

Principia Fund N.V.

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
Foundation	Stichting Administratiekantoor Principia Luna Arena Herikerbergweg 238 P.O. Box 23393 1101 CM 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
Payment Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Custodian	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

General information *(continued)*

Fiscal Advisor (UK)

Rawlinson & Hunter
8th Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ
United Kingdom

Depository

APEX Depository Services B.V.
Van Heuven Goedhartlaan 935A
1181 LD Amstelveen
The Netherlands

Historical multi-year overview

Key figures

	2023	2022	2021	2020	2019
<i>(All amounts in EUR)</i>					
Equity at the beginning of the year	22,467,498	21,787,034	20,332,678	20,484,375	15,839,465
Issue of units	2,572,786	1,331,192	12,919,952	10,694,900	10,252,784
Redemption of units	(706,571)	(2,797,828)	(16,037,966)	(9,975,612)	(9,556,311)
Result for the period	3,785,509	2,147,100	4,572,370	(870,985)	3,948,437
Equity at the end of the year	28,119,222	22,467,498	21,787,034	20,332,678	20,484,375
Investments	26,106,232	22,419,212	21,708,130	20,148,199	20,388,102
Cash	303,618	128,197	248,056	167,335	1,078,053
Other assets and liabilities	1,709,372	(79,911)	(169,152)	17,144	(981,780)
Equity at the end of the year	28,119,222	22,467,498	21,787,034	20,332,678	20,484,375
Net (loss)/profit					
Investment income	979,790	852,619	757,284	559,676	508,439
Changes in value	3,340,595	1,713,239	4,168,967	(1,083,914)	3,788,297
Other results	(407)	34,798	7,089	-	-
Expenses	(534,469)	(453,556)	(360,970)	(346,747)	(348,299)
Net (loss)/profit	3,785,509	2,147,100	4,572,370	(870,985)	3,948,437
Number of units					
Class A	49,746.5846	44,783.7565	40,070.4849	135,396.9300	133,270.9370
Class B	71,854.5377	68,407.5889	80,279.9993	11,526.5364	8,871.7694
Unitholders' equity per unit					
Class A	219.26	188.19	170.94	137.50	143.47
Class B	239.53	205.23	186.06	148.81	153.73
Performance					
Class A	16.51%	10.09%	24.33%	(4.16%)	24.30%
Class B	16.71%	10.30%	25.03%	(3.20%)	25.68%

Management report

General equity market conditions

The MSCI world index (iShares ETF) increased by +19.89% during 2023. This was a strong reversal relative to 2022 as markets responded to easing inflation and began to anticipate the possibility of lower interest rates.

The so called “Magnificent Seven” (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) and their related sectors: Information Technology, Communications Services and Consumer Discretionary were the strongest drivers of returns for global markets. During 2023, the Magnificent Seven gained 100.4% in aggregate.

The MSCI world index consensus P/E ratio rose from 15.7x to 19.25x during the year. The best-performing sectors by far were Technology and Communications Services, which returned 52.7% and 40.24% respectively for the year. The weakest areas of the market were Utilities (-2.6%), Consumer Staples (-1.26%), Energy (-0.54%) and Healthcare (+0.23%).

After more than a decade of severe relative weakness, value (low price ratio securities) started to outperform in 2021. The outperformance was marginal in 2021 but in 2022, value’s long overdue re-emergence fully exerted itself and the outperformance over growth (high price ratio securities), was fairly dramatic. 2023 saw a reversion back to growth, with global growth stocks trouncing value stocks by 26.4%.

The spread in valuation multiples between value and growth segments of global equity markets continues to be extraordinarily wide.

Performance

In 2023, the Fund generated a return of +16.7% (B Class) against +19.9% for the MSCI World Index and +7.96% for the MSCI World Value Index. We believe performance for the Fund was better than expected given the Fund’s high active share, contrarian value-based strategy during a period in which growth and mega cap US technology stocks dominated market performance.

Our objective is to achieve long-term capital appreciation and we believe the best way to achieve that is to invest in a diversified group of attractive businesses that are trading at sizeable discounts to our valuation assessments. The Fund does not seek to mirror the exposure in a benchmark. A result of this approach is that the portfolio (and consequently its performance) will differ materially from the benchmark. We believe relatively little weight should be placed on short-term results, good or bad. We would be disappointed, however, if the Fund did not significantly exceed the performance of a passive global benchmark over a full market cycle of growth vs. value stock performance.

Portfolio developments

There are three ways in which we aim to put the odds in our favour in terms of generating attractive long-term performance for our investors.

