

Multi Strategy Alternatives Fund

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2023

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General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 th Floor 1082 MS Amsterdam The Netherlands
Delegate/Investment Advisor	Box Consultants B.V. Burgemeester Mollaan 72 5582 CK Waalre The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Legal Owner	Stichting Juridisch Eigendom Multi Strategy Alternatives Fund Woudenbergseweg 11 3953 ME Maarsbergen The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Legal Advisor	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Depository	APEX Depository Services B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Payment Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

Historical overview

Key figures

	2023	2022	2021	2020	2019
<i>(All amounts in USD)</i>					
Equity at the beginning of the	155,237,330	192,625,548	162,241,383	136,060,738	126,123,063
Issue of participations	396,649	4,144,168	47,487,277	7,341,421	15,450,619
Redemption of participations	(22,135,160)	(10,531,607)	(19,060,930)	(7,695,827)	(15,874,374)
Result for the period	13,738,094	(31,000,779)	1,957,818	26,535,051	10,361,430
Equity at the end of the year	147,236,913	155,237,330	192,625,548	162,241,383	136,060,738

Investments	142,960,745	149,461,730	189,821,230	157,073,493	135,620,353
Cash	3,353,343	5,177,972	1,769,907	9,522,594	504,646
Other assets and liabilities	922,825	597,628	1,034,411	(4,354,704)	(64,261)
Equity at the end of the year	147,236,913	155,237,330	192,625,548	162,241,383	136,060,738

Net profit/(loss)

Investment income	-	-	-	2,086	138,002
Changes in value	14,022,509	(30,530,404)	2,276,606	26,898,150	10,603,815
Other results	141,370	(9,520)	155,490	-	-
Expenses	(425,785)	(460,855)	(474,278)	(365,185)	(380,387)
Net profit/(loss)	13,738,094	(31,000,779)	1,957,818	26,535,051	10,361,430

Number of participations

Class A USD	151,618.4501	201,141.8673	233,697.1428	263,307.0547	1,207,242.9395
Class C USD ¹	-	-	-	-	62,864.3263
Class A Euro ²	1,022,576.5638	1,151,716.3745	1,169,347.0678	940,458.1245	-
Class C Euro ²	55,758.7542	67,054.0019	74,947.5884	61,377.7259	-

NAV per participation

Class A USD	132.57	121.90	135.67	124.96	107.25
Class C USD	-	-	-	-	104.70
Class A Euro	107.00	100.39	113.98	105.90	-
Class C Euro	103.37	96.89	109.91	102.03	-

Performance

Class A USD	8.75%	(10.15)%	8.57%	16.52%	8.05%
Class C USD ³	-	-	-	13.54%	8.15%
Class A Euro ⁴	6.58%	(11.92)%	7.63%	5.23%	-
Class C Euro ⁵	6.68%	(11.84)%	7.72%	2.37%	-

¹The Class C USD were issued in November 2017 and were fully redeemed during 2020.

²The Class A Euro and Class C Euro share classes were issued in November and December 2020.

³The Class C USD performance for 2020 reflects the period from 1 January 2020 to 30 September 2020.

⁴The Class A Euro's performance for 2020 reflects the period from inception to 31 December 2020.

⁵The Class C Euro's performance for 2020 reflects the period from inception to 31 December 2020.

Management Report

Report of the Fund Manager

The main investment objective of the Multi Strategy Alternatives Fund (MSAF) is to achieve long term capital growth by investing in a diversified portfolio of alternative investment funds. To achieve the objective, the strategy of the Fund is to focus on investment boutiques within larger asset managers.

The Multi Strategy Alternatives Fund gained +8.7521% (Class A USD) in 2023. The Class C EUR shares returned +6.6795%.

The below review will cover the period between January 1, 2023 and December 31, 2023.

Review 2023

As we reflect on the past 12 months, there is little question that 2023 has been a roller coaster ride, markets have snapped back in a positive direction, betting on an aggressive series of Fed cuts and driving bond yields sharply lower. After the slight reality check in the third quarter, the last three months of the year saw strong returns across most major asset classes. The end of 'higher for longer' rates fears boosted both growth and value stocks with the first being a bit stronger. Real estate investment trusts and small caps, which had struggled in the face of higher rates, also bounced back.

Global equity markets reversed the third quarter narrative. The S&P 500, with its growth tilt, was the best performing major equity index over the quarter. European equities also delivered strong returns with index composition the primary driver of underperformance relative to the US rather than underperformance at each individual sector level. Emerging market equities were strong despite being dragged down by weak Chinese performance. Mounting growth concerns meant Chinese equities fell, but this was offset by strong returns elsewhere, particularly in Latin America. Japanese equities, benefiting less than other markets from central bank tailwinds, were the worst performing equity market over the quarter but still marginally positive.

Coming into the final quarter of 2023, the market was comfortable that central banks had finished hiking, but cautious about how long rates would remain at restrictive levels. A series of softer inflation prints in the US and Europe, however, was enough to remove those fears and investors shifted to expect pre-emptive cuts from the central banks. This view was then compounded at the December Federal Open Market Committee meeting where the latest projections suggested three cuts over 2024. Importantly Chair Powell, in a significant shift from prior messaging, did not use the press conference to push back on market pricing for cuts early in 2024.

