

Strategy One Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

for the period from 1 January 2022 to 30 June 2022

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General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Independent Auditor*	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Legal and Tax Counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands
Legal Owner	Stichting Bewaarder Strategy One Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Payment Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

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

Profile

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, Legal Owner and each participant. The Fund was established on 19 April 2012 and commenced operations on 1 May 2012.

The investment objective of the Fund is to deliver attractive risk-adjusted returns to its participants over a rolling investment horizon of 3 to 5 years with an investment vehicle which targets above average returns in the range of 5% to 10% per annum.

The participants’ equity per participation as at 30 June 2022, 31 December 2021 and 30 June 2021 are as follows:

	30 June 2022	31 December 2021	30 June 2021
Series A Initial	1,398.91	1,620.77	1,582.48
Series B Initial	1,314.26	1,524.00	1,489.28
Series B February 2021	-	1,072.99	1,048.54
Series A August 2021	-	1021.03	-
Series A October 2021	-	1,041.01	-

Interim financial statements

BALANCE SHEET

	<i>Note</i>	30 June 2022 EUR	31 December 2021 EUR
Assets			
Investments			
Equities		3,650,443	3,330,774
Investee funds		8,990,302	11,917,700
Derivative financial assets		2,705	659
	3	<u>12,643,450</u>	<u>15,249,133</u>
Current assets (fall due in less than 1 year)			
Cash at bank and at custodian	4	373,246	7,604
Interest receivable		137	-
Dividend receivable		16,696	5,673
Prepaid expenses		3,650	-
		<u>393,729</u>	<u>13,277</u>
Total assets		<u>13,037,179</u>	<u>15,262,410</u>
Current liabilities (fall due in less than 1 year)			
Accrued expenses and other payables	5	(48,875)	(82,181)
		<u>(48,875)</u>	<u>(82,181)</u>
Total liabilities		<u>(48,875)</u>	<u>(82,181)</u>
Total assets minus total liabilities		<u>12,988,304</u>	<u>15,180,229</u>
Equity			
Contributions of participants		10,146,760	10,269,168
Unappropriated gain		2,841,544	4,911,061
Total shareholders' equity	6	<u>12,988,304</u>	<u>15,180,229</u>

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

Interim financial statements

INCOME STATEMENT

(For the periods ended 30 June 2022 and 2021)

	<i>Note(s)</i>	2022	2021
		EUR	EUR
Investment result			
<i>Direct investment result</i>			
Interest income	7	151	3,998
Dividend income	8	75,155	44,119
		<u>75,306</u>	<u>48,117</u>
<i>Indirect investment result</i>			
Realised gains on equities	3, 9	22,566	38,267
Realised gains on investee funds	3, 9	412,318	237,488
Realised gains/(losses) on derivative financial instruments		22,940	(44,016)
Realised gains on debt instruments	3, 9	-	32,045
Unrealised (losses)/gains on equities	3, 9	(323,305)	65,554
Unrealised (losses)/gains on investee funds	3, 9	(2,128,781)	374,706
Unrealised losses on debt instruments	3, 9	-	(34,249)
Unrealised gains on derivative financial instruments		2,045	4,323
Foreign currency (loss)/gain on translation	10	(1,942)	887
		<u>(1,994,159)</u>	<u>675,005</u>
Total investment (loss)/income		<u>(1,918,853)</u>	<u>723,122</u>
Expenses			
Management fee	12, 13	(69,553)	(64,933)
Other operational costs		(16,328)	(4,071)
Administration fee	12	(14,189)	(13,492)
Audit fee		(11,808)	(11,403)
Depositary fee	12	(11,266)	(10,970)
Custody fee	12	(5,607)	(5,395)
Legal ownership fee		(3,650)	(3,358)
Bank charges		(3,054)	(4,196)
Interest expense		(1,315)	(616)
Legal fee		(472)	(1,000)
Incentive fee	12, 13	-	(29,816)
Total expenses	11	<u>(137,242)</u>	<u>(149,250)</u>
Net (loss)/profit for the period before tax		<u>(2,056,095)</u>	<u>573,872</u>
Withholding tax		(13,422)	(7,372)
Net (loss)/profit for the period after tax		<u>(2,069,517)</u>	<u>566,500</u>

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

Interim financial statements

STATEMENT OF CASH FLOWS (For the periods ended 30 June 2022 and 2021)

