### **3.1.3 Liquidity Risk**

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the investments of the Fund complies with their underlying obligations. In particular, the Fund Manager can restrict redemptions on certain conditions as set out in the Terms and Conditions.

As and when relevant, the Fund Manager shall periodically disclose to the Participants by e-mail:

- a) the percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the Fund; and
- c) the risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

#### **3.2 Fund Investment Restrictions**

The below restrictions will apply to the Fund Assets.

##### **3.2.1 Investment Thresholds**

Article 4:37(c)(5) FSA contains certain requirements for feeder AIFs within the meaning of article 4.1(m) of the AIFMD. Therefore, the Fund Manager shall not (i) invest eighty five per cent. 85% or more of the Fund Assets in units or shares of (a) any one (1) Investment Fund, or (b) more than one (1) Investment Fund where such

Investment Funds have identical investment strategies; or (ii) otherwise have an exposure of at least eighty five per cent. (85%) of the Fund Assets in any one (1) Investment Fund, unless it would believe to still be acting in compliance with article 4:37(c)(5) FSA, for instance if:

- a) following such investment or exposure the Fund shall not fall under the definition of a feeder AIF within the meaning of article 4.1(m) of the AIFMD; or
- b) the competent authorities so confirm.

### 3.2.2 ***Borrowings***

The Fund Manager is not allowed to lend any of the Fund Assets to a third party or borrow money against such assets, except for bridge financing purposes. For this reason, the Fund shall not employ leverage within the meaning of article 4 under (v) AIFMD.

### 3.2.3 ***Summary of trend-following fund strategies***

Trend-following funds generally employ computerised processes to identify inefficiencies in markets around the world. Trading signals are generated and executed via a trading and implementation infrastructure. This process is quantitative and primarily directional in nature, meaning that investment decisions are driven by mathematical models based on market trends and other historical relationships. It is underpinned by rigorous risk control, ongoing research, diversification and the constant quest for efficiency.

The cornerstone of the investment philosophy is that financial markets exhibit persistent trends and other inefficiencies. Trends are a manifestation of serial correlation in financial markets – the phenomenon whereby past price movements influence future price behaviour. Although they vary in their intensity, duration and frequency, price trends are universally recurrent across all sectors and markets. Trends are an attractive focus for active trading styles applied across a diverse range of global markets.

Trading takes place around-the-clock and real-time price information is used to respond to price moves across a range of global markets. The trend-following funds invest in various instruments including, but not limited to, futures, options, forward contracts, swaps, CFDs, cash bonds, cash equities and other financial derivatives both on and off exchange. These markets may be accessed directly or indirectly and include, without limitation, stocks, bonds, debt, currencies, credit and energies.

## 3.3 **Sustainability**

### 3.3.1 ***Introduction***

The Fund does not promote environmental and/or social characteristics, nor does it have sustainable investment as its objective. In the context of the SFDR, the Fund is therefore not classified as either an Article 8 Fund or an Article 9 Fund. Subsequently, the investments of the Fund do not take into account the EU criteria for

environmentally sustainable economic activities. However, in compliance with the SFDR, the Fund Manager does consider the effects of material sustainability risks on the value of the Fund's investments.

Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment.

Some examples of environmental risks are:

- increased taxation on environmentally damaging activities;
- damage to production facilities due to global warming induced flooding; and
- fines for mishandling of hazardous waste.

Some examples of social sustainability risks are:

- negative publicity and loss of contracts after poor handling of digital client data or security;
- closer scrutiny of labour rights in the supply chain; and
- dishonest marketing practices or product safety.

Some examples of governance risks are:

- increasing scrutiny on liveable wages and earnings dispersion within a company;
- ethics, bribery and corruption; and
- anti-competitive behaviour.

### 3.3.2 ***Policy on the integration of sustainability risks into investment decisions***

Direct investments into equities and debt allow for a direct analysis of the relevant sustainability risks of the intended investments. As this direct link is not available for funds that invest into other funds, the analysis will have to focus on the investee fund's manager, policies, and reporting on sustainability risk management.

A clear understanding of the sustainability risks in the Investee Funds is required. Therefore, the due diligence process for any new fund investment will contain the following topics:

- analysis of the fund's sustainability risk related disclosures and reporting;
- questioning the fund manager on the sustainability risks the fund is exposed to;
- questioning the fund manager on the concentration of sustainability risks in the portfolio and its development over time;
- analysis of the fund manager's policy for identifying, measuring and monitoring sustainability risks; and
- questioning if the fund manager takes Principle Adverse Impacts into account as prescribed by the SFDR.

Irrespective of whether the Investee Fund is subject to the SFDR, the exposure to sustainability risk is investigated. As the Fund does not promote environmental and/or social characteristics, nor has sustainable investment as its objective, it is not required to consider the principal adverse impacts of its investment decisions.

Considering the broad scope of the underlying funds' investment policies, it is not possible to pre-define which sustainability risks will likely be material. Additionally, the estimated sensitivity of the Fund to specific sustainability risks will depend on the sector diversification of the underlying funds. The broader the diversification across economic sectors, the lower the sensitivity. Also, the underlying funds may invest in assets that are not likely impacted negatively by material sustainability risks due to their nature or intended holding period.

### 3.3.3 ***Monitoring of sustainability risks in the Fund***

Depending on the valuation moment and monitoring cycle of the Fund, the sustainability risk analysis is reviewed and updated where applicable by the Fund Manager's risk department in close cooperation with the general Fund Management team of the Fund Manager.

## 3.4 **Risk Management Framework**

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 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:

- a) implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- b) ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- c) monitor compliance with risk limits; and
- d) 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.

To identify the risk profile and main risks, and ensure the right measurement, management and monitoring of these risks, the Fund Manager has a rigid risk onboarding process. It ensures that the investment process is properly documented and the product itself is properly reviewed.

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 its 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 (the "**CM 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 CM 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 CM 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.

The positions of the Fund are administered and reconciled using Arbor Financial Services and 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 relevant 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:

- a) weekly risk report by risk management, including Value at Risk;
- b) monthly reporting by portfolio management;
- c) quarterly operational risk management; and
- d) monthly stress scenarios, whereby extra stress scenarios can be done on an ad hoc basis.

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the investments of the Fund complies with their underlying obligations. In particular, the Fund Manager can restrict redemptions on certain conditions as set out in the Terms and Conditions.

As and when relevant, the Fund Manager shall periodically disclose to the Investors:

- a) the percentage of the Fund’s assets which are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the Fund; and
- c) the risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

The Fund Manager has established a risk control framework. During the monthly risk meetings all relevant developments regarding risk management at the level of the investment funds under management by the Fund Manager, including the Fund, and the Fund Manager itself are being discussed.

#### **Changes in the investment policy or investment restrictions**

Any (intended) changes in the investment policy or investment restrictions will be announced as foreseen in section 16 of this Prospectus.

## **4 RISK FACTORS**

### **4.1 Introduction**

An investment in the Fund carries a high degree of risk. There can be no assurance that the Fund will achieve its Fund Objective or that the respective investment policies of Investee Funds' investment policy will be successful. The value of the Fund's investments and the Participations may fall as well as rise and returns on past investments are no guarantee as to the returns on future investments. Accordingly, Participants may lose all or part of their investment in the Fund. An investment in the Fund requires the financial ability and willingness to accept for an indefinite period of time the risk and lack of liquidity inherent in the Fund.

Due to the Investment Strategy, the value of Fund Assets can strongly fluctuate. Potential participants should consider, among others, the non-exhaustive list of risks mentioned below, review this Prospectus and its ancillary documents carefully and in their entirety, consult with their professional advisors and conduct and subsequently rely upon their own investigation of risk factors associated with the proposed investment in the Fund. Potential Participants should realize that the existence and occurrence of certain risks may contribute to the existence and occurrence of other risks.

### **4.2 Risks Relating to the Fund**

#### **4.2.1 *Performance***

The Fund's results will largely depend upon the performance of Investee Funds.

#### **4.2.2 *Cash Weighting***

Investee Funds might have minimum subscription requirements. Therefore, the Fund might have a higher cash weighting than anticipated for a period of time during which a minimum subscription requirement at the level of an Investee Fund has not yet been met by the Fund.

#### **4.2.3 *Segregation of Portfolios***

It is not intended to segregate the assets and liabilities relating to any Class.

#### **4.2.4 *Foreign Exchange Risk***

The Net Asset Value of the Participations may be affected by exchange rate fluctuations. Because the base currency of the Fund is the Euro, this entails a foreign exchange risk for the holders of the Class B Participations (which are denominated in USD). The Fund Manager intends to hedge foreign exchange risks. Any profits or losses of currency hedges related to the (USD-denominated) Class B Participations shall be allocated to the holders of the Class B Participations. Any profits or losses of currency hedges related to the underlying investments shall be allocated to the Fund.

#### **4.2.5 *Counterparty Risk***

The Fund will be subject to the risk of the inability or refusal of payment or clearing institutions, principals or other service providers or other counterparties to its

transactions, to perform or to perform in time under such services or transactions. Any such failure, refusal or delay, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. It is expected that the Fund will seek to mitigate these risks by reviewing the creditworthiness and reliability of all service providers and counterparties and only entering into transactions with those parties that the Fund believes to be creditworthy and reliable.

#### 4.2.6 ***Inflation***

Due to inflation, the relative value of Participations may decline. The Fund will not specifically hedge inflation risk or take other measures to mitigate this specific risk.

#### 4.2.7 ***Concentration of Investments***

It is in the aim of the Fund to mostly hold Investee Funds Interests. Consequently the Fund Assets may be subject to and experience greater risk and market fluctuation than a fund that has investments representing a broader range of investment alternatives. The Fund could be subject to significant losses if Investee Funds Interests decline in value or are otherwise adversely affected. Lack of liquidity may aggravate such losses significantly. In addition, it may not always be possible to dispose of Investee Funds Interests without incurring significant losses. Potential profits may not always be immediately realisable and may therefore be lost prior to realisation.

#### 4.2.8 ***Cyber security risk***

The Participants are exposed to the risk of a cyber-attack or data breach at the level of the Fund Manager or at the level of the service providers. The Fund Manager and service providers have implemented measures to mitigate this risk as much as possible.

#### 4.2.9 ***Delegation risk***

The risk of delegating activities is that a delegated party may not comply with its obligations, notwithstanding existing agreements. The Fund Manager and the delegates have implemented measures to mitigate this risk as much as possible.

#### 4.2.10 ***Changing Legislation***

The regulatory and tax environment for investment funds in general as well as certain financial instruments and other types of investments are evolving and changes therein may adversely affect both the Fund's ability to pursue its investment strategies and the value of its Fund Assets. The effect of any future regulatory or tax change on the Fund is impossible to predict. The fiscal status of the Fund may change during the term of the Fund. The Participants are urged to seek fiscal advice before participating in the Fund.

#### 4.2.11 ***Unclear Legislation***

Unclear rules and regulations and conflicting advice may result in a breach of rules and regulations applicable to the Fund. Resulting fines and other sanctions and possible



damage to the reputation of the Fund, the Fund Manager and other connected persons may result in a negative impact on the Net Asset Value of the Fund and the Participations.

#### **4.2.12 *Illiquidity of Participations***

Participations may not be registered under any securities laws and, therefore, cannot be resold unless they are subsequently registered under such laws or regulations there under. Participations are also subject to restrictions on their transferability under the Terms and Conditions. There is no public market for the Participations and none is expected to develop. Under certain circumstances as set out in Section 8.3.4 of this Prospectus, the Fund Manager may suspend the redemption of Participations.

#### **4.2.13 *Illiquidity of Investments***

Some of the Fund Assets may be in assets which are illiquid or may become illiquid under certain market conditions. Accordingly, it may not always be possible to purchase or sell those assets for their expected value or, if applicable, the prices quoted on the various exchanges. The Fund's ability to respond to market movements may be impaired and the Fund may experience severe adverse price movements upon liquidation of its Fund Assets.

#### **4.2.14 *Limited Rights of Participants***

The Fund Manager has exclusive authority for managing all operations of the Fund. Participants cannot exercise any management or control functions with respect to the Fund's operations, although they have limited voting rights in certain organisational respects as set forth in the Terms and Conditions.

#### **4.2.15 *Indemnification***

Under the Terms and Conditions, the Fund Manager and the Legal Owner are entitled to be indemnified out of Fund assets against costs, losses and expenses which they may incur or become liable in connection with the execution of their duties. In addition, the Delegate, the Administrator and other service providers also are entitled to indemnity under the terms of their respective agreements for services. These obligations could require substantial indemnification payments out of the Fund Assets.

#### **4.2.16 *Redemption Risk and Restrictions***

The Fund is an open-ended fund and Participations may be redeemed at the request of a Participant in accordance with the restrictions of Section 8 (*Transfer and Redemption of Participations*) of this Prospectus and the applicable terms of the Terms and Conditions. Accordingly, there can be no guarantee that the Redemption Price reflects the Net Asset Value per Participation as at the date of the Redemption Notice. The Fund Manager may further suspend the redemption of Participations if: (i) a state of affairs exists which constitutes a state of emergency as a result of which the sale of Fund Assets would, in the sole opinion of the Fund Manager, not be practical or would

negatively affect the rights of other Participants; (ii) the Participant did not act in compliance with applicable legislation or the Terms and Conditions; (iii) for whatever reason, the valuation of Fund Assets or Fund Obligations to be sold cannot be promptly or accurately ascertained; or (iv) relevant exchanges are not open for business or the sale of Fund Assets is otherwise restricted or suspended. Redemptions may cause the Fund to dispose of assets in order to meet its redemption obligations earlier than anticipated or under less favourable market conditions than the Fund would otherwise have disposed of such assets. This may result in a lower Net Asset Value of the Fund generating lower or negative returns for the non-redeeming Participants. Significant redemptions may lead to significant losses to Participants, which remain invested in the Fund.

#### 4.2.17 **General Political Factors**

Investment results may be adversely affected by developments in countries in which the Fund Assets or counterparties are located. This may result in a partial or complete loss by the Fund as a result of the breakdown of the country's financial system. Such developments include, without limitation: war; civil unrest, ranging from protests to civil war; changes in the political situation and/or government of a country; acts of terrorism; expropriation and creeping expropriation; and inability to transfer moneys cross-border or convert moneys to hard currency.

#### 4.2.18 **Sustainability risk**

Sustainability risk in the context of the Fund is defined as the risk of a decrease in the value of an investment of the Fund due to an environmental, social or governance (ESG) related event. Such an event may have a direct negative impact on the financials of the investment or a longer-term impact on the operations or earnings capacity of the investment. The Fund has identified multiple sustainability risks, which may impact the value of its investments to a varying degree.

### 4.3 **General Risks Associated with Investments in Investee Funds**

The risks similar to those cited with respect to the Fund might also apply to Investee Funds in addition to the specific risks which might be applicable to Investee Funds, such as:

#### 4.3.1 **Market risk**

Markets may rise and fall and the prices of financial instruments and other assets on the financial markets in general, and more specifically the prices of assets of the nature and type the Investee Funds may invest in and hold, can rise and fall. A careful selection and spread of investments does not provide any guarantee of positive results. There may be various reasons why markets fall like recessions caused by a change in the economic business cycle or a pandemic.

An Investee Fund may make investments in markets that are volatile and/or which may become illiquid. Accordingly, the ability of an Investee Fund to respond to market movements may be impaired, which may result in significant losses to such Investee Fund.

A public exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for an Investee Fund to liquidate its positions and thereby exposes it to losses. In addition, there is no guarantee that markets will remain liquid enough for an Investee Fund to close out positions.

#### 4.3.2 ***Cash Management***

Investee Funds may enter into arrangements by which cash not required for trading purposes will be managed by the investment managers. Such arrangements may include the entry into repurchase or reverse repurchase transactions and other cash management arrangements, including holding cash in bank accounts or secured or unsecured deposits, or investing such cash in corporate or government bonds, or such other instruments as deemed appropriate by the investment manager.

A repurchase transaction involves the sale of securities by a seller to a buyer for a purchase price, and an agreement for the seller to repurchase such securities on a mutually agreed future date for the same purchase price, plus interest at a negotiated rate. From the perspective of the buyer, the transaction is referred to as a reverse repurchase transaction, and involves buying securities against payment of a cash price, with the buyer agreeing to resell the securities at a future date, and the original seller agreeing to repurchase such securities at the same price, plus interest at a negotiated rate. Such transactions are economically equivalent to a cash loan collateralised by the securities.