The first is to identify businesses that will grow their underlying intrinsic values over time. If the Fund holds a collection of well-managed businesses that are likely to reinvest free cash flows at attractive returns on capital, then the intrinsic value of the portfolio will grow over time.

The second is to buy businesses for less than their current underlying values. Buying businesses for less than they are worth lowers risk and increases return. If the discount to value unwinds over time, investors should benefit from the movement toward value plus the growth in value.

And finally, through our incremental trading activity, we aim to further grow the value of the Fund by proactively recycling capital from relatively more expensive securities to less expensive securities as the relationships between price and fundamentals change over time. By selling shares of companies with higher price-to-value ratios and reinvesting the proceeds into companies with lower price-to-value ratios, we can buy more value for each dollar invested and hence further increase the intrinsic value of the Fund.

In addition to several incremental adds and trims of existing positions, during the year we initiated nineteen new positions and completely exited twenty-three positions for the Fund.

Management report (*continued*)

Six of the new positions initiated became material, these were: Ashmore, Newmont, Pfizer, Porsche Holding SE, Roche and Unilever.

The twenty-three positions exited during the year were: Adecco, Alphabet, Astellas, Baidu, Bayer, BMW, Boss Energy, China Mobile, Colruyt, Credit Suisse, Derwent, Diamond Offshore, Dundee Precious Metals, Intel, Meta, Paramount, Prosus, Royal Gold, Samsung, Abrdn and Teck Resources.

From a sector perspective, Industrials was the largest increase in exposure as the weight in the Fund (as a percentage of equity) rose from 7.9% at the end of 2022 to 12.0% at the end of 2023. The largest decline in exposure was Communications Services, which declined from 9.4% at the end of 2022 to 5.1% at the end of 2023.

The Fund remained effectively fully invested throughout the year with cash levels near zero in percentage terms.

Outlook

We believe that, at current prices, prospective long-term returns for aggregate world developing and developed markets (outside of the US) and as represented by major indices, are attractive when compared to historic norms. In addition, the current environment has created several valuation disparities and dislocations that we believe have created many opportunities conducive to high active share, long-term value-oriented strategies. The valuation spread between traditional value and growth indices, between mega-cap and smaller-sized companies as well as between the US and the rest of the world continues to be very wide. Over the last decade, much of the performance of large parts of the world market has been due to liquidity fueled multiple expansions or contractions rather than unusual divergences in fundamentals relative to previous cycles. We believe these dislocations have created a large pool of opportunities for attractive investments for the Fund.

As of the time of writing, the median consensus price to earnings for the portfolio was 10.4x against 16.9x for the MSCI world and the median consensus price to book was 1.0x against 2.2x for the MSCI world; while we believe the portfolio in aggregate consists of a collection of businesses that are not of lower quality than the overall market.

We believe we have been able to uncover and assemble a portfolio of attractive businesses trading at attractive valuations. We continue to feel confident in our strategy and the Fund's potential for the generation of superior long-term returns.

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 Principia Fund N.V. do not take into account the EU criteria for environmentally sustainable economic activities. However, in compliance with the SFDR, the Fund Manager does consider the effects of material sustainability risks on the value of the Fund's investments. On a company by company basis, all relevant ESG/sustainability risks are being defined 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.

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.

Management report (*continued*)

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 (*continue*)

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 remuneration specifically related to the Principia Fund N.V. has 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. Since no delegates for portfolio management have been assigned for the Principia Fund N.V. this is not applicable to the Principia Fund N.V.

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).

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.

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.

Management report (*continued*)

Risk management (*continued*)

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
Price/Market Risk	No	The fund has been holding cash and long only equity positions. In line with the philosophy of the fund, buying shares of companies at a price that is lower than the intrinsic value is a fundamental part of the risk management framework of the fund. Strong bottom-up company analysis is a very important item in mitigating risks during the holding period of a position. However share price fluctuations due to general equity market movements during the holding period can't be mitigated or avoided in full by conducting company analysis. This risk is inherent when securities like equities are traded.	The Fund gained +16.5% (Class A) in 2023. The Fund underperformed its benchmark. The iShares Core MSCI World UCITS ETF gained +19.9% in 2023.	Investments are being selected on having discounts to its intrinsic value but largely this will also depend on general market circumstances.	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	No	FX risk is not being hedged. It is not expected that this will change in the near future either.	Around 89% of the investments are denominated in non-EUR currencies (mostly JPY, CHF, SGD, NOK, CAD, AUD, HKD, USD and GBP). Foreign FX exposure as a whole contributed negatively to the return.	This will largely depend on FX movements.	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 using leverage (no implied leverage and no actual borrowings). Nevertheless as of December 31, 2023 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 93.56% and Commitment method: 100%.	None	None	No
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. Not all sustainability risks may have a material negative effect on the value of an investment. Therefore, the Fund applies the Materiality Map of the Sustainability Accounting Standards Board (SASB) to determine which sustainability risks are material to consider in the investment decision making process. In each investment decision the relevant material sustainability risks are investigated using the following focus points: * Policy and practices: Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers. * Incidents: If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.	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)