	Note(s)	2022 EUR	2021 EUR
Cash flows from operating activities			
Purchases of investments	3	(2,824,385)	(1,242,858)
Proceeds from sale of investments	3	3,414,912	1,783,138
Net receipts from derivative financial instruments		22,940	(44,016)
Interest received		14	9,962
Interest paid		(1,139)	(528)
Dividend received		64,132	33,675
Management fee paid	12, 13	(71,422)	(64,543)
Incentive fee paid	12, 13	(48,339)	(38,088)
Administration fee paid	12	(12,265)	(15,723)
Audit fee paid		(245)	320
Legal ownership and legal fee paid		(4,606)	(3,358)
Depository fee paid	12	(11,266)	(10,970)
Custody fee paid	12	(6,209)	(5,403)
Bank charges paid		(3,054)	(4,196)
Other income received		(3,650)	(3,358)
Withholding tax paid		(13,422)	(7,372)
Other general expenses paid		(12,004)	(6,270)
Net cash flows provided by operating activities		<u>489,992</u>	<u>380,412</u>
Cash flows from financing activities			
Proceeds from sales of participations – Class A	6	2,352,372	-
Proceeds from sales of participations – Class B	6	59,015	55,000
Payments on redemptions of participations – Class A	6	(2,474,780)	(145,400)
Payments on redemptions of participations – Class B	6	(59,015)	-
Net cash flows used in financing activities		<u>(122,408)</u>	<u>(90,400)</u>
Net increase in cash		367,584	290,012
Cash at the beginning of the period		7,604	32,542
Foreign currency translation of cash positions		(1,942)	887
Cash at the end of the period	4	<u><u>373,246</u></u>	<u><u>323,441</u></u>
Analysis of cash			
Cash		627	915
Cash at custodian		372,619	322,526
Total cash	4	<u><u>373,246</u></u>	<u><u>323,441</u></u>

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

Notes to the interim financial statements

1. GENERAL INFORMATION

Strategy One Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law, and was established on 19 April 2012. The Fund is a closed fund for joint account (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each participant. The Fund commenced operations on 1 May 2012. The Legal Owner of the Fund is registered with the Trade Register of the Netherlands under registration number 851589492 for Dutch tax purposes. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, The Netherlands.

The Fund may issue Class A and Class B participations. Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations can be held by investors residing in the United Kingdom. As at 30 June 2022 and 31 December 2021, both the Class A participations and Class B participations are in issue.

The investment objective of the Fund is to deliver attractive risk-adjusted returns to its participants over a rolling investment horizon of 3 to 5 years with an investment vehicle which targets above average returns in the range of 5% to 10% per annum.

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

The Fund had no employees during the periods ended 30 June 2022 and 2021.

The Fund Manager is in possession of an AFM (Stichting Autoriteit Financiële Markten) license as referred to in article 2:65(1)(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 Netherlands Authority for the Financial Markets (“AFM”) and the Dutch Central Bank (“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.

As a result of the implementation Darwin Depository Services B.V. had been appointed as Depository in accordance to article 4:37h FSA.

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

The interim financial statements have been authorised for issue by the Fund Manager on 18 August 2022.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The interim financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in the Netherlands (“Dutch GAAP”) and the statutory provisions contained in Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standard 394. The interim financial statements have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The interim financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Transaction costs are expensed in the income statement if these are related to financial assets carried at fair value through profit or loss.

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

Notes to the interim financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Functional currency

The interim financial statements are presented in Euro (“EUR”), which is the Fund’s functional currency.

Recognition and measurement

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

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

Estimates

The preparation of interim financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies. If necessary, for the purposes of providing the view required under Art. 2:362.1 DCC, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the interim financial statements in question.

Foreign exchange

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

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

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. Liabilities are initially recognised at fair value and subsequently measured at amortised cost. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes. Financial investments and financial derivatives are initially measured at fair value which is the fair value of the consideration given or received. Financial investments are subsequently re-measured at fair value.

Gains and losses arising from fair value changes are recognised in the income statement as ‘realised gains on equities’, ‘realised gains on investee funds’, ‘realised gains on debt instruments’ and ‘realised gains/(losses) on derivative financial instruments’ or ‘unrealised (losses)/gains on equities’, ‘unrealised (losses)/gains on investee funds’, ‘unrealised losses on debt instruments’ and ‘unrealised gains on derivative financial instruments’.