The use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities under a reverse repurchase transaction defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Investee Funds seek to dispose of such securities, which action could involve costs or delays. The Investee Funds may suffer a loss to the extent that the proceeds from the disposal of the underlying securities are less than the repurchase price due from the defaulting seller.

#### 4.3.3 ***Discretion of Investment Managers; Strategies, Instruments and Techniques***

The investment managers have discretion in the types of financial instruments which they may trade and have the right to modify the trading strategies, instruments or hedging techniques. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the companies. In addition, any new investment strategy, choice of instruments or hedging technique may be more speculative than earlier techniques and may increase the risk of an investment.

#### 4.3.4 ***Short Selling***

Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the

borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which an Investee Fund engages in short sales will depend upon the investment manager's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to an Investee Fund of buying those securities to cover the short position. There can be no assurance that an Investee Fund will be able to maintain the ability to borrow securities sold short. In such cases, an Investee Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

#### 4.3.5 **Equities**

An Investee Fund may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, such Investee Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the investment manager's expectations or if equity markets generally move in a single direction and the Investee Fund has not hedged against such a general move. An Investee Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

#### 4.3.6 **Futures**

The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which an Investee Fund 's positions trade or of its clearinghouses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Investee Fund from promptly liquidating unfavourable positions and

subject an Investee Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or other regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of stock index futures contracts by an Investee Fund is also subject to the investment manager's ability to correctly predict movements in the direction of the market.

#### 4.3.7 ***Forward contracts***

An Investee Fund may make use of forward contracts. Forward contracts are transactions involving an obligation to purchase or sell a specific instrument or entitlement at a future date at a specified price. Forward contracts may be used by an Investee Fund for hedging purposes, such as to protect against uncertainty in the level of future foreign currency exchange rates. Forward contracts may also be used to attempt to protect the value of Investee Fund 's existing holdings of securities held in currencies other than the base currency of an Investee Fund. As is the case for any attempt at hedging downside risk, there is a risk that there is an imperfect correlation between the value of the securities and the forward contracts entered into with respect to those holdings resulting in an unprotected loss. Forward contracts may also be used for investment, non-hedging purposes to pursue Investee Fund's investment objective, for example where it is anticipated that a particular currency will appreciate or depreciate in value.

Forward contracts and options thereon, unlike futures contracts, are generally not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. However, certain forward currency exchange contracts are regulated as swaps by the CFTC and have begun being voluntarily traded on swap execution facilities. To the extent an Investee Fund is treated as a US Person or if Investee Fund's swap counterparty is a US person (for the purposes of the CFTC's swap regulations), some of these contracts may be required to be centrally cleared by a regulated US clearinghouse, and may be required to be traded on regulated exchanges in the future. Interbank forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. As in the case of a futures contract, a forward usually only requires a much smaller

amount of margin to be provided relative to the economic exposure which the forward contract provides to the relevant investment; it creates a 'gearing' or 'leverage' effect. This means that a small margin payment can lead to enhanced losses as well as enhanced gains. It also means that a relatively small movement in the underlying instrument can lead to a much greater proportional movement in the value of the forward contract. The principals who deal in the interbank forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets, particularly the currency markets, due to unusually high trading volume, political intervention, market dislocations, unanticipated third country events affecting the underlying asset, unscheduled holidays and market closures or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the investment manager would otherwise recommend, to the possible detriment of an Investee Fund. Market illiquidity or disruption could result in major losses to an Investee Fund.

#### 4.3.8 ***Derivative Instruments Generally***

An Investee Fund may enter into derivative instruments, such as credit derivatives. It may take advantage of opportunities with respect to certain derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of an Investee Fund and legally permissible. Special risks may apply to instruments that are invested in by an Investee Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by an Investee Fund. For example, risks with respect to credit derivatives may include determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. Other swaps, options, and other derivative instruments may be subject to various types of risks, including market risk, regulatory risk, tax risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk. Where an Investee Fund invests in derivatives such as futures or forwards that are linked to commodities, there is a risk that, were there to be an error in closing out the relevant position in time, an Investee Fund might be required to take physical delivery of such commodities, or arrange for another party to take delivery on short notice, with resulting additional costs. In addition, as new derivative instruments are developed, documentation may not be standardised, leading to potential disputes or misunderstanding with counterparties. The regulatory and tax environment for derivative instruments in which an Investee Fund may participate is

evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on an Investee Fund.

#### 4.3.9 **Options**

An Investee Fund may incur risks associated with the sale and purchase of call options and/or put options.

The seller (writer) of a call option, which is covered (i.e., the writer holds the underlying security), assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

#### 4.3.10 **Exchange Traded Funds**

An Investee Fund may invest in exchange traded funds (“ETFs”), which are shares of publicly-traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular market index. The risks of owning an ETF are generally the same as owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile. ETFs are also subject to other additional risks, including, without limitation: (a) the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track; and (b) the risk of possible trading in an ETF halting in an ETF due to market conditions or other reasons that, in, based on the view policies of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. trades. In addition, an Investee Fund may bear, along with other shareholders of an ETF, its pro rata portion

of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Investee Fund 's expenses (e.g., the management fee and operating expenses), shareholders may also indirectly bear similar expenses of an ETF, which can have a material adverse effect on the return on capital of the Investee Fund.

#### **4.4 Risks Relating to the Fund Manager**

Due to the insolvency, negligence or fraudulent actions of the Fund Manager, its officers or employees or third parties used for the custody of Fund Assets, the value of Participations may decline.

#### **4.5 Risks Relating to the Legal Owner and the Depositary**

Due to the insolvency, negligence or fraudulent actions of the Legal Owner and/or the Depositary, their officers or employees or third parties used for the custody of Fund Assets, the value of Participations may decline and the Fund Assets may be lost.

#### **4.6 Risks Relating to Conflicts of Interests**

##### **4.6.1 *Other Clients***

The Fund Manager and/or Affiliates of the Fund Manager may or will manage or advise clients other than the Fund. The Legal Owner may or will hold the legal ownership of assets other than the Fund Assets. There can be no assurance that such services do not conflict with the interests of the Fund. Although the Fund Manager and the Legal Owner intend to manage potential and actual conflicts of interest issues in good faith in compliance with the Fund Manager's conflicts of interests policy, there can be no assurance that such conflicts of interest may be resolved in the best interests of the Fund should they arise.

##### **4.6.2 *Transactions with the Fund Manager and its Affiliates***

The Fund Manager and its Affiliates may engage in certain related party transactions with the Fund. The Fund Manager and/or the Affiliates of the Fund Manager concerned will in such cases expect to receive a certain transaction consideration. Although the Fund Manager intends to manage potential and actual conflicts of interest issues in good faith in compliance with the Fund Manager's conflicts of interests policy, such arrangements could present incentives for the Fund Manager and its Affiliates adverse to the interests of the Fund.

##### **4.6.3 *Diverse Participants***

Participants may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests may relate to, among other things, the nature of Fund Assets, the structuring of Fund Assets and the timing of disposition of Fund Assets. As a consequence, conflicts of interest may arise in connection with decisions made by the Fund Manager that may be more beneficial for one Participant than for another Participant, especially with respect to Participant's individual tax situations. The Fund Manager will consider the investment, tax and



other interests of the Fund and its Participants as a whole, not the investment, tax or other interests of any Participant individually.

*The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Fund. In particular, the Fund's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Fund will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.*

*Potential Participants who are in any doubt as to the risks involved in investing in the Fund are recommended to obtain independent financial advice before making an investment.*

## 5 LEGAL AND REGULATORY STRUCTURE OF THE FUND

### 5.1 Legal Structure of the Fund

#### 5.1.1 *Legal Form*

The Fund is an open end investment fund (*beleggingsfonds*) as referred to in article 1:1 FSA and a fund for joint account (*fonds voor gemene rekening*) organised and established under the laws of the Netherlands.

Under Dutch law, the Fund is neither a legal entity (*rechtspersoon*) nor a partnership, commercial partnership or limited partnership (*maatschap, vennootschap onder firma* or *commanditaire vennootschap*), 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. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Trade Register.

The Fund's office address is that of the Fund Manager, being Gustav Mahlerplein 3, 26th floor, Financial Offices, 1082 MS Amsterdam, the Netherlands.

The Fund is managed by the Fund Manager. The Participants have no proprietary rights with respect to the Fund Assets. The Legal Owner is the legal owner of all Fund Assets. The Legal Owner will acquire and hold the assets for the purpose of management and custody (*ten titel van beheer en bewaring*) on behalf of and for the account of the Participants. Such interest of the Participants is represented by the Participations held by each of them.

The Legal Owner granted a power of attorney to the Fund Manager under the Terms and Conditions to manage (*beheren*) the Fund Assets in accordance with the Terms and Conditions.

#### 5.1.2 *Establishment, Term and Termination of the Fund*

The Fund is established as of the first (1<sup>st</sup>) issue of a Participation and shall continue to exist for an indeterminate period of time. The Fund shall terminate upon the occurrence of any of the events set forth in Article 24.1 of the Terms and Conditions.

#### 5.1.3 *Classes of Participations*

The Fund shall have two (2) classes of Participations, Class A Participations and Class B Participations. All Classes provide exposure to the same Investment Objective and Investment Strategy. The sole difference between the different Classes is the currency of the Participations the Participants can subscribe for. Prospective Participants can subscribe for Class A Participations in EUR and for Class B Participations in USD. Because the base currency of the Fund is the Euro, this entails a foreign exchange risk for the holders of the Class B Participations. The Fund Manager intends to hedge foreign exchange risks. Any profits or losses of currency hedges shall be allocated to the holders of the Class B Participations.

There are no specific legal or economic links between the Fund or the Fund Manager on the one hand, and Participants subscribing for any particular Class on the other hand.

Each Participation belonging to a specific Class, with respect to the other Participations of such Class, represents an equal interest in the Net Asset Value without priority or preference of one over the other.

#### 5.1.4 **Liquidation**

Upon termination of the Fund, no further business shall be conducted except for such action necessary for the winding up of the affairs of the Fund. The balance left after the liquidation shall be paid in cash to the Participants (pro rata to the numbers of Participations held by them, against cancellation of these Participations).

#### 5.1.5 **Key Fund Documents, Governing Law and Jurisdiction**

The key documents governing the Fund (the “**Fund Documents**”) are:

- a) the Terms and Conditions;
- b) this Prospectus; and
- c) the Subscription Form.

The Fund Documents will be governed by Dutch law. The competent court in Amsterdam, the Netherlands will have exclusive jurisdiction to settle any claims, actions or disputes arising out or in connection with the Fund Documents (subject to appeal as provided by law).

A final judgment obtained in a court of any Member State of the European Union and which is enforceable in such Member State will be recognized and enforced by the courts of the Netherlands without re-trial or re-examination of the merits:

- a) on the basis of and subject to the limitations imposed by Regulation (EU) No 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters of 12 December 2012 (as amended); and
- b) subject to the limitations imposed by Regulation (EC) No 805/2004 creating a European Enforcement Order for Uncontested Claims of 21 April 2004 (as amended),

and the rules and regulations promulgated pursuant thereto.

#### 5.1.6 **Amendment of the Prospectus and the Terms and Conditions**

The Terms and Conditions and this Prospectus may be amended pursuant to a joint resolution of the Legal Owner and the Fund Manager.

A proposed amendment to the Terms and Conditions or this Prospectus shall be published on the Website. In addition, an explanation to the proposed amendments will be published on the Website.

Notice of amendments made will also be made on the website of the Fund Manager. In addition, an explanation to the amendments will be published on the website of the Fund Manager.

An amendment of the Prospectus or the Terms and Conditions causing a reduction in Participants' rights or security, imposing costs on the Participants or causing a change to the Investment Strategy does not become effective in relation to the Participants until one (1) month following the date on which such notification has been published on the Website. Participants have the right to redeem their Participations within this period following the date on which such notification has been disclosed.

## **5.2 Regulatory Position of the Fund and Supervision**

### **5.2.1 Existing position**

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFMD in the Netherlands, and was automatically converted into an AIFMD license by the AFM on 22 July 2014, in accordance with the Netherlands AIFMD implementation schedule. This Prospectus is prepared in conformity with the FSA as in force on the date of this Prospectus.

### **5.2.2 Regulatory changes**

The regulatory environment for investment funds continues to evolve. In the light hereof, during the existence of the Fund, additional and/or amended legislation and regulations affecting the Fund, the Fund Manager, the Legal Owner, the Depositary and the Administrator may come into force.

The Legal Owner and the Fund Manager may amend the Fund Documents if the Legal Owner and the Fund Manager reasonably determine that a regulatory change has a material adverse effect on the Fund and/or the Legal Owner and/or the Fund Manager, such that (i) the material adverse effect of the applicable change is removed or mitigated, and (ii) the Fund shall bear its reasonable allocable portion of the costs in relation to the implementation of and compliance with the change (it being understood such allocation is in principle determined on the basis of the number of funds managed by the Fund Manager that fall within the scope of such change).

### **5.2.3 Professional liability risks**

To cover potential professional liability risks resulting from activities the Fund Manager carries out with respect to the Fund, the Fund Manager holds a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

## 6 FUND MANAGEMENT AND GOVERNANCE

### 6.1 Fund Manager

#### 6.1.1 *Introduction and Key Duties*

The Fund has engaged Privium Fund Management B.V. to manage the investment of all of the Fund Assets. Privium Fund Management B.V. was founded in 2012 and its predecessor was founded in 2007. Privium Fund Management is an asset manager with offices in Amsterdam, London, Hong Kong and Singapore which focuses on alternative investments and employs several very experienced industry professionals. Privium Fund Management B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam, the Netherlands, and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands, and is registered with the Trade Register under number 34268930.

The Fund Manager is responsible for the determination of the investment policy of the Fund. The Fund Manager is obliged to perform its investment activities in accordance with the Investment Strategy. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depositary or other service providers.

The Fund Manager performs its services in accordance with the Terms and Conditions. Pursuant to the Terms and Conditions, the Fund Manager has the full and exclusive power, discretion and authority to invest and manage the Fund Assets.

The (daily) policy makers of the Fund Manager are on the date hereof:

- a) Clemens Hendrik Antonius Heijman; and
- b) Mark Baak.

#### 6.1.2 *Delegation of Duties*

##### *Delegation of portfolio management duties and advisory services*

By means of the Delegation Agreement, the Fund Manager has appointed OAKK Capital Partners B.V. as a delegate in accordance with article 20 of the AIFMD. The Delegate is a private limited liability company incorporated in 2007. Arthur Alphons Johannes Hopstaken and Willem IJsbrand Bote Johannesma are the present managing directors of the Delegate.

The Delegate is an investment firm (*beleggingsonderneming*) holding a license from the AFM to perform certain investment services, including asset management and investment advice. The Delegate is registered in the AFM register of investment firms.

Pursuant to the Delegation Agreement, the Delegate shall, acting in good faith and with diligence, perform certain portfolio management duties and advisory services with respect to the Fund. In this respect, subject to the overall control and responsibility of the Fund Manager and in accordance with the Fund Manager's instructions, the Delegate:

- a) will make investment recommendations or provide investment advices regarding potential new investments of the Fund, including performing initial research and due diligence activities on potential investments;
- b) will perform monitoring activities on the underlying investment of the Fund and will report their findings to the Fund Manager;
- c) may be asked to provide input regarding certain reporting;
- d) will participate in the investment advisory committee meetings which take place on a monthly basis; and
- e) may perform certain activities which may support the sustainable capital raising activities.

The Delegate shall not be responsible for the day-to-day management of the Fund and shall not provide fund administration services or risk management services to the Fund Manager or the Legal Owner.

The appointment (delegation) shall not affect the Fund Manager's liability or obligations towards the Fund and its Participants

The power to make investment and divestment decisions shall remain the exclusive prerogative of the Fund Manager and the Fund Manager shall not be bound by any of the recommendations from the Delegate. The Delegate shall have no power under this Agreement to enter into any transaction or agreement on behalf of the Fund Manager or the Legal Owner (or for the purpose of the Fund) or to bind the Fund Manager or the Legal Owner (or the Fund Assets) in any other way, save where expressly authorized to do so by a decision of the Fund Manager made and confirmed in writing to the Delegate.