(Profit after appropriation of result)

	<i>Note</i>	31 December 2023 EUR	31 December 2022 EUR
Assets			
Investments			
Equities	3	26,106,232	22,419,212
Total investments		26,106,232	22,419,212
Receivables			
Due from brokers		1,765,234	-
Other receivables	5	102,556	61,439
Total receivables		1,867,790	61,439
Other assets			
Cash	4	303,618	128,197
		303,618	128,197
Total assets		28,277,640	22,608,848
Liabilities			
Unitholders' equity			
Contributions of unitholders		12,576,147	10,709,932
Unappropriated gain	8	15,543,075	11,757,566
Total unitholders' equity		28,119,222	22,467,498
Other liabilities			
Bank overdrafts		-	17,341
Due to brokers		3,254	852
Subscriptions received in advance	7	100,000	76,288
Accrued expenses and other payables	6	55,164	46,869
Total other liabilities		158,418	141,350
Total liabilities		28,277,640	22,608,848

Financial statements

INCOME STATEMENT (For the years ended 31 December)

	<i>Note(s)</i>	2023 EUR	2022 EUR
Investment income			
Dividend income	10	979,790	852,619
		979,790	852,619
Changes in value			
Realised results	3, 12	2,743,247	3,091,726
Unrealised results	3, 12	597,348	(1,378,487)
		3,340,595	1,713,239
Other results			
Foreign currency translation	11	(7,302)	29,029
Interest income on bank accounts	9	2,210	460
Subscription and redemption fees		4,685	5,309
		(407)	34,798
Expenses			
Management fee	13, 14	(287,279)	(209,503)
Administration fee	13, 14	(30,290)	(27,945)
Depositary fee	13, 14	(24,785)	(22,532)
Other operational costs	13	(20,497)	(25,498)
Audit fee	13, 14	(17,478)	(16,745)
Bank charges	13	(17,217)	(21,729)
FATCA fees	13	(4,623)	(4,758)
Custody fee	13, 14	(8,211)	(7,390)
Interest expense	13	(478)	(575)
Legal fees	13	(254)	(11,015)
Total expenses		(411,112)	(347,690)
Net profit for the year before tax		3,908,865	2,252,966
Withholding tax		(123,356)	(105,866)
Net profit for the year after tax		3,785,509	2,147,100

Financial statements

STATEMENT OF CASH FLOWS (For the years ended 31 December)

	<i>Note(s)</i>	2023 EUR	2022 EUR
Cash flows from operating activities			
Purchases of investments	3	(20,994,257)	(21,470,509)
Proceeds from sale of investments	3	18,853,494	22,437,937
Return of capital		31,506	33,825
Interest received		2,210	460
Interest paid		(478)	(575)
Dividend received		815,952	720,460
Management fee paid		(280,587)	(204,198)
Operating expenses paid		(122,388)	(135,886)
Net cash flows (used in)/provided by operating activities		<u>(1,694,548)</u>	<u>1,381,514</u>
Cash flows from financing activities			
Proceeds from sales of units – class A units	8	1,174,052	1,233,329
Proceeds from sales of units – class B units	8	1,398,734	97,863
Payments on redemptions of units – class A units	8	(119,354)	(385,830)
Payments on redemptions of units – class B units	8	(587,217)	(2,411,998)
Subscriptions received in advance		23,712	(86,416)
Subscription and redemption fees		4,685	5,309
Net cash flows provided by/(used in) financing activities		<u>1,894,612</u>	<u>(1,547,743)</u>
Net increase/decrease in cash		200,064	(166,229)
Cash at the beginning of the year		110,856	248,056
Foreign currency translation of cash positions		(7,302)	29,029
Cash at the end of the year	4	<u>303,618</u>	<u>110,856</u>

Notes to the financial statements

1. GENERAL INFORMATION

Principia Fund N.V. (the “Fund”) is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The Fund is a public company limited by shares (*naamloze vennootschap*) and is a legal entity under the laws of the Netherlands. The Fund is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 60521945. The Fund commenced operations on 22 May 2014. The Fund has a registered office at Gustav Mahlerplein 3, Symphony Offices, 26th Floor, 1082 MS Amsterdam, The Netherlands. The most recent Prospectus of the Fund was issued in January 2022.