Notes to the interim financial statements

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

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

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 30 June 2022, the value of investment in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 30 June 2022 and 31 December 2021, no such adjustments were made.

The Fund measures the fair value of any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon using its last traded price on the relevant business day. If no trades occurred on such day, it will be valued at the closing price on the previous business day.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value. As at 30 June 2022, no such estimated values were used.

Receivables and prepayments

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

Accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Dividend income

Dividend income relating to equity securities are recognized in the income statement on the ex-dividend date. Dividend income is presented gross of any non-recoverable withholding taxes which are disclosed separately in the income statement.

Interest income and interest expense

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Payables and accruals

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

Cash

Cash comprises cash on hand and demand deposits. Cash is carried at face value.

Notes to the interim financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

Statement of cash flows

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

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

Shareholders' equity

All references to net assets and NAV throughout the interim financial statements are equivalent to shareholders' equity.

Principles for determining the result

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

The changes in the value of the investments held by the Fund are accounted for in the income statement. The Fund may use forward currency contracts to limit the exchange rate risk. Forward currency contracts are accounted for as currency transactions. The change in value of forward currency contracts are also accounted for in the income statement.

Dividend income related to exchange-traded equity investments is recognised in the income statement on the ex-dividend date. Dividend withholding tax is presented gross in the income statement.

Interest income and expense are accounted for in the income statement on the accrual basis. Transaction costs in relation to equities are capitalised while transaction costs in relation to forward currency contracts are expensed immediately.

Tax position

The Dutch tax authorities have granted a ruling confirming that the Fund is tax transparent. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund (for example in case of redemption by a participant) are not subject to dividend withholding tax.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	1 January to 30 June 2022	1 January to 30 June 2021
Investment in equities		
As at 1 January	3,330,774	2,387,421
Purchases	2,250,445	557,619
Sales	(1,630,037)	(776,524)
Realised	22,566	38,267
Unrealised	(323,305)	65,554
As at 30 June	<u>3,650,443</u>	<u>2,272,337</u>
Investment in investee funds		
As at 1 January	11,917,700	10,053,424
Purchases	573,940	435,240
Sales	(1,784,875)	(691,793)
Realised	412,318	237,488
Unrealised	(2,128,781)	374,706
As at 30 June	<u>8,990,302</u>	<u>10,409,065</u>
Investment in debt instruments		
As at 1 January	-	317,026
Purchases	-	-
Sales	-	(314,822)
Realised	-	32,045
Unrealised	-	(34,249)
As at 30 June	<u>-</u>	<u>-</u>
Total investments (excluding derivative financial instruments)		
As at 1 January	15,248,474	12,757,871
Purchases	2,824,385	992,859
Sales	(3,414,912)	(1,783,139)
Realised	434,884	307,800
Unrealised	(2,452,086)	406,011
As at 30 June	<u>12,640,745</u>	<u>12,681,402</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

The table below provides an analysis of the forward currency contracts as at 30 June 2022:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
29/07/2022	EUR	1,307,764	GBP	1,125,000	1.1625	1.1601	2,705
Total unrealised gain on open forward currency contracts							2,705

The table below provides an analysis of the forward currency contracts as at 30 June 2021:

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Valuation rate	Unrealised EUR
30/07/2021	EUR	873,418	GBP	750,000	1.1646	1.1657	(841)
Total unrealised loss on open forward currency contracts							(841)

4. Cash

As at 30 June 2022, cash comprises of balances held with ABN AMRO Bank N.V. amounting to EUR 627 (31 December 2021: EUR 53).

As at 30 June 2022, cash also comprises of balances held with ABN AMRO Clearing Bank N.V. of EUR 372,619 (31 December 2021: EUR 7,551).

As at 30 June 2022 and 31 December 2021, no restrictions in the use of cash exists.