The Fund Manager shall directly remunerate the Delegate for the services rendered under the Delegation Agreement out of the Management Fee.

The Delegate may not sub-delegate any of the functions delegated to it, or any part thereof, without the prior written consent of the Fund Manager. Conditions regarding sub-delegation as set out in article 20 subparagraphs 4, 5 and 6 of the AIFMD and articles 75(f) and 81(2) of the Delegated Regulation shall apply to any such sub-delegation.

It is acknowledged by the Fund Manager and the Delegate that the Delegate provides investment services to third parties other than the Fund Manager or the Fund, and

the Delegate shall ensure that such services to other parties shall not prejudice its services and obligations under this Agreement. There will be informal contact in a dynamic manner between the Fund Manager and the Delegate regarding amongst others any potential conflict of interest in connection herewith.

The Delegation Agreement is governed by and must be interpreted according to the laws of the Netherlands. The competent courts of Amsterdam, the Netherlands, and its appellate courts have exclusive jurisdiction to decide on a dispute between the Fund Manager and the Delegate in connection with the Delegation Agreement.

#### *Delegation of other services*

The Fund Manager will delegate certain financial, accounting, administrative and other services to the Administrator and one or more other external service providers.

### **6.1.3 Resignation and removal of the Fund Manager**

The Fund Manager shall resign as Fund Manager on certain grounds set forth in the Terms and Conditions. The Participants may at any time by resolution taken by Special Consent remove the Fund Manager as the fund manager of the Fund.

The Fund Manager can only resign or be removed after the appointment of a successor Fund Manager.

In case of resignation or removal of the Fund Manager, the Participants may by resolution taken by Ordinary Consent appoint a substitute Fund Manager

### **6.1.4 Liability of the Fund Manager and Indemnification**

The Fund Manager shall only be liable towards the Participants for a loss suffered by them in connection with a breach of Fund Manager's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*).

Subject to certain restrictions set forth in the Terms and Conditions, the Fund Manager will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

### **6.1.5 Funds Managed by the Fund Manager**

As at the date of this Prospectus, the Fund Manager manages the following investment funds, other than the Fund:

- a) Strategy One Fund;
- b) Principia Fund N.V.;
- c) Privium Sustainable Impact Fund;
- d) Still Equity Fund;
- e) Supermarkt Vastgoed FGR;
- f) FMO Privium Impact Fund;
- g) Dutch Mezzanine Fund II;

- h) Dutch Mezzanine Fund III
- i) Global Allocation Fund;
- j) Westermeerwind Aandelenfonds;
- k) Westermeerwind Leningenfonds;
- l) Aescap Life Sciences;
- m) Aescap Genetics
- n) Digital Silk Road Industrial Investment Fund C.V.;
- o) Teggwings Fund 1 Coöperatief U.A.;
- p) Privium Sustainable Impact Fund Luxembourg;
- q) Knight Tech Fund;
- r) Multi Strategy Alternatives Fund;
- s) Guardian Fund;
- t) Savin Multi-Strategy Arbitrage Fund N.V. and
- u) Deeptech Equity NL Fund Coöperatief U.A.;

## 6.2 The Legal Owner

### 6.2.1 **Introduction**

The appointment of a legal owner of fund's assets is mandatory under article 4:37j FSA in the case of a fund that is not a legal person. The Legal Owner is appointed to segregate the legal ownership of the Fund Assets from the Fund Manager in the interest of the Participants.

The Legal Owner:

- a) is a legal person entrusted with the safekeeping of the Fund Assets;
- b) is separate from the Fund Manager; and
- c) shall only act in the interest of the Participants.

TMF Bewaar B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam and its registered office at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands, and registered with the Trade Register under number 34236917 will be the legal owner (*houder van de juridische eigendom van de activa van een beleggingsfonds*) of the Fund Assets within the meaning of article 4:37j FSA.

### 6.2.2 **Key Duties**

The key responsibilities of the Legal Owner are (i) to hold, for the account and risk of the Participants, legal title to all assets and rights of the Fund, (ii) to, as debtor, assume obligations and liabilities of the Fund, and (iii) to be the contracting entity in respect of all agreements entered into on behalf of the Fund. The Legal Owner will do so at the instruction of the Fund Manager, but will not engage itself actively in the management of the Fund.



In acting as a legal owner (*houder van de juridische eigendom van de activa van een beleggingsfonds*) of the Fund Assets within the meaning of article 4:37j FSA, the Legal Owner shall act solely in the interests of the Participants. The Legal Owner will be fully, but not exclusively, dedicated to the Fund and will not perform any other activities for the Fund than those referred to above. The statutory objects of the Legal Owner are limited to those of a legal owner as defined under the FSA. Based on the investment strategy of the Fund, there is no real risk that the Fund Assets and the assets of the Legal Owner shall be insufficient for the settlement of the claims and receivables within the meaning of article 4:37j(5) FSA.

### 6.2.3 ***Liability of the Legal Owner and Indemnification***

The Legal Owner shall only be liable towards the Participants for a loss suffered by them in connection with a breach of Legal Owner's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*).

Subject to certain restrictions set forth in the Terms and Conditions, the Legal Owner will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

## 6.3 **Depository**

### 6.3.1 ***Introduction***

The appointment of an independent AIFMD-depositary (*bewaarder*) within the meaning of article 4:62m FSA is mandatory for an alternative investment fund established in the Netherlands and managed by a licensed Dutch fund manager. The Depository is appointed to provide the duties as set out in article 21 AIFMD to the Fund in the interest of the Participants.

The Depository:

- a) is a legal person entrusted with the AIFMD depository duties;
- b) is separate from the Fund Manager; and
- c) shall only act in the interest of the Participants.

Darwin Depository Services B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam, the Netherlands, and its principal offices at Barbara Strozilaan 101, 1083HN Amsterdam, the Netherlands, and registered with the Trade Register under registration number 59855622 will be the depository (*bewaarder*) of the Fund within the meaning of article 4:62m FSA.

### 6.3.2 **Key Duties**

Pursuant to a depositary agreement entered into among the Fund Manager and the Depositary (the “**Depositary Agreement**”), the key responsibilities of the Depositary are to:

- a) monitor the cash flows of the Fund (ensuring in particular that all payments made by or on behalf of Participants upon the subscription for Participations have been received and that all cash of the Fund has been booked in cash accounts opened in the name of the Legal Owner on behalf of Fund or in the name of the Fund Manager acting on behalf of the Fund or in the name of the Depositary acting on behalf of the Fund with the proper entity);
- b) provide safe-keeping of the Fund Assets (i.e. custody for financial instruments that can be held in a financial instruments account or that can be physically delivered to the Depositary, and verification of the ownership by the Legal Owner of all other assets);
- c) verify the compliance of the Fund Manager with the Fund Documents and the Law;
- d) ensure that transactions involving the Fund Assets, any consideration is remitted to the Fund within the usual time limits;
- e) verify that appropriate procedures are established and applied for the valuation of the Fund Assets; and
- f) perform various oversight duties with regard to the issue and redemption of Participations, remission of consideration for transactions by the Fund, application of income by the Fund.

The Depositary Agreement contains no option for the Depositary to transfer or re-use the Fund Assets, without the prior consent of the Fund Manager.

The Depositary may not delegate its safekeeping duties and therefore, no conflicts of interest is expected to arise in connection herewith.

The Depositary shall not be exclusively dedicated to the Fund, it may perform other duties for other funds or fund managers.

In acting as a depositary (*bewaarder*) of the Fund within the meaning of article 4:62n FSA, the Depositary shall act solely in the interests of the Participants. The Depositary will not be exclusively dedicated to the Fund and may perform any other activities for the Fund than those referred to above or depositary duties for other funds or fund managers.

### 6.3.3 **Liability of the Depositary and Indemnification, Termination**

The Depositary shall only be liable towards the Fund or the Participants for a loss suffered by them resulting from:

- a) loss of financial instruments in custody with the Depositary in the meaning of article 21(8)(a) AIFMD, unless the Depositary can demonstrate that such loss has

arisen as a result of an external event beyond the Depositary's reasonable control, the consequence of which would have been unavoidable despite all reasonable efforts to the contrary; or

- b) the Depositary's negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) AIFMD.

Subject to certain restrictions set forth in the Depositary Agreement, the Depositary will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

The Fund Manager reserves the right to, at its own discretion, but with due observance of any applicable terms of the Terms and Conditions and the Depositary Agreement, terminate the Depositary Agreement provided that it appoints a substituting depositary.

#### 6.4 The Prime Broker

The Fund Manager has not engaged a prime broker for the Fund.

#### 6.5 The Administrator

##### 6.5.1 *Introduction*

The Fund Manager has engaged APEX Fund Services (Netherlands) B.V. to provide, subject to the overall direction of the Fund Manager, certain financial, accounting, administrative and other services to the Fund. APEX Fund Services (Netherlands) B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam, the Netherlands, and its principal offices at Van Heuven Goedhartlaan 935 A, Kamer 6, 1181 LD Amstelveen, the Netherlands, and is registered with the Trade Register under number 24266841.

##### 6.5.2 *Key Duties*

Pursuant to administration agreement entered into among the Fund Manager and the Administrator (the "**Administration Agreement**"), the Administrator will be responsible, inter alia, for the following matters under the general supervision of the Fund Manager:

- a) the general administration of the Fund Assets and the Fund Obligations;
- b) the calculation of the Net Asset Value and the Net Asset Value per Participation;
- c) providing information to the Fund Manager enabling the Fund Manager to comply with financial and regulatory reporting obligations; and
- d) providing information to the Depositary.

The Administrator will not provide any investment advisory or management services and therefore will not be in any way responsible for the Fund's performance.

### 6.5.3 ***Indemnification and Termination***

Subject to certain restrictions set forth in the Administration Agreement, the Administrator will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

The Fund Manager reserves the right to, at its own discretion, but with due observance of any applicable terms of the Terms and Conditions and the Administration Agreement, terminate the Administration Agreement and/or to appoint a substituting administrator.

## 6.6 **Independent Auditor**

Ernst & Young Accountants LLP has been appointed as independent auditor of the Fund. Ernst & Young Accountants LLP is a member of the Netherlands Institute of Chartered Accountants and is subject to AFM supervision pursuant to the Dutch Audit Firms (Supervision) Act (*Wet toezicht accountantsorganisaties*).

## 6.7 **The Participants and Meetings of Participants**

### 6.7.1 ***Introduction***

(Prospective) Participants should realize that they are not permitted to engage in the investment operations of the Fund. Participants have certain information rights vis-à-vis the Fund Manager and the Legal Owner and can participate in the decision making process related to certain key aspects of the organisation of the Fund set forth in this Prospectus and the Terms and Conditions.

### 6.7.2 ***Participants***

The Participants have financial entitlement to the Fund in proportion to the number of Participations they hold. A Participant is beneficially entitled to the Fund Assets taking into account: (i) the number of Participations held by it versus the number of Participations outstanding; and (iii) the applicable Class.

Without prejudice to liability of a Participant vis-à-vis the Fund, all the profits and losses associated with the Fund are to the benefit or detriment of the Participants proportionately as mentioned in the previous paragraph.

The liability of a Participant vis-à-vis the Fund will be limited to the amount of the Total Subscription Amount due by the Participant in respect of its Participations to the extent not previously paid to the Legal Owner, but notwithstanding its liability by virtue of the law and these Terms and Conditions for its default on any of its obligations under these Terms and Conditions and its Subscription Form. The Participants shall not be liable for the Fund Manager's obligations, the Legal Owner's obligations or the Fund Obligations. Each Participant shall be bound by and subject to the Terms and Conditions by submitting a signed Subscription Form to the Administrator

### 6.7.3 **Meetings of Participants**

Meetings of Participants will only be held when called by the Fund Manager.

The Fund Manager must call a meeting of Participants: (i) as often as the Fund Manager deems necessary in the interest of the Participants, and (ii) in case one (1) or more Participants holding, in total, at least twenty five per cent. (25%) of the outstanding Participations request the Fund Manager in writing to call and hold such meeting, stating the matters to be placed on the agenda for such meeting.

Meetings of Participants will be held in Amsterdam, the Netherlands, or at such other place in the Netherlands as determined by the Fund Manager. Notice for a meeting of Participants will be published on the Website and sent to the (e-mail) addresses of the Participants at least fourteen (14) days prior to the date of the meeting of Participants. Such notice will state the date, time, place and location and the agenda for the meeting and enclose any documents relevant for the meeting.

Each Participant has the right to attend the meeting and to speak at the meeting. A Participant may attend the meeting by proxy, provided that the power of attorney is set forth in writing and prior to the meeting submitted for verification to the chairman of the meeting.

### 6.7.4 **Voting by Participants**

To each Participation is attached the right to cast one (1) vote. Resolutions require, as set forth in the Terms and Conditions, either a simple or a qualified majority of the votes that can be cast on all outstanding Participations being exercised in favour of the proposal.

## 6.8 **Conflicts of interest**

### 6.8.1 **General**

In the business and operations of the Fund, conflicts of interest may arise in respect of investment and divestment transactions, the hiring of services providers as well as other transactions. The Fund's organisational documents will provide for provisions safeguarding the appropriate equitable solution of such conflict of interest situation.

A key role in the resolution of conflict of interest situations will be played by the meeting of Participants, it being understood that the Fund Manager (with respect to the Fund) will not, directly or indirectly:

- a) enter into any investment, divestment or other business transaction (including, but not limited to, the hiring of service providers as referred to in Article 5.5 of these Terms and Conditions) with the Fund Manager, the Legal Owner, any Participant or any of its or their Affiliates;
- b) enter into any investment, divestment or other business transaction at non-arm's length terms and conditions; or

- c) enter into any investment, divestment or other business transaction with any other funds (i) managed by the Fund Manager or Affiliates of the Fund Manager (ii) to which the Delegate renders advisory or portfolio management services.

#### **6.8.2 *Involvement of the Fund Manager in Other Funds***

The Fund Manager and its Affiliates may advise and manage, and in the future may continue to advise and manage, other clients and/or investment funds having substantially similar fund objectives and investment strategy as those of the Fund.

The Fund Manager and its Affiliates will allocate investment opportunities among such clients and funds on an equitable basis in their good faith discretion, based on the applicable investment guidelines of such investors and funds, portfolio diversification requirements and other appropriate factors.

#### **6.9 *Complaints Procedure***

A Participant can address a complaint related to the Fund, the Fund Manager or any service provider of the Fund to the management board of the Fund Manager in writing (which includes correspondence by e-mail). The Fund Manager will confirm receipt of such complaint and indicate in which manner the complaint will be dealt with within three (3) Business Days of the receipt of such complaint.

#### **6.10 *Processing of Personal Data***

Pursuant to and in compliance with the GDPR, the Fund Manager, qualifying as a controller within the meaning of the GDPR, will at all times act in accordance with and pursuant to the Fund Documents and the provisions of the GDPR applicable to it, having special notice for the obligations with respect to the principles relating to processing of personal data, the accountability obligation, the registration obligation and the obligations relating to the processing of the personal data. The Administrator, qualifying as the processor within the meaning of the GDPR, will at all times act in accordance with and pursuant to the provisions of the GDPR as applicable to it.

By means of the Subscription Form, the Fund Manager provides the Participant with the relevant obligatory information to be mandatorily provided to the Participant in accordance with and pursuant to article 13 of the GDPR. The Fund Manager will provide the Participants with the relevant information that the Participant may request in accordance with the provisions of the GDPR.

#### **6.11 *Remuneration Policy***

The Fund Manager has a careful, controlled, and sustainable remuneration policy which meets all the regulatory requirements as included in the AIFMD and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines) and the SFDR. A detailed and up-to-date description of the Fund Manager's general principles of remuneration and remuneration policy is published on the Website. The Fund Manager will provide the Participants upon request and free of charge with a copy of its remuneration policy. A summary of the remuneration policy is set forth below.

Remunerations at the Fund Manager may consist of a fixed remuneration (this may include a payment to cover certain expenses of staff members) and a variable remuneration. The Fund Manager may reclaim all or part of the variable remuneration paid: (i) if this payment was made on the basis of incorrect information; (ii) in the event of employee fraud; (iii) in the event of employee serious improper behaviour or serious negligence in the performance of its tasks; or (iv) in the event of employee behaviour that had resulted in considerable losses for the Fund or the Fund Manager. The Fund Manager does not charge any employee remuneration fees to the Fund. Employee remuneration is paid out of the Management Fee.