Fixed income markets were positive across the board. Expectations of early central bank cuts, tightening spreads and a weakening dollar supported positive returns. The more dovish anticipated path for interest rates meant government bonds delivered strong returns over the quarter. Tightening spreads also helped credit. Spreads on high yield and emerging market debt fell as the funding risk posed by higher for longer US rates for emerging market economies and riskier companies faded. The greater interest rate sensitivity of the global investment grade index meant it outperformed high yield. Finally, global indices enjoyed a further tailwind as a weakening dollar boosted USD returns for global investment grade credit and inflation-linked bonds.

Per year end, the portfolio of the Multi Strategy Alternatives Fund was allocated to the following three investment strategies:

- Long/Short Equity
- Event Driven
- Long/Short Credit

All strategies— but not all the underlying managers - within the MSAF contributed positively to returns during 2023. Especially the Long/Short Credit strategy posted a strong return. During the year we increased our exposure to Long/Short Equity strategies. During the year we exited the investment in the Fixed Income Relative Value Investee Fund due to disappointing performance .

As of December 31, 2023, the portfolio of the MSAF consists of 9 underlying funds. In the Euro Share Classes of the fund, direct FX exposures are still being hedged.

Management Report (*continued*)

Outlook 2024

2024 is looking to be characterized by an extension of the business cycle, a further cooling of inflation and the beginning of a rate easing cycle. The strong fiscal thrust and surprisingly robust U.S. consumption patterns of 2023 will likely moderate. At the same time, the industrial cycle and activity in Asia and Europe are set to improve. Together, these factors point to global growth close to trend, continuation of the asynchronous cycle and less restrictive financial conditions — an environment that we believe will be generally supportive of stocks and bonds.

We also expect that positive performance broadens beyond the tech sector as an improving U.S. inventory cycle boosts cyclical sectors.

Japanese stocks remain attractive, given improving nominal growth in Japan and scope for valuation expansion as corporate governance reforms mandated by the Tokyo Stock Exchange support shareholder returns. European growth, meanwhile, remains sluggish going into 2024, but there are signs that leading indicators, like confidence and purchasing manager surveys, are turning. Should this improvement broaden out, it may be supportive of European Union equities, but for the time being, we prefer to play a European rebound via the currency. Emerging market (EM) equities are cheap but so far lack clear catalysts for a rebound. To warm up to EM stocks, and particularly to China, we would want to see sustained earnings improvements, a clear turn in the global goods cycle, tangible support for the Chinese property sector and further thawing of geopolitics and trade between Washington and Beijing.

The prospect of a cutting cycle in 2024 supports a duration overweight. Following the Fed's dovish pivot, the trajectory of yields is clearly downwards. With U.S. 10- year yields just below 4% we are toward the lower end of a 50bps to 75bps trading range which we expect to hold until the rate cuts actually begin in 2024; from there we expect yields to track steadily downwards.

It is foreseen that we will maintain the allocation to Long/Short Equity given the increased dispersions across stocks and their ability to preserve capital (depending on the respective positioning). We expect limited changes within the current strategy allocation although we are always looking for funds that offer a better risk/return ratio than any of the existing investments of the MSAF. In general, we are satisfied with the current allocations, the various strategies and the individual managers.

Going into 2024 the fund maintains eight investments in Investee Funds that are denominated in USD and investment in a Investee Fund that is denominated in EUR. For investors in the Euro Share Classes we hedge the USD exposure on a monthly basis.

Sustainable Finance Disclosure Regulation (SFDR)

As per 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) has come into force. In the context of the Sustainable Finance Disclosure Regulation (SFDR), the Fund has been classified as an Article 6 fund. The investments of MSAF 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 investments of the Fund. All relevant ESG/sustainability risks are being defined on the investments and assessed during the initial due diligence but also on an ongoing basis after an investment is made.

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

Privium Fund Management B.V. ("Privium") has a careful, controlled and sustainable remuneration policy which meets all requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). In line with the Sustainable Finance Disclosure Regulation (SFDR) the remuneration policy of Privium takes into account sustainability risks. The remuneration policy is consistent with and contributes to a sound and effective risk management framework and does not encourage risk taking beyond what is acceptable for Privium.

Management Report (*continued*)

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

The Board of Privium is responsible for establishing the Remuneration policy. The Board of Privium reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the fund or Privium.

Remuneration policy 2023

This overview is based on the situation as of December 31, 2023. The financial year of Privium ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. Amounts reflect remuneration related to funds managed by Privium, for the time Privium was the Fund Manager of those funds.

The two tables below offer an overview of the remuneration at the level of Privium. The first table shows the remuneration overview as of December 31, 2022 and the second table shows the remuneration overview as of December 31, 2023.

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

Overview as December 31, 2022

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	3	38	41
Total fixed remuneration	€ 279,397	€ 9,303,709	€ 9,583,106
Total variable remuneration	€ 0	€ 479,953	€ 479,953
Total remuneration	€ 279,397	€ 9,783,663	€ 10,063,059

Overview as December 31, 2023

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	3	36	39
Total fixed remuneration	€ 313,990	€ 8,753,783	€ 9,067,773
Total variable remuneration	€ 0	€ 1,677,298	€ 1,677,298
Total remuneration	€ 313,990	€ 10,431,081	€ 10,745,071

Management Report (*continued*)

Remuneration policy 2023 (*continued*)

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on financial and non-financial performance indicators, such as; positive results of and the effort of employees to the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, compliance with risk management policies, compliance with internal and external rules among them sustainability (risks). The variable payments are for at least 50% based on non-financial performance indicators and variable payments are not granted when the non-financial performance criteria- such as having taken into account the set (sustainability) risks – are not met.