5. Accrued expenses and other payables

As at 30 June 2022 and 31 December 2021, accrued expenses and other payables consist of the following:

(All amounts in EUR)	30 June 2022	31 December 2021
Audit fee payable	(24,446)	(12,883)
Management fee payable	(10,831)	(12,700)
Administration fee payable	(8,217)	(6,294)
FATCA fee payable	(3,000)	-
Other payables	(1,077)	(315)
Regulator fee payable	(564)	-
Custodian fee payable	(535)	(1,137)
Interest payable	(205)	(29)
Legal fee payable	-	(484)
Incentive fee payable	-	(48,339)
Total accrued expenses and other payables	(48,875)	(82,181)

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital

Structure of the Fund's capital

Strategy One Fund is structured as a contractual fund with an open-ended redemption structure and is subject to Dutch law. The Fund may issue Class A and Class B participations. As at 30 June 2022 and 30 June 2021, both the Class A participations and Class B participations are in issue. The Fund does not impose any special rights to any of the classes.

Class A participations can be held by investors residing in the Netherlands or other countries. Class B participations are created specifically for investors residing in the United Kingdom. In line with the Prospectus, the results for the period will not be distributed. The Class B participations of the Fund have a tax reporting status in the United Kingdom.

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

<i>(All amounts in EUR)</i>	1 January to 30 June 2022	1 January to 30 June 2021
<i>((Loss)/profit after appropriation of result)</i>		
<i>Contributions of participants</i>		
Balance at the beginning of the period	10,269,168	8,708,703
Issue of participations – Class A units	2,352,372	-
Issue of participations – Class B units	59,015	55,000
Redemption of participations – Class A units	(2,474,780)	(145,400)
Redemption of participations – Class B units	(59,015)	-
Total contributions at the end of the period	10,146,760	8,618,303
<i>Unappropriated gain</i>		
Balance at the beginning of the period	4,911,061	3,992,628
Net (loss)/profit	(2,069,517)	566,500
Total undistributed gain at the end of the period	2,841,544	4,559,128
Equity at the end of the period	12,988,304	13,177,431

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The minimum initial subscription for each participant is EUR 100,000. The Class A and Class B participations were issued at an initial subscription price of EUR 1,000 per participation and thereafter at the NAV per participation. Participations may be issued in an existing or a new series on each dealing day at the discretion of the Fund Manager. No subscriptions fees are charged to the participants of the Fund.

Participations are subject to a 6-month lock-up period after which participants will have the possibility to redeem participations as of the first dealing day following 30 calendar days prior written notice to the Administrator.

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (continued)

Subscriptions and redemptions (continued)

The Fund is not obliged to redeem more than 50% of the total number of participations outstanding on any dealing day.

The minimum value of participations which may be subject of one redemption request will be the lesser of EUR 10,000 or 10 participations. Redemptions are subject to a redemption charge of up to 0.5% of the NAV of the participations at the dealing day on which a redemption is affected, which is payable to the Fund.

The movement of the participations during the period ended 30 June 2022 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	5,277.443	1,451.390	(79.233)	6,649.600
Series A August 2021	2,100.000	-	(2,100.000)	-
Series A October 2021	200.000	-	(200.000)	-
Series B Initial	2,765.934	38.724	-	2,804.658
Series B February 2021	55.000	-	(55.000)	-
Total	<u>10,398.377</u>	<u>1,490.114</u>	<u>(2,434.233)</u>	<u>9,454.258</u>

The movement of the participations during the period ended 30 June 2021 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Series A Initial	5,761.090	-	(92.605)	5,668.485
Series B Initial	2,786.225	-	-	2,786.225
Series B February 2021	-	55.000	-	55.000
Total	<u>8,547.315</u>	<u>55.000</u>	<u>(92.605)</u>	<u>8,509.710</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (continued)

Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. During the periods ended 30 June 2022 and 30 June 2021, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Interest income

Interest income relates to the interest on debt instruments and interest on custodian balances.

8. Dividend income

Dividend income relates to dividends from equity instruments.

9. Investment return

<i>(All amounts in EUR)</i>	Profit	2022 Loss	2022 Total	2021 Total
Equities				
Realised result	24,134	(1,568)	22,566	38,267
Unrealised result	147,635	(470,940)	(323,305)	65,554
	<u>171,769</u>	<u>(472,508)</u>	<u>(300,739)</u>	<u>103,821</u>
Investee funds				
Realised result	412,318	-	412,318	237,488
Unrealised result	85,402	(2,214,183)	(2,128,781)	374,706
	<u>497,720</u>	<u>(2,214,183)</u>	<u>(1,716,463)</u>	<u>612,194</u>
Debt instruments				
Realised result	-	-	-	32,045
Unrealised result	-	-	-	(34,249)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,204)</u>
Total result	<u>669,489</u>	<u>(2,686,691)</u>	<u>(2,017,202)</u>	<u>713,811</u>