The shares of the Fund are divided in two series (“shareclasses”), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. Investors can invest in the Fund by obtaining units representing an interest in Shareclass A (“A units”) or Shareclass B (“B units”). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series (“unitclasses”), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund and to investors that invest a minimum of EUR 1,000,000 at the ultimate beneficial owner level. All other persons can subscribe for units in Unitclass A. As at 31 December 2023 and 2022, both Unitclass A and Unitclass B units are in issue.

The investment objective of the Fund is to earn a higher return than the average of the world’s developed equity markets, as represented by iShares MSCI World UCITS ETF.

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 the supervision of the Netherlands Authority for the Financial Markets (“AFM”). On 22 July 2014, the AFM licence of the Fund Manager was automatically converted into an Alternative Investment Fund Managers Directive (“AIFMD”) licence by the AFM.

As per 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) came into force. In the context of the SFDR, the Fund is classified as an Article 6 fund. Additional SFDR related disclosures can be found in the Supplement to 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 and overleaf 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 Euro (“EUR”), 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 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 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 units

The units of the Fund are classified as equity. These units 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 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 investments in equities' and 'unrealised gains/(losses) on investments in equities'.

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.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

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.

Unitholders' equity

All references to net asset value ("NAV") throughout the financial statements are equivalent to unitholders' equity.

Tax position

For Dutch corporate income tax purposes, the Fund, a public company limited by shares (naamloze vennootschap), a legal entity under the laws of the Netherlands, maintains the VBI status pursuant to article 6a of the Dutch Corporate Income Tax Act 1969 (Wet op de vennootschapsbelasting 1969). Distributions of the Fund are not subject to Dutch dividend withholding tax as a result of the VBI status.

Principles for determining the result

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

The changes in the value of the investments held by the Fund are accounted for in the income statement.

Dividends from equities are included at the date when they are declared. Dividend withholding tax is presented gross on the income statement.

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

Subscription fees, where applicable, are included in the income statement.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in EUR)</i>	31 December 2023	31 December 2022
Investment in equities		
As at 1 January	22,419,212	21,708,130
Purchases	20,996,659	21,469,605
Sales	(20,618,728)	(22,437,937)
Return of capital	(31,506)	(33,825)
Realised results	2,743,247	3,091,726
Unrealised results	597,348	(1,378,487)
As at 31 December	<u>26,106,232</u>	<u>22,419,212</u>

4. Cash

As at 31 December 2023, cash comprises of balances held with ABN AMRO Bank N.V. amounting to EUR 106,508 (2022: EUR 85,370). Cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 197,110 (2022: EUR 25,486). As at 31 December 2023 and 2022, no restrictions in the use of these balances exist.

5. Other receivables

As at 31 December, other receivables consist of the following:

<i>(All amounts in EUR)</i>	31 December 2023	31 December 2022
Dividend receivable	101,921	61,439
Prepaid professional fees	635	-
Total other receivables	<u>102,556</u>	<u>61,439</u>

6. Accrued expenses and other payables

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

<i>(All amounts in EUR)</i>	31 December 2023	31 December 2022
Audit fee payable	17,478	16,161
Tax preparation fee payable	4,500	4,334
Management fee payable	27,051	20,359
Licence fee payable	-	1,000
Administration fee payable	2,346	1,874
Other payables	3,102	2,521
Custody fee payable	687	620
Total accrued expenses and other payables	<u>55,164</u>	<u>46,869</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Subscriptions received in advance

Subscriptions received in advance represent the amounts received from unitholders for subscriptions to units of the Fund for the first business day of the next month. Unitholders are required to deposit the amounts with the Fund prior to the issuance of units.

As at 31 December 2023, the subscriptions received in advance amount to EUR 100,000 (2022: EUR 76,288). On 1 January 2024, the Fund issued 455.4332 units of Unitclass A to the subscribing unitholders (2 January 2023 2022: 786.7664 units of Unitclass A and 371.2149 units of Unitclass B).

8. Share capital

Structure of the Fund's capital

The Fund is structured as an open-ended investment fund and was established in Amsterdam in April 2014. The shares of the Fund are divided in two series ("shareclasses"), Shareclass A and Shareclass B. The investment policy and risk profile of the Fund are equal for both shareclasses. Investors can invest in the Fund by obtaining units representing an interest in Shareclass A ("A units") or Shareclass B ("B units"). Units will be issued by the Foundation, who will be the legal owner of the shares represented by the units. The units of the Fund will be issued in two series ("unitclasses"), Unitclass A and Unitclass B. The units in Unitclass B are only available for subscription by persons working for the Fund Manager or related to the Fund and to investors that invest a minimum of EUR 1,000,000 at the ultimate beneficial owner level. All other persons can subscribe for units in Unitclass A. As at 31 December 2023 and 2022, both Unitclass A and Unitclass B units are in issue.