In 2023 no variable payments regarding the Multi Strategy Alternatives Fund have been paid to any Identified Staff of Privium.

Privium has delegated certain portfolio management duties of some of its funds to outside investment advisers ('delegates'). Remuneration of identified staff of delegates is not included in the table. The delegates are subject to regulatory requirements on remuneration policies and disclosures that are comparable with the requirements applicable to Privium. Reference to the remuneration of the delegates is included in the Prospectus and annual report of the funds concerned.

Privium Fund Management B.V., the Fund Manager of the various funds, does not charge any employee remuneration fees to the funds.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 39 staff members were involved during (some part of) the year 2023 (2022: 41), including consultants and including both part-time and full-time staff.

One staff member earned more than Euro one million in relation to the performance results during the year 2023 (2022: zero).

Remuneration Investee Funds

The Multi Strategy Alternatives Fund invests in other Investee Funds. These Funds are managed by other Investment Managers. These Investment Managers are regulated and need to comply with the local legislation in the countries in which they are regulated. The Investment Objective and Investment Strategy of the Investee Funds are guided by a clear framework and should avoid any excessive risk taking. The Investment Managers of the Investee Funds each have remuneration policies in place as required by law. This both includes fixed and variable remuneration. In the audited financial statements of the Investee Funds these remuneration policies are explained in greater detail.

Risk management

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

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

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

Management Report (*continued*)

Risk management (*continued*)

The risk management function performs the following roles:

- Implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- Ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- Monitor compliance with risk limits; and
- Provide regular updates to senior management concerning:
 - The consistency of stated profile versus risk limits;
 - The adequacy and effectiveness of the risk management process; and 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 AIFM Directive 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 Portfolio Management. The Risk Management team has full authority to close positions or the authorization to instruct the closing of positions on his behalf in case of a risk breach.

To ensure that all risk management tasks are executed correctly and timely, the Fund Manager uses an automated system (CM) that registers all risk tasks, keeps a list of all pending risk tasks, and escalates risk tasks that have not been executed or report a violation of a risk rule. The system produces an audit log that can be verified by the internal auditor, the external auditor, the management board, the regulator or other stake holders. Not all risk variables have limits but to identify any new relevant risks, every variable that is reported in the CM system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its “normal” boundaries. Risk Management 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 SS&C Eze Investment Suite and risk metrics such as value at risk, stress scenarios and portfolio liquidity are obtained through Bloomberg.

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 Global Risk Management Framework (Annex 17) of the Privium Handbook.

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

In 2016 Privium’s senior management team decided to engage an external party in the annual evaluation of the internal processes. This audit primarily focusses on risk management and compliance processes. In Q4 2023 and during the first two months of 2024 this audit was performed and the findings were reported to Privium’s management. The audit did not demonstrate any material deviations.

Risk management and willingness to take risks

There have been no risk breaches during the year 2023. The risk profile of the Fund hasn't changed during the reporting period. Neither did the investment objective (s) or any of the investment restrictions of the Fund changed during the reporting period.

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

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

Management Report (*continued*)

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

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2023 NAV	Expected impact on 2024 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2023 or 2024
Manager Risk/Price risk	No	The Fund maintains investments in other investment funds (hedge funds). These funds are managed by external Fund Management companies. A rigid due diligence process is in place when investment funds are selected.	In 2023 the Fund gained +8.75% for the USD Class A and +6.68% for the EUR Class A. The Fund outperformed its benchmark which gained +3.11% in 2023 (HFRX Hedge Fund Index in USD). In EUR this benchmark gained +1.04%.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the selected investments funds will perform better than general equity markets over the long term. Especially measured on a risk/return basis.	No
Interest rate risk	No	The Fund has no interest bearing financial instruments except for cash at bank. Therefore the Fund is not exposed to significant interest rate risk.	None	None	No
Foreign Exchange risk	Yes	Direct FX risk is hedged within the fund.	None	Currently 8 of the 9 Investee Funds in portfolio, are denominated in USD. The other Investee Fund is denominated in EUR. Here FX exposures are hedged. The depreciation of the USD during the year 2023 had no material impact on the EUR share classes since the decrease in portfolio value, measured in EUR (but not reflected in the P&L), due to the depreciation of the USD was neutralized by the FX hedges that were maintained in the EUR denominated share classes.	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the relationship if this changes.	None	None	No
Operational risk	No	As part of operational risk, the AIFM is periodically assessing risk factors like legal risk, compliance risk and outsourcing risk. This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the various Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. Because the Fund is hedging direct FX risk by using FX swaps and forwards, the fund is utilizing implied leverage. As of December 31, 2023 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 174.13% and Commitment method: 100%.	None	None	None
Sustainability Risk	No	Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment. Since the Fund is investing in other investment funds and products, a clear understanding of the sustainability risks in these investee funds / products is required. Therefore, the due diligence process for any new fund investment will contain at a minimum 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 • Questioning if the fund manager takes Principle Adverse Impacts into account as prescribed by the SFDR	None	None	No
Fraud Risk	No	The Fund Manager is aware of the possibility of fraud which might affect the assets of the Fund. Because of this the Fund Manager applies a range of measures and procedures to mitigate the fraud risk. These procedures are part of the Handbook of the Fund Manager. Due to the segregation of duties and responsibilities among people the risk of fraud is mitigated further.	No	This will depend on the scope and composition of the Fraud taking place.	No