## **7 ADMISSION TO THE FUND AND SUBSCRIPTIONS**

### **7.1 Subscriptions**

#### **7.1.1 *Conditions***

On any Subscription Date, provided the requirements of the Terms and Conditions have been met, the Fund Manager may, at its sole discretion, issue Participations at the request of a new or existing Participant set forth in a Subscription Form. The Participations shall be issued in Amsterdam, the Netherlands. All Participants shall be treated fairly by the Fund Manager and no Participant shall obtain preferential treatment.

#### **7.1.2 *In-kind Contributions***

If so requested by the subscriber in its Subscription Form, the Fund Manager may at its sole discretion agree that the Participations subscribed for by the subscriber and accepted by the Fund Manager will be paid-up in kind, as valued based on the valuation principles of the Fund.

#### **7.1.3 *Subscription Price and Subscription Costs***

The Subscription Price of a Participation is equal to the Net Asset Value per Participation as at the Valuation Date immediately preceding the applicable Subscription Date. The Total Subscription Price is the applicable Subscription Price multiplied by the number of issued Participations. The minimum Total Subscription Price is ten thousand Euros (EUR 10,000) per Participant for Class A Participations and one hundred thousand U.S. Dollars (USD 100,000) per Participant for Class B Participations. This minimum subscription amount may be waived by the Fund Manager in its sole discretion.

The Fund's closing took place on 1 April 2014, which is the date on which the Fund Manager accepted the first (1<sup>st</sup>) subscriptions (the "**Closing Date**"). Up to and including the Closing Date, Participations were offered at a price of one hundred Euros (EUR 100) per Participation. After the Closing Date, the Participations are offered at a price based on Net Asset Value per Participation as at the Valuation Date immediately preceding the applicable Subscription Date.

In order to determine the Total Subscription Amount, the Total Subscription Price might be increased by a surcharge equal to the amount of the surcharge levied at the level of the relevant Investee Fund (the “**Investee Fund Surcharge**”), in the event a surcharged is levied at the level of the relevant Investee Fund.

In case a Participant has paid an amount exceeding the Total Subscription Amount, this amount will be repaid to the Participant to the same account from which such proceeds were originally debited.

The Investee Fund Surcharge serves to compensate the Fund for the surcharge levied at the level of the relevant Investee Fund and shall be for the benefit of the Fund.

#### 7.1.4 **Procedure**

Applications for Participations must be made by submitting a duly signed and completed Subscription Form to the Administrator at least ten (10) Business Days before the relevant Subscription Date as per which the applicant wishes to receive Participations.

Payment of the Total Subscription Amount must be received in USD or EUR, as applicable, in the bank account of the Legal Owner as specified in the Subscription Form at least ten (10) Business Days before the relevant Subscription Date as per which the applicant wishes to receive Participations (please refer to the Subscription Form for further payment details and instructions).

If either (i) the signed and completed Subscription Form, or (ii) the Total Subscription Amount has not been received timely, no Participations will be issued and the application shall be retained until the next Subscription Date (for the avoidance of doubt, no interest shall be due). In that case, the Net Asset Value per Participation on that Subscription Date shall be the basis for the determination of the Subscription Price for any Participations issued as per that Subscription Date, subject to receipt of (i) and (ii) above.

The Fund Manager may decide, at its sole discretion, to (i) accept Subscription Forms which are not received timely (but not later than on the Valuation Date immediately preceding the relevant Subscription Date) and (ii) accept an application for Participations in case of overdue payment, provided that the Total Subscription Amount has been received on the Business Day prior to the relevant Subscription Date.

The Fund Manager reserves the right to accept or reject any application in whole or in part at its absolute discretion. When an application is rejected, the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable, to the same account from which such proceeds were originally debited.

Completed applications are irrevocable once the relevant Subscription Form has been received by the Administrator and the Total Subscription Amount has been received



in the bank account of the Legal Owner. Upon issuance of the Participations in satisfaction of an application, the Administrator will confirm the number and value of the Participations so issued. The Participations subscribed to prior to the Closing Date, were issued on the Closing Date.

Investee Funds may have minimum subscription requirements. Therefore, the Fund Manager may in its sole discretion warehouse and hold in cash the relevant Total Subscription Amounts for a period of time during which a minimum subscription requirement at the level of an Investee Fund has not yet been met by the Fund. For the avoidance of doubt, during such period all fees described in Section 9 (*Costs and Expenses*) of this Prospectus (including the Management Fee) shall continue to be payable out of the Fund Assets.

## **7.2 Participant Representations and Warranties and Prevention of Money Laundering**

### **7.2.1 *Representations and Warranties***

The Subscription Form requires each applicant for Participations to make certain representations and warranties to the Legal Owner and the Fund Manager.

Persons subscribing on behalf of others, such as nominees, securities giro's and feeder and custody entities, will need to represent to the Fund Manager and the Legal Owner in an addendum to the Subscription Form certain additional representations, including but not limited to compliance with know your customer (*KYC*) and anti-money laundering (*AML*) rules.

### **7.2.2 *Prevention of Money Laundering and Financing of Terrorism***

Measures aimed at the prevention of money laundering and financing of terrorism will require each applicant for Participations to evidence its identity to the Administrator ("**KYC requirements**"). The procedure used by the Administrator is stated in the Subscription Form and is compliant with the Wwft.

The Administrator reserves the right to request such other information as is necessary to verify the identity of an applicant. Pending the provision of evidence satisfactory to the Administrator as to the identity, the evidence of title in respect of interests may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as mentioned above, the Fund Manager may, in its absolute discretion, refuse to allot the Participations applied for in which event the subscription proceeds will be returned without interest and/or less any other costs incurred by the Fund relating to the transaction of the applicant to the account from which such proceeds were originally debited.

In the event that changes in *KYC* Requirements occur either in policy or in legislation after an investor's have been allotted, investors will be obliged to provide additional *KYC* documentation to satisfy such changed requirements within a reasonable period of time following a request for such additional documentation. Any investor who does not or cannot provide the additional *KYC* documentation may be forcibly redeemed

from the Fund in accordance with the mandatory redemption provisions as set forth in the Terms and Conditions.

Investors should be aware that the Total Subscription Amount (minus the surcharges) will be at risk once it has been invested in the Fund. An investor's failure to comply with applicable KYC Requirements may result in the return of an amount lower than the Total Subscription Amount.

## 8 TRANSFER AND REDEMPTION OF PARTICIPATIONS

### 8.1 Introduction

Participations are not listed on a regulated stock exchange nor does the intention exist to apply for such listing in the foreseeable future. No developed unregulated market for Participations exists and no party has been instructed by the Fund or the Fund Manager to maintain a market for Participations. A transfer of Participations is not possible (other than as described in Section 8.2 of this Prospectus). Though the Fund is in principle obliged to redeem Participations at the request of a Participant, the Fund will under circumstances not be able and/or not obliged to do so.

Participations therefore might be a less liquid investment as expected by a Participant and (prospective) Participants should take into account that under circumstances they cannot liquidate such numbers of their Participations at such moments as they intend to.

### 8.2 Transfer of Participations

A Participant cannot transfer its Participations, except if such Participations are transferred to relatives in the straight line (a “**Permitted Transfer**”). Any such Permitted Transfer requires the prior written approval of the Fund Manager. For the avoidance of doubt, in case a Participant holds Participations for a beneficial owner pursuant to a custody relationship between such Participant and the beneficial owner, a change of custodian by such beneficial owner shall be subject to a prior approval of the Fund Manager, but shall not be deemed a transfer for the purpose of the transfer restrictions under this Prospectus and the Terms and Conditions.

### 8.3 Redemption of Participations at the Request of a Participant

On any Redemption Date, provided the requirements of the Terms and Conditions have been met and redemption of Participations is not suspended in accordance with Section 8.3.4 of this Prospectus, the Fund Manager will redeem Participations at the request of a Participant sent in writing to the Administrator.

The Fund Assets, including, for the avoidance of doubt, any bridge financing, will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem Participations as requested by its Participants for a maximum of ten per cent. (10%) of the Net Asset Value.

#### 8.3.1 *Redemption Price and Costs of Redemption*

The Redemption Price is equal to the Net Asset Value per Participation as at the Valuation Date immediately preceding the Redemption Date on which the relevant Participant is redeemed. The Total Redemption Price is the applicable redemption price multiplied by the number of redeemed Participations.

In order to determine the Total Redemption Amount, the Total Redemption Price might be reduced by a discount equal to the amount of the charge levied at the level of the relevant Investee Fund (the “**Investee Fund Discount**”), in the event a charge is levied at the level of the relevant Investee Fund.

The Investee Fund Discount serves to compensate the Fund for the charge levied at the level of the relevant Investee Fund and shall be for the benefit of the Fund.

### 8.3.2 ***Procedure***

Applications for the redemption of Participations should be submitted to the Administrator by means of a duly signed Redemption Notice specifying the details of the redemption at least ten (10) Business Days before the relevant Redemption Date. Redemption Notices are irrevocable once received by the Administrator.

If the Redemption Notice has not been received timely, the application shall be retained until the next Redemption Date. In that case, the Net Asset Value per Participation as at the Valuation Date immediately preceding that next Redemption Date shall be the basis for the determination of the Redemption Price for any Participations redeemed as per that Redemption Date.

The Fund Manager may decide, at its sole discretion, to accept Redemption Notices which are not received timely (but not later than on the relevant Redemption Date).

The Total Redemption Amount will normally be paid to the redeeming Participant within eleven (11) Business Days after the release of the Net Asset Value of the applicable Redemption Date, provided that: (i) the Administrator has received the KYC Requirements; and (ii) the Fund has received the redemption proceeds from the relevant Investee Fund, unless exceptional circumstances occur, in which case the consideration will be paid at the earliest possible Business Day thereafter.

In the case the Administrator has not received all the requested KYC Requirements, even though the redemption request will be processed, redemption proceeds will be held in the name of the redeeming Participant at the Fund's bank account without any interest accruing in favour of the Participant and the Participant will bear all associated risks until such time as the Administrator receives the outstanding KYC Requirements.

### 8.3.3 ***Limitation on redemptions***

The Legal Owner and the Fund Manager may limit the redemption of Participations on a Redemption Date to an aggregate Total Redemption Price of ten per cent. (10%) (or more, as long as such higher gate is not to the detriment of the remaining Participants) of the Net Asset Value on the Valuation Date prior to the Redemption Date. In this case, the number of Participations to be redeemed per Participant will be pro rata the total number of Participations offered for redemption. Any Participations included in a redemption request that have not been redeemed as a result of such scale down of a redemption request are deemed to be offered for redemption on the following Redemption Date on a pro rata basis alongside subsequent redemption requests (but not compulsory redemptions) and shall be subject to the same limitations. For the avoidance of doubt, the limit described in the first sentence of this Section 8.3.3 applies to a full month and is not linked to a specific Redemption Date.

#### 8.3.4 ***Suspension of Redemption***

The Fund Manager may suspend the redemption of Participations if:

- a) the determination of the Net Asset Value has been suspended (see Section 10.2.2 of this Prospectus); or
- b) a state of affairs exists which constitutes a state of emergency as a result of which the sale of Fund Assets would, in the sole opinion of the Fund Manager, not be practical or would negatively affect the rights of other Participants;
- c) the Participant did not act in compliance with applicable legislation or these Terms and Conditions;
- d) for whatever reason, the valuation of Fund Assets or Fund Obligations to be sold cannot be promptly or accurately ascertained; or
- e) for whatever reason, the redemption of the Investee Funds Interests is suspended at the level of the relevant Investee Fund, as applicable.

#### 8.4 **Mandatory Redemption of Participations**

The Fund Manager and the Legal Owner shall under certain extraordinary circumstances as set forth in the Terms and Conditions and with due regard to the general provisions and conditions relating to redemption of Participations be entitled to redeem all (but not part of) the Participations of any Participant.

In the case the Administrator has not received all the requested KYC Requirements, even though the redemption request will be processed, redemption proceeds will be held in the name of the redeeming Participant at the Fund's bank account without any interest accruing in favour of the Participant and the Participant will bear all associated risks until such time as the Administrator receives the outstanding KYC Requirements.

## **9 COSTS AND EXPENSES**

### **9.1 Introduction**

In this Section 9 all costs and expenses related to the organisation, management and transactions of the Fund which will be paid by or charged to the Fund and accordingly result in a reduction of the Fund's Net Asset Value are described.

This Section 9 does not refer to costs and fees charged to the Participants by the Fund upon a subscription for or redemption of Participations (for these costs and fees see Section 7 (*Admission to the Fund and Subscriptions*) and Section 8 (*Transfer and Redemption of Participations*) of this Prospectus) or by their own service providers in connection with an envisaged investment in or divestment from the Fund (like fees and costs charged to a Participant by its advisors, banks or brokers).

All costs referred to in this Section 9 will be allocated to the period to which they relate. Unless indicated otherwise, all costs will be brought at the charge of the Fund's profit and loss account.

All amounts and percentages mentioned in this Section 9 are exclusive of VAT, if due. Under present legislation, the Fund cannot deduct VAT charged to the Fund.

### **9.2 Cost Categories**

#### **9.2.1 *Transaction costs***

Transaction costs inter alia include all costs of sourcing, evaluating, making, holding or disposing of Fund Assets, including, but not limited to, finders' fees, brokerage fees, (other) transaction costs and expenses and interest on investment-related borrowings. All transaction costs shall be borne by the Fund and be brought at the charge of the Fund's profit and loss account.

The Fund Manager will select transactional service providers on the basis of various considerations, like quality, promptness of performance of services and fee rates. Fee rates may not exceed market standard rates. The total amount of transaction costs from time to time is variable and depends on the number and size of transactions and applicable rates.

#### **9.2.2 *Fund Operational Costs***

Fund operational costs inter alia include, but are not limited to all costs of legal, tax, administrative, accounting, audit, reporting, legal ownership and similar services and advices provided to the Fund and all costs of communications with and meetings of the Participants and the regulatory costs related to the supervision by the AFM and DNB. All operational costs shall be borne by the Fund and be brought at the charge of the Fund's profit and loss account.

The Fund will pay to the Legal Owner in remuneration of its service to the Fund, limited to the holding of the legal ownership of Fund Assets, an annual fee equal to twelve thousand five hundred Euros (EUR 12,500) (excluding VAT). Any additional services, related to the holding of legal ownership of Fund Assets or otherwise, will be rendered

on a time spent basis and charged to the Fund in accordance with the legal ownership agreement.

The Fund will pay to the Depository in remuneration of its service to the Fund, limited to AIFMD depository duties, an annual fee of 1.4 basis points of the assets under management. This fee is subject to a minimum of twenty-one thousand five hundred Euros (EUR 21,500).

The Fund will pay the Administrator in remuneration for its services to the Fund, an annual fee based on the month-end Net Asset Value, as set forth in the following sliding scale, subject to a minimum annual fee of thirty-five thousand Euros (EUR 35,000) (excluding VAT, if applicable) for the Net Asset Value production:

<b>AUM (in EUR million)</b>	<b>bps</b>
0-50	8
50-100	6
>100	4

Additionally, the Fund will pay the Administrator five thousand Euros (EUR 5,000) for preparing (semi-) annual statements. For FATCA-related services the Administrator will charge the Fund an annual fixed fee of four thousand Euros (EUR 4,000).

The Administrator also provides certain trading duties for the Fund and charges a fee of two hundred and fifty Euros (EUR 250) per initial trade, one hundred and seventy-five Euros (EUR 175) per subsequent trade and seventy-five Euros (EUR 75) per tax document required for an underlying investment.

The Fund will pay to the Auditor in remuneration of its service to the Fund, an estimated fee equal to fifteen thousand six hundred forty-eight Euros (EUR 15,648) (excluding VAT) and a fee estimated at two thousand five hundred Euros (EUR 2,500) (excluding VAT) for the auditor's assurance report included in Section 14 of this Prospectus.