Structure of the Fund's capital (continued)

The movement of equity in the units during the years is as follows:

<i>(All amounts in EUR)</i>	31 December 2023	31 December 2022
<i>Contributions of unitholders</i>		
Balance at the beginning of the year	10,709,932	12,176,568
Issue of units – class A units	1,174,052	1,233,329
Issues of units – class B units	1,398,734	97,863
Redemption of units – class A units	(119,354)	(385,830)
Redemption of units – class B units	(587,217)	(2,411,998)
Total contributions at the end of the year	<u>12,576,147</u>	<u>10,709,932</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the year	11,757,566	9,610,466
Net profit after tax	3,785,509	2,147,100
Total undistributed gain at the end of the year	<u>15,543,075</u>	<u>11,757,566</u>
Equity at the end of the year	<u>28,119,222</u>	<u>22,467,498</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Subscriptions and redemptions

The Fund enables the Foundation to issue units on the first business day of each calendar month at the Net Asset Value per unit on the preceding valuation day, plus an anti-dilution levy of maximum 0.15% of the subscription amount. The minimum initial subscription for each unitholder is EUR 20,000 with the minimum subsequent subscription amounts being EUR 1,000. The Unitclass A and Unitclass B units were issued at an initial subscription price of EUR 100 per unit and thereafter at the unitholders' equity per unit. The minimum subscription amount can be lowered at the sole discretion of the Fund Manager.

The Fund enables the Foundation to redeem units of the unitholders' equity on the last day of each calendar month, less a fee (the "anti-dilution levy") of maximum 0.15% of the redemption amount. The minimum value of units which may be subject of one redemption request is EUR 1,000. The Fund Manager may decide to lower this amount in individual cases.

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

	Units at the beginning of the year	Units issued	Units redeemed	Units at the end of the year
Unit class A	44,783.7565	5,554.3641	(591.5360)	49,746.5846
Unit class B	68,407.5889	6,130.9161	(2,683.9673)	71,854.5377
Total	113,191.3454	11,685.2802	(3,275.5033)	121,601.1223

Subscriptions and redemptions (continued)

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

	Units at the beginning of the year	Units issued	Units redeemed	Units at the end of the year
Unit class A	40,070.4849	6,757.1290	(2,043.8574)	44,783.7565
Unit class B	80,279.9993	484.7673	(12,357.1777)	68,407.5889
Total	120,350.4842	7,241.8963	(14,401.0351)	113,191.3454

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 unitholders 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.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

9. Interest income

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

10. Dividend income

Dividend income relates to dividend from equity instruments.

11. Foreign currency 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 year ended 31 December 2023, this amounted to losses of EUR 7,302 (2022: gains of EUR 29,029). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2023		2022	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 Euro)</i>				
Australian Dollar	1.6292	1.6204	1.5167	1.5709
Canadian Dollar	1.4595	1.4628	1.3651	1.4498
Great Britain Pound	0.8696	0.8670	1.1733	0.8848
Hong Kong Dollar	8.4685	8.6192	8.2467	8.3512
Japanese Yen	152.0700	155.6619	138.0765	140.3336
Norwegian Krone	11.4291	11.2310	10.1060	10.4955
Swiss Franc	0.9717	0.9289	-	0.9896
United States Dollar	1.0817	1.1038	1.0547	1.0703
Singapore Dollar	1.4525	1.4565	-	-

12. Investment return

(All amounts in EUR)

	2023		2023	2022
	Profit	Loss	Total	Total
Equities				
Realised result	3,867,920	(1,124,673)	2,743,247	3,091,726
Unrealised result	<u>2,335,397</u>	<u>(1,738,049)</u>	<u>597,348</u>	<u>(1,378,487)</u>
Total result	<u>6,203,317</u>	<u>(2,862,722)</u>	<u>3,340,595</u>	<u>1,713,239</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

13. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the years ended 31 December 2023 and 2022.

<i>(All amounts in EUR)</i>	2023	2022
Expenses accruing to Fund Manager		
Management fee	287,279	209,503
Other expenses		
Administration fee	30,290	27,945
Depositary fee	24,785	22,532
Other operational costs	20,497	25,498
Audit fee	17,478	16,745
Bank charges	17,217	21,729
FATCA fees	4,623	4,758
Custody fee	8,211	7,390
Interest expense	478	575
Legal fees	254	11,015
Total	411,112	347,690

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 EUR 478 (2022: EUR 575), FATCA fees of EUR 4,623 (2022: EUR 4,758), bank charges of EUR 17,217 (2022: EUR 21,729), legal fees of EUR 254 (2022: EUR 11,015), audit tax fees of EUR 2,559 (2022: EUR 5,643) and other general expenses of EUR 1,249 (2022: EUR 1,754) which are not detailed in the Prospectus.