Management Report (*continued*)

Control Statement

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the “Wet op het financieel toezicht and the ‘Besluit gedragstoezicht financiële ondernemingen (‘Bgfo’)”. During 2023 we assessed the various aspects of the Privium operations as outlined in the AO/IB (Handbook). We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2023 functioned effectively as described. During 2023 a number of independent service providers have conducted checks on Privium’s operations as part of their ongoing responsibility and investor demand. No errors have been signaled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. The 2023 update was completed in November 2023. During the fourth quarter of 2023 and the first two months of 2024 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager. These are related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Financial statements

BALANCE SHEET

(As at 31 December)

		31 December 2023 USD	31 December 2022 USD
	<i>Note(s)</i>		
Assets			
Investments			
Investee funds		143,731,837	148,838,832
Derivative financial assets		94,172	708,712
Total investments	3	143,826,009	149,547,544
Receivables			
Due from brokers		999,723	2,000,000
Other receivables		10,906	17,211
Total receivables		1,010,629	2,017,211
Other assets			
Cash	4	3,353,343	5,177,972
Total other assets		3,353,343	5,177,972
Total assets		148,189,981	156,742,727
Liabilities			
Participants' equity			
Contribution of participants		126,836,301	148,574,812
Unappropriated gain		20,400,612	6,662,518
Total participants' equity	6	147,236,913	155,237,330
Investments			
Derivative financial liabilities		865,264	79,864
Total investments	3	865,264	79,864
Other liabilities			
Due to brokers		-	1,338,205
Accrued expenses and other payables	5	87,804	87,328
Total other liabilities		87,804	1,425,533
Total liabilities		148,189,981	156,742,727

Financial statements

INCOME STATEMENT

(For the years ended 31 December)

		2023	2022
	Note(s)	USD	USD
Changes in value			
Realised results	3,9	6,276,990	(8,568,517)
Unrealised results	3,9	<u>7,745,519</u>	<u>(21,961,887)</u>
		<u>14,022,509</u>	<u>(30,530,404)</u>
Other results			
Foreign currency gains and losses on translation	8	9,809	(59,280)
Interest income on bank accounts	7	<u>131,561</u>	<u>49,760</u>
		<u>141,370</u>	<u>(9,520)</u>
Expenses			
Management fee	10,11,12	(130,382)	(139,712)
Administration fee	10,11	(65,955)	(70,340)
Custody fee	10,11	(69,035)	(67,324)
Bank charges		(61,551)	(72,324)
Depository fee	10,11	(26,080)	(28,329)
Audit fee	10,11	(25,529)	(22,992)
Other operational costs		(36,150)	(41,633)
Interest expense	10	(829)	(9,019)
Legal ownership fee	11	<u>(10,274)</u>	<u>(9,182)</u>
Total expenses	10	<u>(425,785)</u>	<u>(460,855)</u>
Net profit/(loss)		<u><u>13,738,094</u></u>	<u><u>(31,000,779)</u></u>

Financial statements

STATEMENT OF CASH FLOWS

(For the years ended 31 December)

	<i>Note</i>	2023 USD	2022 USD
Cash flows from operating activities			
Purchase of investments	3	(16,555,224)	(66,567,833)
Proceeds from sale of investments	3	34,136,936	89,278,787
Net receipts from derivative financial assets and liabilities	3	2,609,804	(10,799,603)
Management fee paid		(130,938)	(142,335)
Operating expenses paid		(293,544)	(276,126)
Interest received		137,866	32,549
Interest paid		(827)	(10,635)
Net cash flows used in operating activities		19,904,073	11,514,804
Cash flows from financing activities			
Proceeds from sales of participations		396,649	2,484,148
Payments on redemptions of participations		(22,135,160)	(10,531,607)
Net cash flows provided by/(used in) financing activities		(21,738,511)	(8,047,459)
Net increase/(decrease) in cash		(1,834,438)	3,467,345
Cash at the beginning of the year		5,177,972	1,769,907
Foreign currency translation of cash positions		9,809	(59,280)
Cash at the end of the year	4	3,353,343	5,177,972

Notes to the financial statements

1. GENERAL INFORMATION

Multi Strategy Alternatives Fund (the “Fund”) is an open-ended investment fund (*beleggingsfonds*) for joint account (*besloten fonds voor gemene rekening*) organised and established on 30 July 2014 under the laws of the Netherlands. The Fund is not a legal entity (*rechtspersoon*), but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and each of the participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Participants. The Legal Owner of the Fund is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 61167649. The Fund commenced operations on 15 January 2015. The most recent Prospectus of the Fund was issued in November 2020 but three Supplements to the Prospectus have been created since then.

The Fund may issue Class A participations, Class B participations and Class C participations each denominated in USD and EUR. As at 31 December 2023, only the Class A participations (both USD and EUR) and the Class C participations (EUR) are in issue.

During 2020, the Fund Manager also started issuing EUR denominated Class A participations and Class C participations.

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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

The Fund had no employees during the years ended 31 December 2023 and 2022.

The Fund Manager is subject to supervision by the AFM (Stichting Autoriteit Financiële Markten) and DNB (Central Bank of the Netherlands). On 22 July 2014, the AFM licence of the Fund Manager was automatically converted into an Alternative Investment Fund Managers Directive (“AIFMD”) licence by the AFM.