### 9.2.3 **Management Fee**

The Fund Manager is entitled to an annual Management Fee equal to zero point fifty-two per cent. (0.52%) of the Net Asset Value excluding (i.e. before deduction of) the Management Fee, as at the last calendar day of each month, with a minimum of fifty thousand Euros (EUR 50,000) per annum, payable monthly in arrears out of the Fund Assets. Any changes to the Management Fee are subject to the prior approval of the Fund Manager and the Legal Owner.

For the avoidance of doubt the Fund shall not bear the cost of remunerating any employee of the Fund Manager or any of its Affiliates or any office rental, utilities, or office equipment or other overhead or travel costs of any of their respective personnel, it being acknowledged that the Management Fee is intended to compensate the Fund Manager for such costs.

#### 9.2.4 **Delegation Fee**

The Delegate is entitled to an annual advisory fee payable by the Fund Manager out of the Management Fee. No delegation fees are directly borne by the Fund.

#### 9.2.5 **Regulatory Costs**

The regulatory costs related to the supervision by the AFM and DNB are estimated at ten thousand Euros (EUR 5,000) per annum.

#### 9.2.6 **Organisational Expenses**

The Fund will bear its own organisational and establishment costs. Expenses in connection with the establishment of the Fund and organisational costs of the Fund, will be paid out of the Fund Assets, including (but not limited to) legal, accounting and tax advisory fees, research costs, incorporation expenses and travel costs.

Establishment costs (set-up costs) amounted to twenty thousand Euros (EUR 20,000) as reimbursement for the costs incurred by the Fund Manager and effort of the Fund Manager in connection with the formation of the Fund and twenty-five thousand Euros (EUR 25,000) for legal and tax advisory fees. On the date of this Prospectus, all such establishment costs (set-up costs) were fully written off.

#### 9.2.7 **Expenses attributable to the Class B Participations**

Because the base currency of the Fund is the Euro, this entails a foreign exchange risk for the holders of the Class B Participations. The Fund Manager intends to hedge foreign exchange risks. Any profits or losses of currency hedges shall be allocated to the holders of the Class B Participations. The main costs of currency hedging depend on the spreads between USD and EUR interest rates, it is possible that the costs of currency hedging are negative (i.e. lead to a better performance for the Class B Participations).

#### 9.2.8 **Ongoing Charges Figure**

The OCF will be calculated at the end of each financial year and published annually in the Fund's annual reports.

The below table illustrates the expected OCF of the Fund:

<b>Ongoing Charges Figure estimation (based on EUR 50 million AUM)</b>	
<i>Investment Management</i>	<i>0.52%</i>
<i>Administrator</i>	<i>0.10%</i>
<i>Depositary and Legal Owner</i>	<i>0.09%</i>
<i>Audit</i>	<i>0.05%</i>
<i>Other expenses</i>	<i>0.04%</i>



<b><i>Windmill Trend Evolution Fund Level</i></b>	<b><i>0.80%</i></b>
<b><i>Investee fund level (excl. performance fee)</i></b>	<b><i>2.02%</i></b>
<b><i>Total (incl. performance fee)</i></b>	<b><i>2.82%</i></b>

The estimated OCF is zero point eighty per cent. (0.80%). This only includes the OCF of the Windmill Trend Evolution Fund. On 30 June 2021, the OCF at the Investee fund level was four point fifty-two per cent. (4.52%). This includes performance fees. Excluding performance fees, the OCF at the Investee fund level was two point zero two per cent. (2.02%).

#### 9.2.9 ***Costs Related to Investments in Investee Funds***

Costs related to investments in Investee Funds include the subscription price for Investee Funds Interests. In addition, the following fixed and variable fees and costs may be charged at the level of the Investee Funds: management fee, performance fee, custodian and administrative fees, advisory fees, organizational expenses, agency fees, transaction costs, operational costs, etc.

Subscription price for Investee Funds Interests shall be borne by the Fund and be brought at the charge of the Fund's profit and loss account. Other costs related to investments in Investee Funds shall be paid out of such relevant Investee Fund's assets.

## **10 VALUATION, REPORTING AND INFORMATION DISCLOSURE**

### **10.1 Valuation Principles**

The Fund Manager shall value the Fund Assets and Fund Obligations in accordance with Dutch GAAP and, where more specific, certain valuation methods set forth in the Terms and Conditions, whilst Dutch GAAP will prevail for financial reporting purposes should there be a conflict between the two.

The Investee Funds Interests shall be valued on the basis of the latest available valuation or valuation estimate of Investee Funds Interests provided by the administrators of the relevant Investee Funds as further set forth in the Terms and Conditions. The Fund Manager has delegated the calculation of the Net Asset Value to the Administrator. To determine the valuation of the Fund, the Administrator receives the valuations of the Investee Funds. If an Investee Fund's valuation is not available on the day that the Fund's valuation is determined, the administrator or the Fund Manager of the Investee Fund will provide an estimate. To ensure valuations received from administrators of the Investee Funds are appropriate, valuations are reviewed by the Fund Manager (or the Administrator), based on the previous valuation received and other relevant information. Valuations that deviate materially from the previous valuation are further analysed and if needed discussed with the manager or administrator of the relevant Investee Fund.

### **10.2 Reporting to Participants**

#### **10.2.1 *Financial year***

The financial year of the Fund shall begin on the first (1<sup>st</sup>) day of July and end on the thirtieth (30<sup>th</sup>) day of June of the next calendar year. The first (1<sup>st</sup>) financial year of the Fund began on the Closing Date and ended on the thirtieth day of June 2015.

#### **10.2.2 *Reporting on Net Asset Value***

Subject to certain exception grounds set forth in the Terms and Conditions, the Fund Manager shall as per each Valuation Date determine the Net Asset Value, the Net Asset Value per Class and the Net Asset Value per Participation. The Net Asset Value of Class A Participations shall be expressed in Euro and the Net Asset Value of Class B Participations shall be expressed in USD and be determined in accordance with the Fund's valuation principles referred to above.

The Fund Manager has delegated the determination of the Net Asset Value and the Net Asset Value per Participation to the Administrator. In determining the Net Asset Value of the Fund and the Net Asset Value per Participation, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above. If and to the extent that the Fund Manager is responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any Participant in the Fund, the Fund Manager or any other person in so doing.

The Fund Manager may declare a suspension of the determination of the Net Asset Value and the Net Asset Value per Participation:

- (a) if the price of securities in which the Fund is directly or indirectly invested is suspended (for instance because a stock exchange on which Fund Assets are listed, or on which securities which belong to the assets of a collective investment scheme in which the Fund is invested are listed directly or indirectly, are closed on other days than normal days of closure or if the transactions on these exchanges are suspended or subject to irregular restrictions);
- (b) if the communication means or calculation facilities normally used to determine the Net Asset Value no longer function or if, for any other reason, the value of a Fund Asset or Fund Obligation, cannot be determined with the speed or accuracy desired by the Fund Manager;
- (c) if there are factors relating to the political, economic, military or monetary situation that make it impossible for the Fund Manager to determine the Net Asset Value;
- (d) if a resolution to liquidate the Fund is passed or;
- (e) the management board of an Investee Fund suspends the determination of the net asset value of the relevant Investee Funds Interests, as applicable.

When the Fund Manager is unable to determine the Net Asset Value and the Net Asset Value per Participation, the Participants will be informed hereof.

In case of errors in the calculation of the Net Asset Value, the Fund Manager will as soon as possible prepare a report on the errors that were made and which correction will need to be made to the Net Asset Value. If a correction is required of more than two per cent. (2%) of the Net Asset Value, and a Participant incurred a loss by an allocation or redemption against the erroneously calculated Net Asset Value, the Fund will at the request of such Participant provide compensation (in cash or in Participations) for the relevant Participant for the actual loss incurred. The compensation will be paid out of the Fund Assets.

### 10.2.3 **Monthly reporting**

Within fifteen (15) Business Days after the end of each calendar month, the Fund Manager shall prepare a monthly report stating the total value of the Fund Assets, the Fund's asset mix, the number of outstanding Participations per Class and the most recently calculated Net Asset Value per Participation and the date on which the calculation was made. The monthly report shall be published on the Website and is available for Participants free of charge at the offices of the Fund Manager.

### 10.2.4 **Annual and Semi-annual Reporting**

Within six (6) months after the end of each financial year of the Fund, Fund Manager shall, in accordance with the applicable legal requirements, prepare and publish the Fund's annual accounts (consisting of at least a balance sheet, profit and loss account and explanatory notes), annual report and other information for such financial year.

Within nine (9) weeks after the end of the first (1<sup>st</sup>) half of the financial year, the Fund Manager shall draw up a semi-annual report and financial statements concerning this period.

The annual accounts and the semi-annual report shall be drawn up in accordance with the applicable provisions of Title 9 of Book 2 of the Civil Code and published on the Website.

The Fund Manager will provide the Participants upon request and free of charge with copies of the annual accounts, annual report and semi-annual report, notwithstanding their compliance with other publication requirements under applicable laws.

#### 10.2.5 ***Other Information***

The license provided to the Fund Manager pursuant to article 2:65 FSA and the Terms and Conditions shall be available for inspection at the offices of the Fund Manager. A copy of the Terms and Conditions shall be provided by the Fund Manager upon request free of charge and shall be published on the Website. A copy of the Fund Manager's license and the Depositary Agreement shall be provided by the Fund Manager upon request at cost price.

Information regarding the Fund Manager, the Legal Owner and the Depositary from the Trade Register shall be provided by the Fund Manager upon request at cost price.

The sustainability risk integration disclosure of the Fund Manager and the principal adverse impacts disclosure of the Fund Manager is published on the Website.

#### 10.2.6 ***Information Regarding Investee Funds***

An administrator of an Investee Fund shall monthly determine the net asset value of such Investee Fund and within six (6) months after the end of each financial year of such Investee Fund, in accordance with the applicable legal requirements, prepare such Investee Fund's annual accounts audited by a chartered accountant.

The Fund Manager shall on behalf of the Fund, in its capacity of the holder of Investee Funds Interests, be entitled to receive and/or inspect documents which Investee Funds shall make available for the holders of interests in such Investee Funds. The Fund Manager may upon request and with the prior consent of the investment manager of the relevant Investee Fund provide certain information related to the Investee Funds in units or shares of which twenty per cent. (20%) or more of the Fund Assets are invested to Participants at cost price.

#### 10.2.7 ***Historical Performance, Latest Annual Report and Net Asset Value of the Fund***

The historical performance of the Fund, the latest Net Asset Value and the latest annual report of the Fund at the date of this prospectus shall be published on the Website.

### 10.3 Liquidity Risk Reporting

As and when relevant, the Fund Manager shall periodically disclose to the Participants by e-mail: a) the percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature; b) any new arrangements for managing the liquidity of the Fund; and c) the risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

### 10.4 Tax reporting

#### 10.4.1 **FATCA**

Under FATCA, the United States will impose a withholding tax of 30 per cent. (30%) on certain United States sourced gross amounts not effectively connected with a United States trade or business paid to certain “Foreign Financial Institutions”, including the Fund, unless some information reporting requirements are complied with.

The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of “recalcitrant account holders” as described in §1.1471-5(g)(2) of FATCA. A fund’s ability to satisfy its obligations under an agreement with the IRS will depend on each participant of such fund providing the fund with any information, including information concerning the direct or indirect owners of such participant, that the fund determines is necessary to satisfy such obligations. Any such information provided to a fund will be shared either with the local tax authority or the IRS, depending on the Model of the Intergovernmental Agreement. An investment fund that is classified as subject to FATCA requirements will be required to register with the IRS and obtain a Global Intermediary Identification Number (*GIIN*) and agree to have policies and procedures in place to identify certain direct and indirect U.S. account holders or equity holders. For these purposes the Fund would fall within the definition of a foreign financial institution (“**FFI**”) for the purpose of FATCA.

Each prospective Participant agrees by signing the Subscription Form to provide such information upon request from the Fund Manager or the Administrator. If a fund fails to satisfy such obligations or if a participant of a fund fails to provide the necessary information to such fund, as applicable, payments of U.S. source income and payments of proceeds will generally be subject to a thirty per cent. (30%) withholding tax.

The Fund may exercise its right to completely redeem a participant that fails to provide the Fund or the Administrator with the requested information in order for the Fund to satisfy its FATCA obligations, and the Fund may take any other action deemed necessary in relation to a participant's shares or redemption proceeds to ensure that such withholding is eventually borne by the relevant participant whose failure to provide the necessary information gave rise to the withholding tax. Each prospective Participant in the Fund should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

The Fund will endeavour to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantee or assurance that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer United States withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected, and the Fund may suffer loss as a result.

#### 10.4.2 ***The Common Reporting Standard***

The Netherlands is one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development ("**CRS**"). Financial institutions resident in jurisdictions which have agreed to the CRS, should report certain account holder information to their local tax authorities who will then exchange such information with countries where account holders are tax residents. It can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, the CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further inter-governmental agreements will therefore be entered into with other third countries by the Dutch government from time to time to enable reporting to such third countries' tax authorities ("**Foreign Tax Authorities**") as provided in the CRS.

By investing or continuing to invest in the Fund, Participants shall be deemed to acknowledge that:

- a) the Fund is considered to be a reporting financial institution under the CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the Netherlands certain confidential information in relation to the Participant, including but not limited to the Participant's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Participant's investment;
- b) the competent tax authority of the Netherlands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities;
- c) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;

- d) the Fund may require the Participant to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the Netherlands;
- e) in the event a Participant does not provide the requested information and/or documentation, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Participants being subject to withholding tax or penalties under the relevant legislative or inter- governmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Participant concerned;
- f) no Participant affected by any such action or remedy shall have any claim against the Fund (or its agent, including the Administrator) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the CRS, any further inter- governmental agreements or any of the laws and regulations related to the CRS; and
- g) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the Netherlands and the Foreign Tax Authorities or as otherwise required by law.

Participants should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of residence and/or citizenship (as applicable).

## **11 DISTRIBUTIONS**

### **11.1 Distributions Policy**

As primary Fund Objective of the Fund is to achieve capital growth. Frequent and regular distributions of Net Proceeds (including profit distributions) by the Fund are not intended nor anticipated. However, the Fund Manager may, at its sole discretion and at any time, decide to distribute any Net Proceeds. It is expected that the Fund Manager will especially do so if the Fund Manager is of the opinion that there are no sufficient suitable investment opportunities to achieve the Fund Objectives. All distributions (including profit distributions) to the Participants will be made pro rata to the number of Participations held by each Participant.

Any distribution (including profit distributions) to the Participants, including the amount, composition and manner of payment, shall be published on the Website.

### **11.2 Form of Distributions**

Distributions of Net Proceeds (including profit distributions) will be made in cash, in Euro to the holders of Class A Participations and in USD to the holders of Class B Participations, provided that the Administrator has received all requested KYC Requirements.



## **12 DUTCH TAXATION ASPECTS**

### **12.1 Introduction**

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a Participant, and does not purport to deal with the tax consequences applicable to all categories of Participants. The tax and other matters described in this Prospectus do not constitute, and should not be considered as, legal or tax advice to prospective Participants. Participants should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Participations.

### **12.2 Taxation of the Fund**

The Fund qualifies as a transparent or “closed” fund for joint account Dutch tax purposes, since Participations can only be transferred to the Fund itself since according to the Terms and Conditions, a transfer of Participations is not possible, except for Permitted Transfers, (reference is made to Article 17 of the Terms and Conditions) and Participations can only be redeemed by the Fund (i.e., on the basis of Article 15 of the Terms and Conditions).

Consequently, pursuant to article 2(2) CITA the Fund does not qualify as a taxable entity. Tax is therefore levied on the results and revenue of the investment at the level of the Participants and not at the level of the Fund itself. This implies that for Dutch tax purposes the Fund’s results are directly allocated to the individual Participants in accordance with the size (and, if applicable, the duration) of their pro rata investment.

### **12.3 Withholding Taxes**

Distributions by the Fund are not subject to Dutch dividend withholding tax as a consequence of its transparency for tax purposes. Due to its transparency, the Fund itself is not entitled to any credit or refund of Dutch dividend withholding tax or (non-reclaimable) foreign withholding taxes withheld on dividends and interest received, nor can the Fund claim any benefits under a tax treaty concluded by the Netherlands with other states.

The tax transparency of the Fund also implies that any dividend withholding tax and foreign withholding taxes withheld on its investments are allocated to the Participants, *i.e.*, on a pro rata basis. In principle, such withholding taxes may be set off by the Participants, whereby the conditions that apply are the same as would be the case for a direct investment (pro rata) by the relevant Participant.