Notes to the interim financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Foreign currency (loss)/gain on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the period ended 30 June 2022, this amounted to losses of EUR 1,942 (2021: gains of EUR 887). The following average and closing rates have been applied in the preparation of these interim financial statements (the equivalent of one Euro is shown):

	2022		2021	
	Average	Closing	Average	Closing
<i>Showing the equivalent of 1 Euro</i>				
Danish Krone	7.4373	7.4375	7.4370	7.4362
Great Britain Pound	0.8507	0.8608	0.8679	0.8574
Swiss Franc	1.0193	1.0013	1.0945	1.0967
United States Dollar	1.0927	1.0484	1.2051	1.1857
Norwegian Krone	10.1748	10.3240	-	-

11. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2022 and 2021.

<i>(All amounts in EUR)</i>	2022	2021
Expenses accruing to the Fund Manager		
Management fee	(69,553)	(64,933)
Incentive fee	-	(29,816)
Other expenses		
Other operational costs	(16,328)	(4,071)
Administration fee	(14,189)	(13,492)
Audit fee	(11,808)	(11,403)
Depositary fee	(11,266)	(10,970)
Custody fee	(5,607)	(5,395)
Legal ownership fee	(3,650)	(3,358)
Bank charges	(3,054)	(4,196)
Interest expense	(1,315)	(616)
Legal fee	(472)	(1,000)
Total	(137,242)	(149,250)

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2022, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as bank charges of EUR 3,054 (2021: EUR 4,196), other operational costs of EUR 16,328 (2021: EUR 4,071), interest expense of EUR 1,315 (2021: EUR 616) and legal fee of EUR 472 (2021: EUR 1,000) which are not specified in the Prospectus as these expenses are not known in advance.

Notes to the interim financial statements

12. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee of 1.0% of the NAV of the Fund. The management fee is calculated monthly and payable monthly in arrears. Details of management fees charged for the periods are disclosed in the income statement.

Incentive fee

The Fund Manager is also entitled to an annual incentive fee calculated per series equal to 5% of the amount by which the NAV per participation increased over the High Water Mark (“HWM”) per participation. In calculating the incentive fee in an absolute amount, an equitable adjustment shall be made for participations subscribed and redeemed during the financial year and any distributions paid to participants during the financial year shall be added back. The incentive fee in respect of the relevant outstanding participations of the series shall be payable to the Fund Manager as to 90% of the estimated amount thereof one month after the end of the relevant financial year. The balance shall be payable within 14 days following completion of the audit of the accounts for the relevant financial year. On redemption of participations during a financial year an amount equal to any accrued incentive fee in respect of such participations shall be deducted from the redemption price and due to the Fund Manager.

No incentive fee will be levied if, at the relevant valuation date, there has been no increase in the NAV per participation of the relevant series over the higher of the HWM per participation applicable to the relevant series of participations. Details of incentive fees charged for the periods are disclosed in the income statement.

Administrator

The Fund has entered into an administration agreement with Apex Fund Services (Netherlands) B.V. The Administrator charges a fee based on 0.175% of the NAV of the Fund up to EUR 10 million, 0.150% of the NAV between EUR 10 million and EUR 30 million, 0.120% between EUR 30 million and EUR 50 million and 0.100% on the NAV above EUR 50 million. There is a minimum fixed fee of EUR 7,500 per annum (excluding VAT). The Administrator also charges a fixed fee of EUR 5,000 per annum for the preparation of the annual report. No VAT has to be paid on these amounts.

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

Custodian

ABN AMRO Clearing Bank N.V. are appointed as Custodian of the Fund. The Custodian is entitled to receive fees from the Fund in accordance with its customary charges.

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee of EUR 16,500 (excluding VAT) in remuneration for its service to the Fund. The fee is payable quarterly in advance. Details of depository fees charged for the periods are disclosed in the income statement. The Depository is liable for the loss of a financial instrument taken into custody.

Independent Auditor

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

Legal Owner

CSC Governance B.V. has been appointed as Management Board of the Legal Owner. The remuneration consists of an annual fixed fee of EUR 3,500 and variable remuneration of 0.0125%. This fee is capped at EUR 6,500 per annum.