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

The financial statements have been authorised for issue by the Fund Manager on 14 June 2024.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with the reporting principles generally accepted in the Netherlands (“Dutch GAAP”) including the guidelines for annual reporting (RJ) 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code. The financial statements have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”).

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

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

Going concern

The financial statements of the Fund have been prepared on a going concern basis as the management has no indications that the activities cannot be continued in the near future.

Functional currency

The financial statements are presented in United States Dollar (“USD”), which is the Fund’s functional currency.

Notes to the financial statements

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

Recognition and measurement

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

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

Estimates

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

Foreign exchange

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

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

Classification of participations

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

Basis of valuation - policies in preparing the balance sheet

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

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

Gains and losses arising from fair value changes are calculated based on historical cost and recognised in the income statement as 'realised gains on investee funds' and 'realised (losses)/gains on derivative financial instruments' or 'unrealised gains on investee funds' and 'unrealised gains/(losses) on derivative financial instruments'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2023 and 2022, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available net asset value ("NAV") of the investee funds.

Notes to the financial statements

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

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

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the investee funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investee funds. As at 31 December 2023 and 2022, no such adjustments were made.

Where an up-to-date value of an underlying investment is not available yet, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value. As at 31 December 2023, certain estimated values were used since the official NAV's from the administrators of the investee funds were not available yet.

Receivables and prepayments

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

Due to/from broker

Due to/from broker are recognised initially at fair value and subsequently measured at amortised cost. Interest gains are recognised using the effective interest method. When a due to/from broker is uncollectible, it is written off against the allowance account for due to/from broker.

Payables and accruals

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

Cash

Cash comprises cash on hand and demand deposits.

Statement of cash flows

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

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

Participants' equity

All references to NAV throughout the financial statements are equivalent to participants' equity.

Tax position

The Fund qualifies as a transparent or "closed" fund for joint account Dutch tax purposes. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund (for example in case of redemption by a participant) are not subject to dividend withholding tax.

Principles for determining the result

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

The changes in value of investments in investee funds are accounted for in the income statement. The Fund uses swap currency contracts to limit the exchange rate risk. Swap currency contracts are accounted for as currency transactions. The change in value of swap currency contracts are also accounted for in the income statement.

Interest income and expense are accounted for in the income statement on the accrual basis.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in USD)</i>	31 December 2023	31 December 2022
Investment in investee funds		
As at 1 January	148,838,832	188,904,573
Purchases	15,217,019	66,656,038
Sales	(33,136,659)	(87,278,787)
Realised results	3,667,186	2,231,086
Unrealised results	9,145,459	(21,674,078)
As at 31 December	143,731,837	148,838,832
Derivative financial instruments		
As at 1 January	628,848	916,657
Sales	(2,609,804)	10,799,603
Realised results	2,609,804	(10,799,603)
Unrealised results	(1,399,940)	(287,809)
As at 31 December	(771,092)	628,848
Total investments		
As at 1 January	149,467,680	189,821,230
Purchases	15,217,019	66,656,038
Sales	(35,746,463)	(76,479,184)
Realised results	6,276,990	(8,568,517)
Unrealised results	7,745,519	(21,961,887)
As at 31 December	142,960,745	149,467,680

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

Movement in schedule of investments (continued)

The table below provides an analysis of the swap currency contracts at 31 December 2023.

2023

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Valuation rate*	Unrealised USD
31/01/2024	EUR	40,000,000	USD	44,520,520	1.1130	1.1053	(308,577)
31/01/2024	EUR	33,700,000	USD	37,503,112	1.1129	1.1053	(254,550)
31/01/2024	EUR	40,000,000	USD	44,514,080	1.1129	1.1053	(302,137)
31/01/2024	USD	14,076,199	EUR	12,650,000	1.1127	1.1053	94,172

Total unrealised results on open swap currency contracts

(771,092)

* Showing the equivalent of 1 Euro.

The table below provides an analysis of the swap currency contracts at 31 December 2022.

2022

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Valuation rate*	Unrealised USD
31/01/2023	USD	1,336,283	EUR	1,250,000	1.0690	1.0728	(4,754)
31/01/2023	USD	13,227,973	EUR	12,400,000	1.0668	1.0728	(75,110)
31/01/2023	EUR	40,000,000	USD	42,683,296	1.0671	1.0728	229,876
31/01/2023	EUR	40,000,000	USD	42,682,580	1.0671	1.0728	230,591
31/01/2023	EUR	2,200,000	USD	2,347,433	1.0671	1.0728	12,792
31/01/2023	EUR	40,000,000	USD	42,683,668	1.0671	1.0728	229,503

Total unrealised results on open swap currency contracts

622,898

* Showing the equivalent of 1 Euro.

At 31 December 2022, the Fund has also a FX spot instrument amounted to USD 5,950.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

The tables below provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value based on how that fair value is determined.

31 December 2023

	Total	Quoted prices (unadjusted) in active markets	Other
	USD	USD	USD
Investment in investee funds (assets)	143,731,837	79,398,419	64,333,418
Total	143,731,837	79,398,419	64,333,418

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

31 December 2022

	Total	Quoted prices (unadjusted) in active markets	Other
	USD	USD	USD
Investment in investee funds (assets)	148,838,832	59,768,553	89,070,279
Total	148,838,832	59,768,553	89,070,279

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

4. Cash

As at 31 December 2023, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 6,313 (2022: USD 7,922) and with ABN AMRO Bank N.V. of USD 3,347,030 (2022: USD 5,170,050). As at 31 December 2023 and 2022, no restrictions in the use of these balances exist.