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total 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 unitholders' equity i.e., monthly.

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

	Class A	Class B
Ongoing charges ratio including interest	1.72%	1.55%
Ongoing charges ratio excluding interest	1.72%	1.54%

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

	Class A	Class B
Ongoing charges ratio including interest	1.64%	1.45%
Ongoing charges ratio excluding interest	1.64%	1.44%

Turnover factor

For the year ended 31 December 2023, the turnover factor for the Fund is 151.88% (2022: 173.36%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average unitholders' equity.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

14. RELEVANT CONTRACTS

Fund Manager

Management fee

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The management fee is 1.25% per annum when the performance of the Fund is equal to the return of the benchmark over the five years ending on the date of the calculation. A maximum management fee of 1.5% is payable if the return of Shareclass A is superior to that of the benchmark by 20% over the five years ending on the date of the calculation. A minimum management fee of 1% is payable if the return of Shareclass A is below that of the benchmark by 20% over the five years ending on the date of the calculation. Please also see the Prospectus of the Fund for an additional explanation. The Shareclass A management fee is calculated monthly and payable monthly in arrears.

In accordance with the prospectus, the Fund Manager is entitled to an annual management fee on Shareclass B of 1% per annum when the performance of the Fund is equal to the return of the benchmark over the five years ending on the date of the calculation. A maximum fee of 1.25% is payable if the return of Shareclass B is superior to that of the benchmark by 20% over the five years ending on the date of the calculation. A minimum fee of 0.75% is payable if the return of Shareclass B is below that of the benchmark by 20% over the five years ending on the date of the calculation. Please also refer to the Prospectus of the Fund for an additional explanation. The Shareclass B management fee is calculated monthly and payable monthly in arrears.

The Fund Manager will not earn a management fee over the investment of another fund it manages or otherwise controls into a shareclass of the Fund that charges management fee. Any investment into the Fund by another fund managed by the Fund Manager or Affiliates of the Fund Manager shall not be subject to management fee either though investment into a zero management fee shareclass or via a rebate of the management fee charged by the Fund.

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

Administrator

The Fund has entered into an administration agreement with Apex Fund Services (Netherlands) B.V. The Administrator charges an annual fee, to be calculated and paid monthly in arrears on the basis of the unitholders' equity of the Fund before deduction of the management fee, and with a minimum of EUR 16,946 per annum. This annual fee is based on the following sliding scale:

- | | |
|--|-----------------|
| ▪ Part up to EUR 30 million | 10 basis points |
| ▪ Part between EUR 30 million and EUR 50 million | 8 basis points |
| ▪ Part above EUR 50 million | 6 basis points |

The Administrator 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 years are disclosed in the income statement.

Payment Bank/Custodian

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

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 17,478 (2022: EUR 16,745) audit fee (including VAT) for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

Notes to the financial statements

14. RELEVANT CONTRACTS (CONTINUED)

Depositary

The Fund has entered into a depositary agreement with APEX Depositary Services B.V. The Depositary charges an annual fee of EUR 24,785 (excluding VAT), payable quarterly in advance, for depositary services provided to the Fund. Details of depositary fees charged for the years are disclosed in the income statement.

15. 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.

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

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

	Paid EUR	Payable EUR
Management fee	280,587	27,051

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

	Paid EUR	Payable EUR
Management fee	204,198	20,359

The units in Unitclass B have been issued to persons working for the Fund Manager or related to the Fund and investors that invest a minimum of EUR 1,000,000 at the beneficial owner level. Mr. Ryan Nicholas Dally, the portfolio manager, holds 1,952.685 units (2022: 1,769.264 units) of Unitclass B.

Notes to the financial statements

16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to earn a higher return than the average of the world's developed equity markets, as represented by iShares MSCI World UCITS ETF.

The Fund attempts to achieve its objective by investing predominantly in global listed equities and is therefore exposed to all the risks and rewards associated with the equities selected. The Fund is actively managed and will likely differ materially from the benchmark in order to achieve its objective.

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.

Market risk

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

Market price risk

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

As at 31 December 2023 and 2022, price risk arises on the Fund's investment in equities.