Notes to the interim financial statements

13. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

As at 30 June 2022, the Portfolio Manager of the Fund, Mr. Hein Jurgens, held 128.459 (31 December 2021: 200.00) shares of Series A Initial shares and 2,571.437 (31 December 2021: 2,587.714) shares of Series B Initial shares.

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

Transactions from 1 January 2022 – 30 June 2022 and balances as at 30 June 2022

	Paid	Balance
	EUR	EUR
Management fee	(71,442)	(10,831)
Incentive fee	(48,339)	-

Transactions from 1 January 2021 – 30 June 2021 and balances as at 31 December 2021

	Paid	Balance
	EUR	EUR
Management fee	(64,543)	(12,700)
Incentive fee	(38,088)	(48,339)

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund aims to deliver attractive risk-adjusted returns to its participants over a rolling investment horizon of 3 to 5 years with an investment vehicle which targets above average returns in the range of 5% to 10% per annum.

The Fund attempts to accomplish its objective by investing in a diversified portfolio of stocks and bonds and other securities that are selected on the basis of their potential positive contribution to the Fund's investment objectives, for example hedge funds or other alternative collective investment vehicles. The Fund Manager selects a number of complementary investment strategies in order to diversify risk.

In its investment process, the Fund Manager takes a predominantly top-down approach to capitalise on varying market conditions. The Fund Manager limits positions in single stocks to 5% (at cost) of total assets, unless it is a publicly quoted fund. The position in individual (hedge) funds is limited to 15% (at cost) of total assets and the position in single bonds is limited to 20% (at cost) of total assets.

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Notes to the interim financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. There may be various reasons why markets fall, like recessions caused by a change in the economic business cycle or a pandemic. Market risk comprises market price risk, interest rate risk and currency risk. The Fund's market risk is managed through diversification of its investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relates to the Fund's investment in debt instruments. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk.

Currency risk

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

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

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such, the Fund has a settlement risk of EUR 1.3 million (31 December 2021: EUR 1.2 million) and a credit risk exposure towards the counterparty at 30 June 2022 of EUR Nil (31 December 2021: EUR Nil).

	2022			2021		
	Net position	Notional amounts forwards	Total currency exposure	Net position	Notional amounts forwards	Total currency exposure
	EUR	EUR	EUR	EUR	EUR	EUR
Currency						
Danish Krone	104	-	104	105	-	105
Great Britain Pound	2,018,225	(1,307,764)	710,461	2,184,219	(1,190,185)	994,034
Swiss Franc	680,281	-	680,281	731,491	-	731,491
United States Dollar	1,900,130	-	1,900,130	1,652,738	-	1,652,738
Norwegian Krone	64,595	-	64,595	20,231	-	20,231

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash and other receivables. The carrying values of financial assets (excluding any investment in equities and investment in investee funds) best represent the maximum credit risk exposure as at the reporting dates and amounts to EUR 392,784 (31 December 2021: 13,936).

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

As at 30 June 2022, the credit rating of ABN AMRO Clearing Bank N.V. and ABN AMRO Bank N.V. is 'A' (2021: 'A'), as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

Notes to the interim financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (*CONTINUED*)

Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants' redemptions. To manage this liquidity risk the Fund has a 6 month lock-up period and a 30-day notice period for the participants. In addition, the Fund is not obliged to redeem more than 50% of the total participations in issue on any dealing day.

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

The liquidity risk is significantly reduced because the Fund diversifies its investments across different investee funds.

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

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 an investment or a longer-term impact on the operations or earnings/performance capacity of the investment.

15. EVENTS AFTER THE BALANCE SHEET DATE

The Russian invasion in Ukraine continues to cause clear market volatility. The Fund has no direct exposure to Ukraine, Belarus or Russia.

On behalf of the Fund Manager, the Administrator of the Fund carries out ongoing sanctions screening on the investors of the Fund. Here, no hits have been identified.

Further escalation of the conflict is expected to dampen global growth and cause a recession, especially in Europe. This might have an impact on the performance of the Fund.

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

16. PROVISION OF INFORMATION

These interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager or available for download free of charge from the Fund Manager's website: www.priviumfund.com.

17. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 18 August 2022.