5. Accrued expenses and other payables

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

	31 December 2023	31 December 2022
<i>(All amounts in USD)</i>		
Administration fee payable	14,737	15,875
Management fee payable	10,566	11,122
Custody fee payable	8,824	9,181
Audit fee payable	26,008	23,338
Interest payable	2	-
Other payables	27,667	27,812
Total	87,804	87,328

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital

Structure of the Fund's capital

The Multi Strategy Alternatives Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations, Class B participations and Class C participations, each denominated in USD and EUR. All classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Delegate/Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Delegate/Investment Advisor shall be issued Class A participations against each such participant's individual subscription. Class C participations will pay no management fee, due to the fact that both the Delegate and the Fund Manager will waive, respectively, the delegation fee payable out of the management fee and the management fee payable for this Class. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 31 December 2023, only the Class A participations (both USD and EUR) and Class C participations (EUR) are in issue.

Structure of the Fund's capital

The movement of equity in the participations during the year ended 31 December 2022 and 2021 is as follows:

	31 December 2023	31 December 2022
<i>(All amounts in USD)</i>		
<i>Contributions of participants</i>		
Balance at the beginning of the year	148,574,812	154,962,251
Issue of participations	396,649	4,144,168
Redemption of participations	(22,135,160)	(10,531,607)
Total contributions at the end of the year	126,836,301	148,574,812
<i>Unappropriated gains</i>		
Balance at the beginning of the year	6,662,518	37,663,297
Net results	13,738,094	(31,000,779)
Total undistributed gain at the end of the year	20,400,612	6,662,518
Equity at the end of the year	147,236,913	155,237,330

Subscriptions and redemptions

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on the first business day of each calendar month ("subscription day") at the NAV per participation as at the valuation day immediately preceding the subscription day ("subscription price"). The minimum initial subscription for each participant is USD 100,000. Participations were issued at an initial subscription price of USD 100 per participation and thereafter at the NAV per participation. No subscriptions fees are charged to the participants of the Fund.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (Continued)

The Fund will enable participants to redeem participations at the NAV per participation as at the valuation day immediately preceding the redemption day ("redemption price") on the first business day of each calendar month ("redemption day"). The Administrator must receive the redemption request in proper form at least one month before the relevant redemption day. The Fund Manager may decide, in its sole discretion to accept redemption notices which are not received in a timely manner. No redemption fees are charged to the participants of the Fund.

The movement of the participations during the year ended 31 December 2023 was as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A USD	201,141.8673	0.0018	(49,523.4190)	151,618.4501
Class A Euro	1,151,716.3745	3,527.5567	(132,667.3674)	1,022,576.5638
Class C Euro	67,054.0019	-	(11,295.2477)	55,758.7542
Total	1,419,912.2437	3,527.5585	(193,486.0341)	1,229,953.7681

The movement of the participations during the year ended 31 December 2022 was as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A USD	233,697.1428	2,407.5996	(34,962.8751)	201,141.8673
Class A Euro	1,169,347.0678	31,276.7267	(48,907.4200)	1,151,716.3745
Class C Euro	74,947.5884	-	(7,893.5865)	67,054.0019
Total	1,477,991.7990	33,684.3263	(91,763.8816)	1,419,912.2437

Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Fund does not intend to pay dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. As at 31 December 2023 and 2022, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Interest income

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

8. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than financial assets and liabilities. For the year ended 31 December 2023, this amounted to a gain of USD 9,809 (2022: a loss of USD 59,280). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one United States Dollar is shown):

	2023		2022	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 United States Dollar)</i>				
Euro	1.083	1.1038	0.9572	1.0704

9. Investment return

	2023		2023	2022
<i>(All amounts in USD)</i>	Profit	Loss	Total	Total
Investee funds				
Realised result	3,813,258	(146,072)	3,667,186	2,231,086
Unrealised result	16,141,995	(6,996,536)	9,145,459	(21,674,078)
	<u>19,955,253</u>	<u>(7,142,608)</u>	<u>12,812,645</u>	<u>(19,442,992)</u>
Derivative financial instruments				
Realised result	20,110,381	(17,500,577)	2,609,804	(10,799,603)
Unrealised result	174,036	(1,573,976)	(1,399,940)	(287,809)
	<u>20,284,417</u>	<u>(19,074,553)</u>	<u>1,209,864</u>	<u>(11,087,412)</u>
Total result	<u>40,239,670</u>	<u>(26,217,161)</u>	<u>14,022,509</u>	<u>(30,530,404)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses.

<i>(All amounts in USD)</i>	31 December 2023	31 December 2022
Expenses accruing to Fund Manager		
Management fee	130,382	139,712
Other expenses		
Bank charges	61,551	72,324
Custody fee	69,035	67,324
Administration fee	65,955	70,340
Depository fee	26,080	28,329
Regulatory fee	26,395	25,961
Audit fee	25,529	22,992
FATCA fees	6,704	12,607
Legal ownership fee	10,274	9,182
Interest expense	829	9,019
Other operational costs	3,051	3,065
Total	425,785	460,855

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the year ended 31 December 2023, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year, the Fund also incurred costs such as interest expense of USD 829 (2022: USD 9,019), regulatory fees of USD 26,395 (2022: USD 25,961), bank charges of USD 61,551 (2022: USD 72,324), FATCA fees of USD 6,704 (2022: USD 12,607) and other operational costs of USD 3,051 (2022: USD 3,065) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs (excluding interest costs) to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e. monthly.