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

Sector	2023	% of	2022	% of
	EUR	unitholders'	EUR	unitholders'
		equity		equity
Pharmaceuticals	3,965,189	14.1	2,681,801	11.9
Mining	3,485,972	12.4	2,675,103	11.9
Oil&Gas	2,057,297	7.3	3,184,169	14.2
Banks	2,045,205	7.3	1,652,473	7.3
Insurance	1,631,635	5.8	1,005,793	4.5
Agriculture	1,486,111	5.3	1,039,026	4.6
Auto Manufacturers	1,227,106	4.4	1,265,634	5.6
Oil&Gas Services	1,172,249	4.2	-	-
Food	1,073,216	3.8	1,398,380	6.2
Beverages	1,069,893	3.8	528,346	2.4
Other Sectors	6,892,359	24.5	6,988,487	31.2
	26,106,232	92.9	22,419,212	99.8

Notes to the financial statements

16. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

The table below details the sensitivity of the Fund's investments to a reasonable possible increase of 5% as at 31 December 2023 and 2022:

Sector	2023		2022	
	Amount in EUR	% of unitholders' equity	Amount in EUR	% of unitholders' equity
Pharmaceuticals	198,259	0.71	134,090	0.60
Mining	174,299	0.62	133,755	0.60
Oil&Gas	102,865	0.37	159,208	0.71
Banks	102,260	0.36	82,624	0.37
Insurance	81,582	0.29	50,290	0.22
Agriculture	74,306	0.26	51,951	0.23
Auto Manufacturers	61,355	0.22	63,282	0.28
Oil&Gas Services	58,612	0.21	-	-
Food	53,661	0.19	69,919	0.31
Beverages	53,495	0.19	26,417	0.12

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 at banks and amounts due from custodian 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's exposure to foreign exchange movements as at 31 December 2023 and 2022 is as follows:

Currency	2023		2022	
	Fair value EUR	% of unitholders' equity	Fair value EUR	% of unitholders' equity
United States Dollar	9,686,364	34.5	7,761,226	34.5
Great Britain Pound	5,821,869	20.7	3,281,441	14.6
Japanese Yen	4,509,876	16.0	4,224,860	18.8
Hong Kong Dollar	1,381,969	4.9	1,520,962	6.8
Swiss Franc	1,210,683	4.3	885,206	3.9
Canadian Dollar	1,054,754	3.8	874,379	3.9
Norwegian Krone	457,635	1.6	476,060	2.1
Singapore Dollar	339,003	1.2	-	-
Australian Dollar	319,515	1.1	535,282	2.4
Thai Baht	-	-	758	0.0

Notes to the financial statements

16. 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 and other receivables. The carrying values of financial assets (excluding any investment in equity instruments) best represent the maximum credit risk exposure at the reporting dates and amount to EUR 2,171,408 (2022: EUR 189,636).

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.

As at 31 December 2023, the credit rating 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 units and it is therefore exposed to the liquidity risk of meeting unitholders redemptions. The Fund's policy only allows for redemptions on the last day of each calendar month and notice of 10 business days must be provided.

The Fund's listed securities are considered to be readily realisable as they are listed on recognised exchanges.

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 a portfolio company or a longer-term impact on the operations or earnings capacity of the portfolio company.

17. SOFT DOLLAR ARRANGEMENTS

A soft dollar arrangement applies when a (financial) service provider offers services and products (such as research and information services) to an asset manager in exchange for executing certain securities transactions.

The Fund Manager had no soft dollar arrangement as at 31 December 2023 and 2022.

18. EVENTS AFTER THE BALANCE SHEET DATE

The Russian invasion in Ukraine continues to cause uncertainty. The Fund has no active 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.