Several countries<sup>1</sup> have confirmed that they will disregard a Dutch tax transparent mutual fund for withholding tax purposes.

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<sup>1</sup> Including Australia, Austria, Belgium, Denmark, Ethiopia, Germany, Norway, South Africa, Switzerland, Taiwan, the United Kingdom and the United States.

### **13 POLICY REGARDING VOTING RIGHTS AND VOTING CONDUCT INVESTEE FUNDS**

The Fund Manager shall on behalf of the Fund, in its capacity of the holder of Investee Funds Interests, attend the general meetings of shareholders/limited partners/members of the Investee Funds and any relevant sole class or category meetings and shall exercise the voting rights attached to such Investee Funds Interests while taking into account the Fund Objective.

## 14 ASSURANCE REPORT

### **Assurance report pursuant to Section 115x, subsection 1, of the Dutch Decree on Conduct of Business Supervision of Financial Undertakings under the Financial Supervision Act**

To: the fund manager of Windmill Trend Evolution Fund

#### *Our opinion*

In accordance with Section 115x, subsection 1, under e, of the Besluit Gedragstoezicht financiële ondernemingen Wft (BGfo Wft, Decree on the Supervision of the Conduct of Financial Undertakings pursuant to the Act on Financial Supervision ), we have examined the prospectus of the fund manager of Windmill Trend Evolution Fund, Amsterdam.

In our opinion the prospectus dated May 30, 2022 of Windmill Trend Evolution Fund contains, in all material respects, at least the information required by or pursuant to the Wet op het financieel toezicht (Wft, Act on Financial Supervision) for a prospectus of an alternative investment fund.

#### *Basis for our opinion*

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A, “Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)” (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain reasonable assurance. Our responsibilities in this regard are further described in the Our responsibilities for the examination of the prospectus section of our report.

We are independent of Windmill Trend Evolution Fund and Privium Fund Management B.V. in accordance with 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 requirements in The Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Relevant matters relating to the scope of our examination*

Our examination consists of verifying that the prospectus contains the required information, which means we did not examine the accuracy of the information included in the prospectus.

Furthermore, Dutch law does not require the auditor to perform additional assurance procedures with respect to Section 115x, subsection 1, under c, of the BGfo Wft. Pursuant to Section 115x, subsection 1 under c of the BGfo Wft, the prospectus of an alternative investment fund contains the information which investors need in order to form an opinion on the alternative investment fund and the costs and risks attached to it.

Our opinion is not modified in respect of these matters.

#### *Responsibilities of the manager for the prospectus*

The manager of the Windmill Trend Evolution Fund is responsible for the preparation of the prospectus that contains at least the information required by or pursuant to the Wft for a prospectus of an alternative investment fund.

Furthermore, the fund manager is responsible for such internal control as it determines is necessary to enable the preparation of the prospectus that is free from material omission, whether due to error or fraud.

#### Our responsibilities for the examination of the prospectus

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our examination has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material omissions in the prospectus due to error and fraud.

We apply the “Nadere voorschriften kwaliteitssystemen” (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our examination included e.g.:

- Identifying and assessing the risks of material omissions of information required by or pursuant to the Wft in the prospectus, whether due to errors or fraud, designing and performing assurance 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 omission resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the manager of the alternative investment fund

30 May 2022

Ernst & Young Accountants LLP

Signed by R.J. Bleijs

## **15 DECLARATION OF THE FUND MANAGER**

The Fund Manager declares that the Fund, the Depositary, the Legal Owner and the Fund Manager itself are compliant with the rules and regulations laid down by and pursuant to the FSA.

The Fund Manager declares that this Prospectus is compliant with the rules and regulations laid down by and pursuant to the FSA.

This Prospectus has been prepared by the Fund Manager. The Fund Manager is responsible for the contents hereof. The information included in this Prospectus is true and no information has been omitted which, if included, would alter the meaning of this Prospectus.

The Prospectus shall be available at the Fund Manager's office. A copy of the Prospectus shall be provided by the Fund Manager upon request free of charge and shall be published on the Website.

**SCHEDULE 1- TERMS AND CONDITIONS OF MANAGEMENT AND CUSTODY**

# **WINDMILL TREND EVOLUTION FUND**

ISIN CODE CLASS A PARTICIPATIONS: NL0010730727

ISIN CODE CLASS B PARTICIPATIONS: NL001635222

**TERMS AND CONDITIONS  
OF  
MANAGEMENT AND CUSTODY**

May 2022

## **1. DEFINITIONS**

- 1.1. In these Terms and Conditions, except where terms are expressly defined herein, capitalized terms shall have the same meaning given to them in the Prospectus of Windmill Trend Evolution Fund.
- 1.2. Reference in these Terms and Conditions to any law, statute or statutory instrument or governmental regulation shall be deemed to include any modification, amendment, extension or re-enactment thereof.
- 1.3. References in these Terms and Conditions to "persons" are references to companies, corporations, unincorporated associations, partnerships, all other (corporate) entities (*rechtspersonen*) as well as individuals and natural persons (*natuurlijke personen*).
- 1.4. In these Terms and Conditions the masculine shall include the feminine and the neuter and the singular shall include the plural and vice versa as the context shall admit or require.
- 1.5. In these Terms and Conditions the headings used are for ease of reference only and shall not be deemed to form any part of these Terms and Conditions.

## **2. NAME, LEGAL FORM, TAX AND REGULATORY STATUS**

- 2.1. The name of the Fund is: Windmill Trend Evolution Fund.
- 2.2. The Fund is a fund for joint account (*fonds voor gemene rekening*) organised and existing under the laws of the Netherlands.
- 2.3. The Fund is an investment fund (*beleggingsfonds*) as referred to in article 1:1 of the FSA. The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB.
- 2.4. The Fund is under Dutch law not a legal entity nor a partnership, commercial partnership or limited partnership (*maatschap, vennootschap onder firma or commanditaire vennootschap*), 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 Fund Manager or the Legal Owner for the account and risk of the Participants.
- 2.5. These Terms and Conditions form part of the contractual relationship existing between the Fund Manager, the Legal Owner and each Participant (separately) originating from the execution of the Participant's Subscription Form.
- 2.6. These Terms and Conditions do not form an agreement between any or all Participants among themselves and are not (otherwise) aimed at any cooperation among or between any or all Participants and no provision of these Terms and Conditions shall constitute or be interpreted as constituting any right or obligation existing between any or all Participants vis-à-vis each other or as a cooperation agreement (*samenwerkingsovereenkomst*) between the Fund Manager, the Legal Owner and any of the Participants.



- 2.7. A Participant's obligation to pay a consideration for Participations is a commitment (*verbinten*) to the Legal Owner (represented by the Fund Manager) only. This commitment is no contribution (*inbreng*) or commitment to make contribution to any partnership.
- 2.8. The Fund qualifies as a transparent or "closed" fund for joint account Dutch tax purposes, since, except for Permitted Transfers, Participations can only be transferred to the Fund itself (redeemed) since a transfer of Participations is not possible. Consequently, the Fund does not qualify as a taxable entity. Tax is therefore levied on the results and revenue of the investment at the level of the Participants and not at the level of the Fund itself. This implies that for Dutch tax purposes the Fund's results are directly allocated to the individual Participants in accordance with the size (and, if applicable, the duration) of their pro rata investment.

### **3. TERM**

The Fund is formed for an indefinite period of time but shall terminate upon the occurrence of any of the events set forth in Article 24.1 of these Terms and Conditions.

### **4. FUND OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS**

- 4.1. The Fund's objective is to achieve medium-term capital gains for the Participants.
- 4.2. To achieve the Fund Objective, it is expected the Fund will primarily invest in trend-following funds mainly focussed on innovative systematic strategies that invest outside the mainstream markets. The Fund may also hold cash and cash equivalents.
- 4.3. If the Fund holds investments denominated in currencies other than the Euro, this entails a foreign exchange risk. The Fund Manager may therefore hedge foreign exchange risks if it considers this to be in the interest of the Fund.
- 4.4. Article 4:37(c)(5) FSA contains certain requirements for feeder AIFs within the meaning of article 4.1(m) of the AIFMD. Therefore, the Fund Manager shall not (i) invest eighty-five per cent. (85%) or more of the Fund Assets in units or shares of (a) any one (1) Investment Fund, or (b) more than one (1) Investment Fund where such Investment Funds have identical investment strategies; or (ii) otherwise have an exposure of at least eighty five per cent. (85%) of the Fund Assets in any one (1) Investment Fund, unless it would believe to still be acting in compliance with article 4:37(c)(5) FSA, for instance if:
  - 4.4.1. following such investment or exposure the Fund shall not fall under the definition of a feeder AIF within the meaning of article 4.1(m) of the AIFMD; or
  - 4.4.2. the competent authorities so confirm.
- 4.5. The Fund Manager is not allowed to lend any of the Fund Assets to a third party or borrow money against such assets, except for bridge financing purposes.

### **5. MANAGEMENT AND ADMINISTRATION, LIABILITY OF THE FUND MANAGER**

- 5.1. The Fund Manager is charged with the management and administration of the Fund. The Fund Manager is, subject to these Terms and Conditions, entitled and authorised (i) to acquire (*verkrijgen*) and to dispose of (*beschikken over*) Fund Assets and to enter into and assume Fund Obligations in the name of the Legal Owner for the account and risk of the Participants, and (ii) to perform any and all other acts in its own name or in the name of the Legal Owner for the account and risk of the Participants which are reasonably necessary for or conducive to the attainment of the Fund Objectives. The Fund Manager's authority to act in the Legal Owner's name shall be subject to a power of attorney granted to the Fund Manager.
- 5.2. In the performance of its obligations and in the exercise of its rights, powers and authorities hereunder, the Fund Manager shall exercise the standard of care, skill, prudence and diligence under the circumstances then prevailing that a prudent (*zorgvuldig*) person acting in a like capacity and familiar with such matters would use in the conduct of managing an investment fund of like character, risk profile and Fund Objectives as the Fund, having regard to the provisions hereof.
- 5.3. In managing and administering the Fund, the Fund Manager shall act solely in the interest of the Participants. The management and administration of the Fund shall be performed for the account and risk of the Participants. Benefits and/or losses resulting therefrom shall consequently be for the benefit of or be borne by the Participants, without prejudice to the provisions of Article 11.3 of these Terms and Conditions.
- 5.4. The Fund Manager shall only be liable towards the Participants for a loss suffered by them in connection with a breach of Fund Manager's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*).
- 5.5. The Fund Manager may contract other third parties in the exercise of its powers and duties under these Terms and Conditions and shall exercise reasonable prudence (*zorgvuldigheid*) in the selection of such third parties.

## **6. AUTHORITY TO INVEST AND ADMINISTER**

- 6.1. Subject to the Fund Objective, the Investment Strategy, the Investment Restrictions and this Article 6, the Fund Manager may invest in any eligible assets and assume eligible obligations. The determination of the Fund Manager as to whether or not the assets and obligations are of a type which may be acquired or held by or on behalf of the Fund in view of the Fund Objective, Investment Strategy and Investment Restrictions shall be conclusive.
- 6.2. It is the intention that subject only to the Investment Strategy and the Investment Restrictions and the specific restrictions mentioned herein, the Fund Manager shall have the broadest power and authority in making investments consistent with the investment powers herein provided. The Fund Manager shall have sole discretionary power to retain for as long a period as it shall think proper and to manage, convert, exchange, transfer and dispose of the Fund Assets and Fund Obligations. The Fund Manager shall have and may exercise every right and privilege pertaining to management provided that the exercise of such right or privilege is consistent with these Terms and Conditions.

## **7. CONFLICTS OF INTEREST**

- 7.1. The Fund Manager (with respect to the Fund) will not, directly or indirectly:
- 7.1.1. enter into any investment, divestment or other business transaction (including, but not limited to, the hiring of service providers as referred to in Article 5.5 of these Terms and Conditions) with the Fund Manager, the Legal Owner, any Participant or any of its or their Affiliates;
  - 7.1.2. enter into any investment, divestment or other business transaction at non-arm's length terms and conditions; or
  - 7.1.3. enter into any investment, divestment or other business transaction with any other funds (i) managed by the Fund Manager or Affiliates of the Fund Manager (ii) to which the Delegate renders advisory or portfolio management services.
- 7.2. The Fund Manager, with respect to the Fund, will not allocate and offer any investment opportunity sourced by it or otherwise offered or disclosed to it and falling within the restrictions set by the Fund Objective, Investment Strategy and Investment Restrictions to any other fund or entity managed or otherwise controlled by the Fund Manager or an Affiliate of the Fund Manager without having considered such opportunity as an investment opportunity for the Fund and, with the approval of the Participants by Ordinary Consent, subsequently having decided not to make the investment on behalf of the Fund.

## **8. RESIGNATION AND REMOVAL OF THE FUND MANAGER**

- 8.1. Subject to Article 8.4, the Fund Manager shall resign:
- 8.1.1. upon the Fund Manager having been granted suspension of payments (*surséance van betaling*);
  - 8.1.2. upon the Fund Manager's bankruptcy (*faillissement*) or dissolution (*ontbinding*); and
  - 8.1.3. upon the provision of sixty (60) calendar days' notice to the Fund, the Depositary and the Participants.
- 8.2. The Participants may at any time by resolution taken by Special Consent remove the Fund Manager as the fund manager of the Fund, such removal to have effect, subject to Article 8.4, after three (3) months from the date notified in writing to the Fund Manager.
- 8.3. The Participants may, no later than forty-five (45) calendar days after: (i) the date of occurrence of the event causing the resignation of the Fund Manager; or (ii) the date the Fund Manager has been notified of its removal, by resolution taken by Ordinary Consent appoint a substitute Fund Manager.
- 8.4. The Fund Manager can only: (i) resign in accordance with Article 8.1; or (ii) be removed in accordance with Article 8.2, after the appointment of a successor Fund Manager. An entity can only be appointed as successor Fund Manager in case it has obtained a regulatory license

to manage investment funds (including the Fund) or makes use of a regulatory registration to do so.

- 8.5. Upon the effective date of the resignation or removal of the Fund Manager, any rights and obligations of the Fund Manager under these Terms and Conditions shall immediately cease to exist (it being understood that the Fund Manager remains entitled to its Management Fee and its reimbursements referred to in Article 18.2 to the extent allocable to an already expired period of time).
- 8.6. The Fund Manager hereby commits itself to cooperate fully in the transfer of its contractual position with the Unitholders, the Fund and the Depositary to a successor Fund Manager.

## **9. FUND ASSETS AND FUND OBLIGATIONS, THE LEGAL OWNER**

- 9.1. All Fund Assets shall be legally owned by and will be administered in the name of the Legal Owner. All Fund Obligations shall be assumed by the Legal Owner as debtor. All agreements of the Fund shall be entered into in the name of the Legal Owner.
- 9.2. The Legal Owner shall acquire and hold the Fund Assets for the purpose of management and custody (*ten titel van beheer en bewaring*) for the account and risk of the Participants and will receive any income and proceeds on or originating from Fund Assets paid to it by a custodian or the underlying obligor in a capacity of agent, nominee or otherwise on behalf and for the benefit of the Participants.
- 9.3. The Legal Owner shall assume the Fund Obligations in its own name for the account and risk of the Participants, as qualified by these Terms and Conditions and without prejudice to the provisions of Article 11.3 of these Terms and Conditions.
- 9.4. The Legal Owner shall ensure that with respect to the Fund Obligations assumed and contracts entered into in the name of the Legal Owner, it shall be explicitly stipulated that (i) the Legal Owner is acting in its capacity as legal owner of the Fund, and, unless the Legal Owner deems such statement in a specific contract not feasible, immaterial and/or not in the interests of the Participants, that (ii) the counterparty or counterparties undertake(s) to never seek recovery on anything other than the Fund Assets.
- 9.5. In acting as the legal owner of the Fund, the Legal Owner shall act solely in the interests of the Participants. The Legal Owner cannot represent (*vertegenwoordigen*) or bind the Participants.
- 9.6. The Legal Owner shall only dispose of the assets held by it in custody following receipt of a statement from the Fund Manager that such delivery is required in connection with the regular performance of management duties.
- 9.7. The Legal Owner shall only dispose of the assets held by it in custody with the cooperation of the Fund Manager; for this purpose the Legal Owner hereby grants a power of attorney to the Fund Manager, with full powers of substitution, to perform all custody and asset management activities pursuant to the Terms and Conditions.