For the year ended 31 December 2023 and 2022, the ongoing charges ratio for the Fund is as follows:

	2023	2022
Ongoing charges ratio	0.24%	0.24%
Ongoing charges ratio including expenses of underlying funds	1.48%	1.51%

Turnover factor

For the year ended 31 December 2023, the turnover factor for the Fund is 18.79% (2022: 82.50%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS *(CONTINUED)*

11. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to an annual management fee of 0.09% of the NAV of Class A participations and 1.09% of the NAV of Class B participations as at the last day of each calendar month. The management fee is calculated monthly and payable monthly in arrears. The Fund Manager pays a delegation fee to the Delegate for the Class B participations. No management fee is applicable to Class C participations.

Details of management fees charged for the year are disclosed in the income statement.

Administrator

The Fund has entered into an administration agreement with Apex Fund Services (Netherlands) B.V. The Administrator charges an annual fee of 0.04% of the NAV, as of the last day of each month, subject to an annual minimum fee of EUR 20,000 (including VAT). The fee is calculated monthly and paid quarterly in arrears.

The Administrator also charges a fee of EUR 5,000 per annum for the preparation of the financial statements.

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

Custodian

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

Legal owner fee

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

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of USD 25,529 (2022: USD 22,992) audit fee (including VAT) for the audit of the financial statements.

Depository

The Fund has entered into a depository agreement with APEX Depository Services B.V. The Depository charges an annual minimum fee of EUR 16,500, (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. This also includes a fee for management of the legal owner. Details of depository fees charged for the year are disclosed in the income statement.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS *(CONTINUED)*

12. RELATED PARTY TRANSACTIONS

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

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

The Global Allocation Fund, a fund also being managed by the Fund Manager, maintains an investment in the Multi Strategy Alternatives Fund. Box Consultants B.V. has also been appointed as Delegate of the Fund. The investment in Multi Strategy Alternatives Fund is maintained in the Class C participations. No management fee is applicable for this share class.

The Fund Manager is considered a related party also.

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

Transactions from 1 January 2023 - 31 December 2023 and balances as at 31 December 2023

	Paid	Payable
	USD	USD
Management fee	130,938	10,566

Transactions from 1 January 2022 - 31 December 2022 and balances as at 31 December 2022

	Paid	Payable
	USD	USD
Management fee	142,335	11,122

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The investment objective of the Fund is to achieve long term growth by investing in a diversified portfolio of investee funds worldwide, predominantly hedge funds. When selecting investee funds, the Fund Manager will focus on fund managers that manage at least EUR 100,000,000 in the same strategy. The aim is to avoid illiquid strategies and illiquid investee funds.

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

The funds, to which the Fund subscribes, indirectly expose the Fund to various risks which are not outlined below. These risks are monitored by the Investment Manager of the Fund.

Market risk

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

Market price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As at 31 December 2023 and 2022, price risk arises on the Fund's investments in investee funds.

The Fund's diversification of financial assets and liabilities at fair value through profit or loss represented per significant strategy as at 31 December 2023 and 2022 is as follows:

Strategy	2023		2022	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	97,533,316	66.24%	94,614,185	60.95%
Multi Strategy	46,198,521	31.38%	41,276,455	26.59%
Fixed Income	-	-	12,948,192	8.34%
	143,731,837	97.62%	148,838,832	95.88%

The table below details the sensitivity of the Fund's investments to a reasonable possible increase of 5% at 31 December 2022 and 2021:

Strategy	2023		2022	
	Amounts in USD	% of NAV	Amounts in USD	% of NAV
Long/Short Equity	4,876,666	3.31%	4,730,709	3.05%
Multi Strategy	2,309,926	1.57%	2,063,823	1.33%
Fixed Income	-	-	647,410	0.42%

A 5% decrease of the Fund's investments in each strategy would have resulted in an equal but opposite effect, on the basis that all other variables remain constant.

Notes to the financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash and amounts due to broker which are subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Currency risk

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

The Fund uses swap 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 swap currency contracts in order to manage the currency risk exposure of foreign currency positions. The swap currency contracts are settled on a gross basis and as such, the Fund has a settlement risk of USD 112 million (31 December 2022: USD 116 million) and a credit risk exposure towards the counterparty at 31 December 2023 of USD Nil (31 December 2022: USD Nil).

The currency exposure of the Fund at 31 December 2023 is as follows:

		2023	
	Net position	Notional amounts	Total
	USD	swaps	currency
		USD	exposure
			USD
Currency			
Euro	13,891,251	112,461,513	126,352,764
Participations in EUR			(127,136,323)
Total currency exposure			(783,559)

As at 31 December 2023 all swap contracts will mature within 1 month.

The currency exposure of the Fund at 31 December 2022 is as follows:

		2022	
	Net position	Notional amounts	Total
	USD	swaps	currency
		USD	exposure
			USD
Currency			
Euro	13,237,950	115,832,721	129,070,671
Participations in EUR			(130,717,269)
Total currency exposure			(1,646,598)

Notes to the financial statements

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

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash, derivative financial assets and interest receivable. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amount to USD 3,592,880 (2022: USD 6,485,826).

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

The current credit rating of ABN AMRO Bank N.V., the parent company of ABN AMRO Clearing Bank N.V., is A (2022: 'A'), as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Fund Manager will deal with another provider.