9.8. The Legal Owner shall only be liable towards the Participants for a loss suffered by them in connection with a breach of Legal Owner's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*).

## **10. RESIGNATION OF THE LEGAL OWNER**

10.1. The Legal Owner shall resign, without any further action of any party being required:

10.1.1. with immediate effect upon its bankruptcy (*faillissement*) or dissolution (*ontbinding*) or upon the Legal Owner having been granted suspension of payments (*surséance van betaling*); and

10.1.2. upon the provision of sixty (60) calendar days' notice to the Fund Manager and Administrator,

15.1 it being understood that no resignation of the Legal Owner shall be effective before the appointment of a successor legal owner, whether or not on a temporary basis, in accordance with the provisions of Article 10.2 of these Terms and Conditions has become effective.

10.2. Following or in anticipation of the resignation of the Legal Owner, the Participants shall no later than ten (10) Business Days after the date of occurrence of the event causing the resignation by resolution taken by Ordinary Consent appoint a substitute legal owner. As long as no successor legal owner has been appointed, the person or entity designated for that purpose by the Fund Manager shall temporarily act as legal owner of the Fund.

10.3. The Legal Owner hereby commits itself to cooperate fully in the transfer of its contractual position and all Fund Assets and Fund Obligations held by or registered in the name of the Legal Owner to a successor legal owner. In particular, the Legal Owner hereby (i) commits in advance to transfer all Fund Assets and Fund Obligations to the successive legal owner and to carry out all necessary in rem acts and other acts, and (ii) grants irrevocable power of attorney to the Fund Manager to in its name perform all acts referred to in or conducive to what is stated sub (i) of this Article 10.3.

10.4. Participants waive their right to take recourse on any assets, other than the Fund Assets, held in the name of the Legal Owner in its capacity of holder of legal ownership of assets of funds other than the Fund.

## **11. PARTICIPANTS, RIGHTS AND OBLIGATIONS OF THE PARTICIPANTS**

11.1. Each Participant shall, subject to the qualifications set forth in these Terms and Conditions, be beneficially entitled to the Fund Assets and Fund Obligations and any income generated thereon pro rata the number of its Participations.

11.2. Each Participant shall be bound by and subject to these Terms and Conditions by submitting a signed Subscription Form to the Fund Manager. Each Participant will be provided with a copy of these Terms and Conditions.

- 11.3. The liability of a Participant vis-à-vis the Fund will be limited to the amount of the Total Subscription Amount due by the Participant in respect of its Participations to the extent not previously paid to the Legal Owner, but notwithstanding its liability by virtue of the law and these Terms and Conditions for its default on any of its obligations under these Terms and Conditions and its Subscription Form. The Participants shall not be liable for the Fund Manager's obligations, the Legal Owner's obligations or the Fund Obligations.

## **12. MEETINGS OF PARTICIPANTS, RESOLUTIONS OF PARTICIPANTS**

- 12.1. Meetings of Participants will only be held when called by the Fund Manager. The Fund Manager must call a meeting of Participants (i) as often as the Fund Manager deems necessary in the interest of the Participants, and (ii) in case one (1) or more Participants holding, in total, at least twenty five per cent. (25%) of the outstanding Participations request the Fund Manager in writing to call and hold such meeting, stating the matters to be placed on the agenda for such meeting, in which case the meeting must be held within fourteen (14) days after the date of the request.
- 12.2. The agenda for a meeting of Participants shall be determined at the sole discretion of the Fund Manager or, as the case may be, the Participant(s) who requested the Fund Manager to hold the meeting in accordance with the second sentence of Article 12.1 of these Terms and Conditions. No valid resolutions can be taken on subjects not mentioned on the agenda unless such resolution is taken by unanimity of votes of all Participants.
- 12.3. Notice for a meeting of Participants will be published on the Website and sent to the (e-mail) addresses of the Participants in accordance with the provision of Article 27.1 of these Terms and Conditions at least fourteen (14) days prior to the date of the meeting of Participants. Such notice will state the date, time, place and location and the agenda for the meeting and enclose any documents relevant for the meeting.
- 12.4. With any request of the Fund Manager for consent or approval by the Participants, the Fund Manager will prepare a memorandum providing background information on the matter. The memorandum will be sent to the Participants not later than simultaneously with the convocation.
- 12.5. A Participant may participate in a meeting by telephone. Meetings of Participants may be held by conference call unless a majority of the Participants in a specific case oppose against the holding of the meeting by conference call. Resolutions taken at such meeting need after the meeting to be confirmed in writing by the applicable majority of Participants in order to be valid.
- 12.6. A Participant may authorise (*volmachtigen*) another Participant or other person to attend a meeting of Participants (or participate in a meeting of Participants by telephone), to address the meeting and to vote at the meeting provided that the relevant power of attorney is validly set forth in a written document submitted prior to the meeting to the chairman of the meeting.

- 12.7. The Fund Manager shall appoint a chairman of the meetings of Participants unless the meeting is called at the request of one or more of the Participants in which case the requesting Participant(s) shall appoint the chairman of the meeting. The chairman shall be responsible for determining the procedure to be adopted for the conduct of any meeting of Participants.
- 12.8. Each Participant may cast one (1) vote per Participation. Blank votes will be deemed not to have been cast.
- 12.9. The Fund Manager or such other person designated by the chairman of the meeting shall record all votes taken during conference calls or at meetings of Participants and maintain a copy of consents obtained in writing, by facsimile, or by e-mail. Detailed voting records should promptly be made available by the Fund Manager to any Participant upon request.
- 12.10. The Fund Manager, or such other person designated by the chairman of the meeting will keep minutes of the meetings of Participants. The draft minutes will be distributed to all Participants within thirty (30) days after the date of the meeting and submitted for approval at the next meeting of Participants.
- 12.11. The Participants may also adopt resolutions outside a meeting, or in a meeting for which notice was given less than fourteen (14) Business Days prior to the meeting date, in which case resolutions shall be adopted in writing, provided that the proposed resolutions are submitted to all Participants and none of them objects to the proposed manner of adopting resolutions.

### **13. PARTICIPATIONS, REGISTER**

- 13.1. Participations are rights registered in the name of the Participants. Participation certificates shall not be issued.
- 13.2. The Fund shall have two (2) classes of Participations, Class A Participations and Class B Participations. All Classes provide exposure to the same Investment Objective and Investment Strategy. The sole difference between the different Classes is the currency of the Participations the Participants can subscribe for. Prospective Participants can subscribe for Class A Participations in EUR and for Class B Participations in USD. Because the base currency of the Fund is the Euro, this entails a foreign exchange risk for the holders of the Class B Participations. The Fund Manager intends to hedge foreign exchange risks. Any profits or losses of currency hedges related to the (USD-denominated) Class B Participations shall be allocated to the holders of the Class B Participations. Any profits or losses on currency hedges related to the underlying investments shall be allocated to the Fund.
- 13.3. The Administrator shall keep the Register, specifying the name and address of each Participant, the number of its Participations and the Class of each of its Participations and the relevant Subscription Date. The Fund Manager shall sign all entries to the Register.
- 13.4. The Administrator and the Fund Manager may rely on the accuracy of the information provided by each Participant for inclusion in the Register and treat such information as

conclusive with respect to such Participant and its entitlement to its Participations. The Administrator and the Fund Manager shall not be bound:

- 13.4.1. by any change in such information which has not been notified to the Administrator in accordance with Article 13.5 of these Terms and Conditions; or
  - 13.4.2. to recognise any interest or claim of any person to a Participation other than those of the Participant duly registered in the Register as holder of these rights.
- 13.5. Each Participant shall notify the Administrator promptly by written notice of any change in the information included in the Register in relation to such Participant. The Administrator shall upon receipt of such notice cause the Register to be amended accordingly within ten (10) Business Days.
  - 13.6. Upon written request to that effect by the Participant to the Fund Manager, the Register shall be available at the Fund Manager's office for the inspection of each Participant on Business Days, but only in so far as it concerns the Participant's own entry. Any costs related hereto shall be charged to the relevant Participant.
  - 13.7. The Fund Manager may provide information included in the Register to tax, regulatory or other authorities if, in the Fund Manager's reasonable opinion, this is required, necessary, conducive to or in the interest of the Legal Owner, the Fund or any of the Participants, including but not limited for the application of tax treaties between the jurisdiction of source of any income or gain and the jurisdiction of residence of a Participant respectively the Netherlands. Each Participant shall at the written request of the Fund Manager provide the Fund Manager with such information and documentation as the Fund Manager may in all reasonableness require from the Participant in support of the Fund Manager's duty and right referred to in the preceding sentence.

#### **14. SUBSCRIPTIONS**

- 14.1. The Fund Manager may at its sole discretion, but notwithstanding the further provisions of these Terms and Conditions, resolve to issue new Participations at the request of a new or existing Participant set forth in a Subscription Form or decide to temporarily discontinue or indefinitely stop the issuance of Participations.
- 14.2. The price of issuance of a Participation shall be equal to the Subscription Price. The Fund Manager shall determine the Total Subscription Amount due by the subscriber and the further conditions of the issuance.
- 14.3. In the Subscription Form as completed by a subscribing investor shall inter alia be set forth the Total Subscription Amount for which the subscriber requests issuance of Participations. The Fund Manager may at its sole discretion resolve to refuse or to only partly accept a subscription for Participations.
- 14.4. Applications for Participations should be made by submitting a duly signed and completed Subscription Form to the Administrator not later than 17:00 CET on the Business Day falling at least ten (10) Business Days before the relevant Subscription Date as per which the applicant



wishes to receive Participations. Subscription Forms not received in time will be held over until the following Subscription Date. Completed applications are irrevocable once received by the Administrator and the Total Subscription amount has been received in the bank account of the Legal Owner.

- 14.5. Participations shall be issued by the Legal Owner and acquired by the Participants on Subscription Dates but the Participations subscribed for will not be issued if the Total Subscription Amount due by the subscriber has not been received by the Legal Owner.
- 14.6. If so requested by the subscriber in its Subscription Form, the Fund Manager may at its sole discretion agree that the Participations subscribed for by the subscriber and accepted by the Fund Manager will be paid-up in kind, as valued based on the valuation principles of the Fund. In that case, the subscription will not be accepted before the subscriber, Fund Manager and the Legal Owner have reached agreement on: (i) the value, or the valuation method(s) to be used in the determination of the value, to be attributed to the in kind contribution; (ii) the timing and further details of the transfer to the Fund of the in kind contribution and the corresponding issuance of Participations to the subscriber; and (iii) any fees the Fund may charge to the subscriber as reimbursement of costs incurred by the Fund in connection with the in kind contribution.
- 14.7. Immediately upon the completion of the issuance of new Participations, the Fund Manager shall procure that the appropriate entries are made in the Register.
- 14.8. Investee Funds may have minimum subscription requirements. Therefore, the Fund Manager may in its sole discretion warehouse and hold in cash the relevant Total Subscription Amounts for a period of time during which a minimum subscription requirement at the level of an Investee Fund has not yet been met by the Fund.

## **15. REDEMPTION OF PARTICIPATIONS**

- 15.1. The Fund Manager is obliged to, subject to this Article 15 of these Terms and Conditions and the further provisions of these Terms and Conditions, redeem Participations at the request of a Participant set forth in a Redemption Notice. Any and all Participations that are redeemed shall not be held by the Legal Owner or the Fund Manager but shall be automatically cancelled.
- 15.2. The price of redemption of a Participation shall be equal to the Redemption Price. The Fund Manager shall determine the Total Redemption Amount.
- 15.3. In the Redemption Notice as completed by a Participant shall inter alia be set forth the Total Redemption Amount for which the Participant requests redemption of Participations or the number of the Participations to be redeemed.
- 15.4. Participations shall be redeemed by the Fund on Redemption Dates, provided the requirements of the Terms and Conditions have been met. Redemption of Participations as referred to in Article 16.1 of these Terms and Conditions may be effected at all times.
- 15.5. A signed Redemption Notice will need to be received by the Administrator no later than 17:00 CET on the Business Day falling at least ten (10) Business Days before the relevant Redemption

Date. Redemption notices not received in time will be held over until the following Redemption Date. Completed Redemption Notices are irrevocable once received by the Administrator.

- 15.6. The Total Redemption Amount will be paid to the redeeming Participant within eleven (11) Business Days after the applicable Redemption Date, provided that the Fund has received the redemption proceeds from the relevant Investee Fund, unless exceptional circumstances occur, in which case the Total Redemption Amount will be paid at the earliest possible Business Day thereafter.
- 15.7. Requests for redemption may be refused in case anti-money laundering verification procedures so require.
- 15.8. The Legal Owner and the Fund Manager may limit the redemption of Participations on a Redemption Date to an aggregate Total Redemption Price of ten per cent. (10%) (or more, as long as such higher gate is not to the detriment of the remaining Participants) of the Net Asset Value on the Valuation Date prior to the Redemption Date. In this case, the number of Participations to be redeemed per Participant will be pro rata the total number of Participations offered for redemption. Any Participations included in a redemption request that have not been redeemed as a result of such scale down of a redemption request are deemed to be offered for redemption on the following Redemption Date on a pro rata basis alongside subsequent redemption requests (but not compulsory redemptions) and shall be subject to the same limitations. For the avoidance of doubt, the limit described in the first sentence of this Article 15.8 applies to a full month and is not linked to a specific Redemption Date.
- 15.9. The Legal Owner and the Fund Manager may suspend redemption of Participations if:
  - 15.9.1. the determination of the Net Asset Value has been suspended in accordance with Article 20.3 of these Terms and Conditions;
  - 15.9.2. the transfer of funds realised from the sale of Fund Assets cannot, in the sole opinion of the Fund Manager, be effected at normal rates of exchange;
  - 15.9.3. relevant exchanges are not open for business or the sale of Fund Assets is otherwise restricted or suspended;
  - 15.9.4. a state of affairs exists which constitutes a state of emergency as a result of which the sale of Fund Assets would, in the sole opinion of the Fund Manager, not be practical or would negatively affect the rights of other Participants;
  - 15.9.5. the Participant did not act in compliance with applicable legislation or these Terms and Conditions;
  - 15.9.6. for whatever reason, the valuation of Fund Assets or Fund Obligations to be sold cannot be promptly or accurately ascertained; or
  - 15.9.7. for whatever reason, the redemption of Investee Funds Interests is suspended at the level of the relevant Investee Fund.

- 15.10. If the Fund Manager suspends the repurchase or redemption of the Participations, it shall inform the Participants and the AFM of such suspension without delay.
- 15.11. Immediately upon completion of the redemption of Participations, the Fund Manager shall procure that the necessary amendments are made to the Register.
- 15.12. The Legal Owner and the Fund Manager may delegate any or all part of their duties and responsibilities under this Article 15 to the Administrator. The Fund Manager will not delegate its portfolio management function and risk management function with respect to the Fund.

## **16. MANDATORY REDEMPTION OF PARTICIPATIONS**

- 16.1. The Fund Manager and the Legal Owner shall be entitled to redeem all (but not part of) the Participations of any Participant if:
  - 16.1.1. the Participant is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy, any other relief under any bankruptcy, insolvency or similar law;
  - 16.1.2. in the Fund Manager's reasonable opinion the tax position of the Legal Owner, the Fund or any of the other Participants is or will become negatively affected due to the tax status or position or any change therein of the relevant Participant or any other circumstance concerning such Participant;
  - 16.1.3. for whatever reason, the continuation of the relationship cannot reasonably be expected from the Fund Manager and/or Legal Owner; or
  - 16.1.4. the management board of an Investee Fund proceeds with compulsory redemption of the relevant Investee Funds Interests.
- 16.2. Each Participant agrees that it shall immediately notify the Fund Manager if any status, position or change therein as referred to in Article 16.1.1 of these Terms and Conditions occurs in its respect or if it becomes aware of circumstances in all reasonableness qualifying as circumstances as referred to in Article 16.1.2 or Article 16.1.3 of these Terms and Conditions in its respect.
- 16.3. Upon redemption of Participations in accordance with the provisions of Article 16.1 of these Terms and Conditions the Participant will be entitled to receive a Total Redemption Amount determined by the Fund Manager on the basis of the most recent determined Net Asset Value.
- 16.4. Immediately upon completion of the redemption of Participations, the Fund Manager shall procure that the necessary amendments are made to the Register.