Liquidity risk

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants' redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of one month must be provided.

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

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

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

Sustainability risk

Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment. 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 a portfolio company or a longer-term impact on the operations or earnings capacity of the portfolio company.

The Fund Manager does consider the effects of material sustainability risks on the value of the Fund's investments. Since 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.

The sustainability risk analysis will provide a low, average or high estimated sensitivity of the value of the investment to material sustainability risks. A high sensitivity does not automatically disqualify an investment from inclusion in the Fund, but this information will be included in the decision-making process.

Notes to the financial statements

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

Sustainability risk (*continued*)

Considering the scope of the Fund's investment policy, 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. The broader the diversification across economic sectors, the lower the sensitivity.

14. EVENTS AFTER THE BALANCE SHEET DATE

The Russian invasion in Ukraine continues to cause uncertainty. The Fund has no direct or indirect 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, especially in Europe. This might have an impact on the performance of the Fund.

Next to that the developments in the Middle East are causing uncertainties too. Further escalation of the conflict is expected to dampen global growth. This might have an impact on the performance of the Fund.

On March 19, 2024 the acquisition of Box Consultants B.V. by Delen Private Bank was announced. Box Consultants acts as the Delegate/Investment advisor to the Fund. Certain clients of the Delegate maintain an investment in the Fund. Possible implications, caused by the acquisition, on the Fund are still uncertain. The acquisition is awaiting regulatory approval.

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

Investment portfolio as at 31 December 2023

Assets

	Currency	Fair Value USD	% of NAV
Investee funds			
BlackRock Credit Alpha Offshore Class A1-USD-Series 1	USD	14,494,833	9.8
BlackRock Credit Alpha Offshore Class A1-USD-Series 5	USD	2,273,501	1.5
BlackRock European Hedge - Class I USD	USD	16,635,721	11.3
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-11-2003-USD	USD	15,436,990	10.5
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-04-2012-USD	USD	15,094,428	10.3
Global Event Partners Ltd. Class A1-USD-Series 1	USD	14,683,183	10.0
Global Event Partners Ltd. Class A1-USD-Series 20	USD	809,191	0.5
JPMorgan Funds - Europe Equity Absolute Alpha Fund	EUR	13,937,813	9.5
Schroder GAIA Contour Tech Equity	USD	17,214,542	11.7
Schroder GAIA Egerton Equity	USD	16,426,512	11.2
Schroder GA-SEG US Equity	USD	16,725,123	11.4
		<u>143,731,837</u>	<u>97.7</u>

Investment portfolio as at 31 December 2022

Assets

	Currency	Fair Value USD	% of NAV
Investee funds			
BlackRock Credit Alpha Offshore Class A1-USD-Series 1	USD	12,451,860	8.0
BlackRock European Hedge - Class I USD	USD	13,258,925	8.5
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-11-2003-USD	USD	19,126,941	12.3
GIM Portfolio Strategies Fund - Technology Long-Short Fund Class A-04-2012-USD	USD	17,024,219	11.0
Global Event Partners Ltd. Class A1-USD-Series 1	USD	13,518,149	8.7
Global Event Partners Ltd. Class A1-USD-Series 20	USD	741,994	0.5
JPMorgan Funds - Europe Equity Absolute Alpha Fund	EUR	14,564,453	9.4
Schroder GAIA Contour Tech Equity	USD	12,174,960	7.8
Schroder GAIA Egerton Equity	USD	16,458,853	10.6
Serviced Platform SICAV - Select Equity Long/Short UCITS Sub-Fund	USD	16,570,287	10.7
The Obsidian (Offshore) Fund Ltd. - Class V Master Series	USD	12,948,191	8.3
		148,838,832	95.8

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager does not intend to distribute any income of the Fund to participants. The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund.

Interests held by the Directors

As at 31 December 2023 and 1 January 2023, the Board of Directors did not hold any shares in the Fund or in any of the investments that the Fund holds.

Provision of information

The annual report and the Prospectus of the Fund are available free of charge from the Fund Manager or available for download free of charge from the Fund Manager's website: www.priviumfund.com.

Date of authorisation

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 14 June 2024.

Independent auditor's report

To: the participants and the fund manager of Multi Strategy Alternatives Fund

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 of Multi Strategy Alternatives Fund, based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Multi Strategy Alternatives Fund as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2023
- ▶ The profit and loss account for 2023
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of Multi Strategy Alternatives Fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the fund and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control as well as the outcomes. We refer to Risk management section of the annual report for management's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the section Estimates of the notes to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. We did not identify a risk of fraud in revenue recognition, other than the risks related to management override of controls.

We considered available information and made enquiries of the fund manager and relevant employees of the fund manager and service provider .

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the fund manager, reading minutes, inspection of compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the fund manager that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern of the notes to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the fund manager made a specific assessment of the fund's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the fund manager exercising professional judgment and maintaining professional skepticism.

We considered whether the fund manager's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a fund to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

Description of responsibilities regarding the financial statements

Responsibilities of the fund manager for the financial statements

The fund manager is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the fund manager is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the fund manager is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the fund manager should prepare the financial statements using the going concern basis of accounting unless the fund manager either intends to liquidate the fund or to cease operations or has no realistic alternative but to do so. The fund manager should disclose events and circumstances that may cast significant doubt on the fund's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the fund manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 14 June 2024

Ernst & Young Accountants LLP

signed by R.A.J.H. Vossen