## **17. TRANSFER AND ENCUMBRANCE OF PARTICIPATIONS**

- 17.1. Except for Permitted Transfers, a Participant cannot sell, donate, exchange, assign, transfer, encumbrance any of such Participant's Participations. Any such Permitted Transfer requires the prior written approval of the Fund Manager.

- 17.2. Any transfer, assignment or encumbrance of Participations in violation of this Article 17 of these Terms and Conditions shall be null and void.

## **18. FEES AND EXPENSES**

- 18.1. The following fees, costs and expenses shall be borne by the Fund:

18.1.1. all of the Fund's operational costs, including, but not limited to, all costs of legal, tax, administrative, legal ownership, depositary, accounting, reporting and similar services and advices provided to the Fund, the costs of supervision of the Fund and all costs of communications with and meetings of the Participants;

18.1.2. all taxes and governmental charges levied against the Fund or its income or assets, including but not limited to irrecoverable VAT payable by the Fund Manager in respect of services provided to it and falling within the scope of this Article 18.1;

18.1.3. Transaction Costs;

18.1.4. Organisational Expenses;

18.1.5. the Management Fee; and

18.1.6. all fees in connection with the compliance by the Fund and the Fund Manager in its capacity of the manager of the Fund with the AIFMD related legislation.

- 18.2. To the extent that the Fund Manager pays or otherwise bears any costs or expenses on behalf of the Fund that are pursuant to Article 18.1 of these Terms and Conditions to be borne by the Fund, the Fund shall reimburse the Fund Manager for the same.

- 18.3. Costs, fees and expenses that are not explicitly assumed by the Fund pursuant to Article 18.1 of these Terms and Conditions shall not be borne by the Fund. For the avoidance of doubt, the Fund shall not bear the cost of remunerating any employee of the Fund Manager or any of its Affiliates or any office rental, utilities or office equipment or other overhead or travel costs of any of their respective personnel, it being acknowledged that the Management Fee is intended to compensate the Fund Manager for such costs.

- 18.4. The Fund Manager is entitled to an annual Management Fee equal to zero point fifty-two per cent. (0.52%) of the Net Asset Value excluding (i.e. before deduction of) the Management Fee, as at the last calendar day of each month, with a minimum of fifty thousand Euros (EUR 50,000) per annum, payable monthly in arrears out of the Fund Assets. Any changes to the Management Fee are subject to prior approval of the Fund Manager and the Legal Owner.

## **19. VALUATION PRINCIPLES**

- 19.1. The Fund Manager has delegated the calculation of the Net Asset Value to the Administrator. The Net Asset Value shall be based on the value of the Fund Assets and Fund Obligations in accordance with Dutch GAAP, and, where more specific, the following valuation methods:

- 19.1.1. investments in Investee Funds will be valued on the basis of the latest available valuation or valuation estimate of Investee Funds Interests provided by the administrators or the Fund Manager of the relevant Investee Funds.
  - 19.1.2. all other Fund Assets and Fund Obligations shall be valued on the basis of current fair value, subject to the most recent market quotations and customary valuation methods that apply for the relevant Fund Asset or Fund Obligation; and
  - 19.1.3. all Fund Assets and Fund Obligations denominated in foreign currency shall be converted into Euro in accordance with the currency exchange rate prevailing at the close of business of the relevant Valuation Date.
- 19.2. The valuation shall be performed in accordance with article 19 AIFMD.

## **20. REPORTING**

- 20.1. The financial year of the Fund shall begin on the first (1<sup>st</sup>) day of July and end on the thirtieth day of June of the next calendar year. The first (1<sup>st</sup>) financial year of the Fund began on the Closing Date and ended on the thirtieth day of June 2015.
- 20.2. On each Valuation Date the Fund Manager shall determine the Net Asset Value and the Net Asset Value per Participation. The Net Asset Value of Class A Participations shall be expressed in Euro and the Net Asset Value of Class B Participations shall be expressed in USD. The Net Asset Value and the Net Asset Value per Participation can be found on the Website.
- 20.3. The Fund Manager may declare a suspension of the determination of the Net Asset Value and the Net Asset Value per Participation:
  - 20.3.1. if the price of securities in which the Fund is directly or indirectly invested is suspended (for instance because a stock exchange on which Fund Assets are listed, or on which securities which belong to the assets of a collective investment scheme in which the Fund is invested are listed directly or indirectly, are closed on other days than normal days of closure or if the transactions on these exchanges are suspended or subject to irregular restrictions);
  - 20.3.2. if the communication means or calculation facilities normally used to determine the Net Asset Value no longer function or if, for any other reason, the value of a Fund Asset or Fund Obligation, cannot be determined with the speed or accuracy desired by the Fund Manager;
  - 20.3.3. if there are factors relating to the political, economic, military or monetary situation that make it impossible for the Fund Manager to determine the Net Asset Value;
  - 20.3.4. if a resolution to liquidate the Fund is passed; or
  - 20.3.5. if the management board of an Investee Fund suspends the determination of the net asset value of the relevant Investee Funds Interests.

- 20.4. In case of any errors in the calculation of the Net Asset Value, the Fund Manager will within three (3) Business Days prepare a report describing the errors that were made and the correction(s) which will need to be made to the Net Asset Value. If: (i) a correction is required of more than two per cent. (2%) of the Net Asset Value, and (ii) the Participants or the Fund (i.e. the then present Participants) incurred losses by a subscription or redemption against the erroneously calculated Net Asset Value, the Fund Manager will provide compensation (in cash or in Participations) for the relevant Participant and/or the Fund (i.e. the then present Participants) for the actual losses incurred, unless the error is not attributable to the Fund Manager or the Legal Owner, taking into account their liabilities as set out herein. For the avoidance of doubt, the Legal Owner shall have no role in determining the value of the Fund Assets.
- 20.5. Within six (6) months after the end of the each financial year of the Fund, the Fund Manager shall, in accordance with the applicable legal requirements, prepare and publish the Fund's annual accounts (consisting of at least a balance sheet, profit and loss account and explanatory notes), annual report and other information for such financial year. The annual accounts shall be drawn up in accordance with the relevant provisions of title 9 of book 2 of the Dutch Civil Code.
- 20.6. Within nine (9) weeks after the end of the first (1<sup>st</sup>) half of the financial year, the Fund Manager shall draw up a semi-annual report and financial statements concerning this period.
- 20.7. The annual accounts will be adopted by the Fund Manager and the Legal Owner.
- 20.8. The Fund Manager will make available copies of the annual accounts, the annual and the semi-annual reports free of charge to each Participant, notwithstanding its compliance with other publication requirements under applicable laws.
- 20.9. The annual accounts and the semi-annual report shall be published on the Website.
- 20.10. The Fund Manager shall at the request of any Participant, and each Participant shall at the request of the Fund Manager, promptly furnish to the requesting party any information which is necessary in order to determine or discharge any obligation to withhold taxation or to file tax returns and reports for taxation or other statutory purposes provided that the Fund Manager or such Participant is able to obtain such information without unreasonable effort or expense.
- 20.11. The Fund Manager shall use its reasonable best efforts to ensure that no Participant will be subject to any tax filing obligations or income or similar tax payment obligations with respect to the income of the Fund in any jurisdiction (other than the jurisdiction in which such Participant is domiciled) solely as a result of the direct or indirect activities of the Fund. In addition, in making investment decisions, the Fund Manager shall consider the potential impact of withholding taxes on the Fund and its Participants on the returns from such investment.

## **21. DISTRIBUTIONS**

- 21.1. The Fund Manager may, at its sole discretion and at any time, decide to distribute any Net Proceeds to the Participants. All distributions to Participants will be made pro rata to the numbers of Participations held by each of them.
- 21.2. Distributions of Net Proceeds will be made in cash, in Euro to the holders of Class A Participations and in USD to the holders of Class B Participations.
- 21.3. Any distribution to the Participants, including the amount, composition and manner of payment, shall be published on the Website.

## **22. AMENDMENT TO THE TERMS AND CONDITIONS**

- 22.1. These Terms and Conditions may be amended pursuant to a joint resolution of the Legal Owner and the Fund Manager.
- 22.2. A proposed amendment to the Terms and Conditions shall be published on the Website. In addition, an explanation to the proposed amendments will be published on the Website.
- 22.3. Notice of amendments made will also be made on the website of the Fund Manager. In addition, an explanation to the amendments will be published on the Website.
- 22.4. An amendment of the Prospectus or the Terms and Conditions causing a reduction in Participants' rights or security, imposing costs on the Participants or causing a change to the Investment Strategy does not become effective in relation to the Participants until one (1) month following the date on which such notification has been published on the Website. Participants have the right to redeem their Participations within this period following the date on which such notification has been disclosed.
- 22.5. All parties to these Terms and Conditions shall be bound by any amendment to these Terms and Conditions effected in accordance with the provisions of this Article 22.

## **23. REGULATORY CHANGES**

- 23.1. The regulatory environment for investment funds continues to evolve. In the light hereof, during the existence of the Fund, additional and/or amended legislation and regulations affecting the Fund, the Fund Manager, the Legal Owner and the Administrator may come into force.
- 23.2. The Legal Owner and the Fund Manager may amend the Fund Documents if the Legal Owner and the Fund Manager reasonably determine that a regulatory change has a material adverse effect on the Fund and/or the Legal Owner and/or the Fund Manager, such that (i) the material adverse effect of the applicable change is removed or mitigated, and (ii) the Fund shall bear its reasonable allocable portion of the costs in relation to the implementation of and compliance with the change (it being understood such allocation is in principle determined on the basis of the number of funds managed by the Fund Manager that fall within the scope of such change).

## **24. DISSOLUTION AND LIQUIDATION**

- 24.1. The Fund shall be dissolved upon the happening of any of the following events:
- 24.1.1. the resignation of the Fund Manager, without a successor Fund Manager having been appointed in time in accordance with Article 8.3 of these Terms and Conditions;
  - 24.1.2. the removal of the Fund Manager, without a successor Fund Manager having been appointed in time in accordance with Article **Error! Reference source not found.** of these Terms and Conditions; or
  - 24.1.3. notice served by the Fund Manager and the Legal Owner on the Participants following any change in the law as a result of which, in the reasonable opinion of the Fund Manager and the Legal Owner, the continuation of the Fund becomes unlawful.
- 24.2. Any dissolution of the Fund shall be effective on the date the event giving rise to the dissolution occurs, but the existence of the Fund shall not be terminated unless and until all its affairs have been liquidated as provided in the further provisions of this Article 24 of these Terms and Conditions.
- 24.3. Upon dissolution of the Fund, no further business shall be conducted except for such action necessary for the liquidation of the affairs of the Fund in accordance with the applicable provisions of the law and these Terms and Conditions, including the sale or realisation otherwise of any remaining Fund Assets and payment of any remaining Fund Obligations and the distribution of any Fund Assets remaining after payment of the Fund Obligations to the Participants and the Fund Manager. During the liquidation period these Terms and Conditions shall, to the extent possible, remain in full force and effect.
- 24.4. The liquidation of the Fund shall be effected by the Fund Manager, provided, however, that if the Fund is dissolved for a reason set forth in Article 24.1.1 of these Terms and Conditions, then the Participants shall by Ordinary Consent appoint another party as liquidator which shall have the rights and obligation of a Fund Manager under these Terms and Conditions be it for the sole purpose of and within the restrictions set by Article 24.3 of these Terms and Conditions.
- 24.5. The balance left after the liquidation shall be paid in cash to the Participants in accordance with the provisions of Article 21 of these Terms and Conditions. If any Fund Obligation is contingent or uncertain in amount, a reserve will be established in such amount as the Fund Manager deems reasonably necessary; upon the satisfaction or other discharge of such contingency, the amount of the reserve not required, if any, will be distributed in accordance with the provisions of Article 21 of these Terms and Conditions.

## **25. INDEMNIFICATION**

- 25.1. The Legal Owner, the Fund Manager and any of their respective (former) directors, employees and advisors (each of them in this Article 25 referred to as an "**Indemnified Person**"), will be indemnified out of the Fund Assets against any and all liabilities, actions, proceedings, claims, costs, demands or expenses incurred or threatened by any of them arising out of or in connection with the capacity or former capacity of such Indemnified Person in the exercise of



powers, provision of services or performance or omission of any activities on behalf of or in respect of the Fund within the framework of these Terms and Conditions, provided however that no Indemnified Person shall be so indemnified with respect to any matter resulting from its attributable breach (*toerekenbare tekortkoming in de nakoming*).

- 25.2. If an Indemnified Person becomes involved in any capacity in any action, proceeding or investigation in connection with any matter arising out of or in connection with the services provided by the Indemnified Person to the Fund, the Indemnified Person shall be reimbursed out of Fund Assets for its reasonable legal and other expenses (including the cost of investigation and preparation) as such legal and other expenses are incurred; provided that the Indemnified Person shall provide the Fund Manager with a written undertaking to promptly repay to the Fund the amount of such reimbursed expenses paid if there was no entitlement to indemnification pursuant to Article 25.1 of these Terms and Conditions.
- 25.3. The rights of the Indemnified Persons to be indemnified in accordance with this Article 25 shall survive the termination of the Fund.

## **26. MISCELLANEOUS**

- 26.1. The Fund Manager shall and shall cause the Fund to comply and to continue to comply, and shall request the Participants to comply and continue to comply, with all applicable regulations (including any applicable anti-terrorism and money laundering regulations). The Fund Manager will promptly inform the Participants of any non-compliance that comes to its attention which could have an impact on the Participants.
- 26.2. If any Article or provision of these Terms and Conditions shall be held to be invalid or unlawful in any jurisdiction such Article or provision shall only be ineffective to the extent of such invalidity or unenforceability. The remainder of these Terms and Conditions shall not be affected thereby and shall remain in full force and effect and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.
- 26.3. No failure to exercise and no delay in exercising on the part of any of the Participants any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in these Terms and Conditions are cumulative and not exclusive of any rights or remedies otherwise provided by law.
- 26.4. These Terms and Conditions and the Subscription Form constitute the entire agreement between the Fund Manager, the Legal Owner and each of the Participants, separately, and replaces, supersedes and invalidates all previous agreements (whether written or orally), documentations and correspondences with respect to the subject matter of these Terms and Conditions and the Subscription Form. There are no representations, agreements, arrangements or understandings between the parties relating only to the subject matter to these Terms and Conditions and the Subscription Form which are not fully expressed in these documents.

## **27. NOTICES**

- 27.1. All notices to Participants shall be sent in writing to the addresses of Participants stated in the Register.
- 27.2. All notices to the Legal Owner, the Fund Manager or the Administrator shall be made in the form of e-mail or by post and shall be addressed or directed as to the addresses set out below or such other address as may have been notified to the Participants in accordance with the provisions of Article 27.1 of these Terms and Conditions. Notices to the Administrator shall be deemed to be received by the Administrator (i) where the delivery thereof has been acknowledged by a signed receipt or (ii) following a written confirmation of receipt by the Administrator.

Legal Owner : **TMF Bewaar B.V.**  
Herikerbergweg 238  
1101 CM Amsterdam Zuidoost  
The Netherlands

Fund Manager : **Privium Fund Management B.V.**  
Gustav Mahlerplein 3, 26th floor, Financial Offices  
1082 MS Amsterdam  
The Netherlands

Administrator : **APEX Fund Services (Netherlands) B.V.**  
Van Heuven Goedhartlaan 935 A  
1181 LD Amstelveen  
The Netherlands  
Tel: +31 (0)20 2254 592  
E-mail: ssg.apexfs.com

## **28. APPLICABLE LAW AND COMPETENT COURT**

- 28.1. These Terms and Conditions shall be governed by the laws of the Netherlands.
- 28.2. These Terms and Conditions shall remain in full force and effect until amended in accordance with Article 22 of these Terms and Conditions.
- 28.3. The competent courts of Amsterdam and its appellate courts shall have exclusive jurisdiction to decide on a dispute between the parties arising from these Terms and Conditions.

**SCHEDULE 2 - SUBSCRIPTION FORM**

*[TO BE INSERTED SEPARATELY]*