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

Investment portfolio as at 31 December 2023

Assets	Currency	Fair value EUR	% of unitholders' equity
Equities			
ABN AMRO Group	EUR	176,670	0.6%
Africa Oil Corp.	CAD	127,666	0.5%
Alibaba Group Holding Ltd.	HKD	554,336	2.0%
Ambev SA	USD	907,081	3.2%
American International Group Inc.	USD	602,522	2.1%
Ashmore Group PLC	GBP	705,937	2.5%
B2Gold Corp.	USD	216,956	0.8%
Babcock International Group PLC	GBP	486,477	1.7%
Banco Santander-Chile ADR	USD	212,019	0.8%
Brighthouse Financial Inc.	USD	234,310	0.8%
Britisch American Tobacco PLC	GBP	1,023,786	3.6%
C&C Group	GBP	162,813	0.6%
Cameco Corp.	USD	126,049	0.4%
China Unicom Hong Kong Ltd.	HKD	238,770	0.8%
Citigroup Inc.	USD	687,513	2.4%
Dena Co Ltd.	JPY	421,959	1.5%
Empress Royalty Corp.	CAD	115,381	0.4%
Equinox Gold Corp.	USD	172,296	0.6%
Fission Uranium Corp.	CAD	176,825	0.6%
Franco-Nevada Corp	USD	204,101	0.7%
Glencore PLC	GBP	251,575	0.9%
Golden Agri-Resources Ltd	SGD	209,221	0.7%
GSK PLC	GBP	785,386	2.8%
Honda Motor Co Ltd.	JPY	858,908	3.1%
Hot Chili Ltd.	AUD	93,904	0.3%
Impala Platinum-Spon ADR	USD	61,134	0.2%
Imperial Brands PLC	GBP	253,104	0.9%
Japan Petroleum Exploration	JPY	319,796	1.1%
Jardine Matheson HLDGS Ltd.	USD	974,478	3.5%
Kaken Pharmaceutical Co Ltd.	JPY	681,079	2.4%
KT Corp.	USD	393,745	1.4%
Luk Fook Holdings INTL Ltd.	HKD	424,630	1.5%
M&G PLC	GBP	258,673	0.9%
MAG Silver Corp	USD	144,302	0.5%
Nac Kazatomprom JSC GDR	USD	225,853	0.8%
Newmont Corp	USD	268,458	1.0%
Nexgen Energy Ltd.	CAD	156,997	0.6%
Nippon Kayaku Co Ltd.	JPY	304,260	1.1%
Nitto Kohki Co Ltd.	JPY	536,129	1.9%
Noble Corp PLC	USD	164,017	0.6%
Nov Inc.	USD	658,128	2.3%

Investment portfolio as at 31 December 2023 (continued)

Assets	Currency	Fair value EUR	% of unitholders' equity
Equities			
Nutriën Ltd.	USD	192,913	0.7%
Pan American Silver Corp.	USD	407,085	1.4%
Peabody Energy Corp	USD	203,858	0.7%
Petroleo Brasileiro S.A.	USD	217,308	0.8%
Pfizer Inc	USD	457,588	1.6%
Porsche Automobile	EUR	368,198	1.3%
Roche Holding AG-Genusschein	CHF	774,147	2.8%
Saipem Spa	EUR	89,670	0.3%
Sandridge Energy Inc	USD	94,126	0.3%
Sanofi	EUR	751,650	2.7%
Sawai Group Holdings Co Ltd.	JPY	515,339	1.8%
Seabridge Gold Inc.	USD	382,522	1.4%
Shell PLC	EUR	466,281	1.7%
Sibanye-Still Water Ltd-ADR	USD	66,415	0.2%
Societe Bic SA	EUR	1,029,105	3.7%
Sprott Physical Uranium Trus	CAD	426,527	1.5%
Sumitomo Mitsui Financial GR	JPY	278,450	1.0%
Sumitomo Mitsui Trust Holdin	JPY	239,897	0.9%
Syncona Ltd	GBP	105,230	0.4%
Television Broadcasts Ltd.	HKD	88,603	0.3%
Tesco PLC	GBP	464,544	1.7%
TGS Nopex Geophysical Co ASA	NOK	424,451	1.5%
Thungela Resources Ltd	GBP	142,852	0.5%
Total SA	EUR	231,554	0.8%
UBS Group AG	CHF	321,733	1.1%
Unilever Plc	GBP	608,673	2.2%
United Overseas Bank Ltd	SGD	128,923	0.5%
Valaris Ltd.	USD	436,549	1.6%
Warner Bros Discovery Inc.	USD	198,680	0.7%
Wheaton Precious Metals Corp.	USD	194,812	0.7%
Whitehaven Coal Ltd	AUD	221,305	0.8%
		26,106,232	92.7%

Investment portfolio as at 31 December 2022

Assets	Currency	Fair value EUR	% of unitholders' equity
Equities			
Adecco Group AG	CHF	341,828	1.5%
Africa Oil Corp.	CAD	65,262	0.3%
Alibaba Group Holding Ltd.	HKD	469,918	2.1%
Alphabet Inc.	USD	90,442	0.4%
Ambev SA	USD	528,346	2.4%
American International Group Inc.	USD	489,447	2.2%
Astellas Pharma Inc.	JPY	107,235	0.5%
B2Gold Corp.	USD	154,694	0.7%
Babcock International Group PLC	GBP	139,058	0.6%
Banco Santander-Chile ADR	USD	94,358	0.4%
Bayer AG	EUR	415,885	1.9%
Bayerische Motoren Werke AG	EUR	209,117	0.9%
Boss Energy Ltd.	AUD	51,524	0.2%
Brighthouse Financial Inc.	USD	259,236	1.2%
British American Tobacco PLC	GBP	838,505	3.7%
Cameco Corp.	USD	223,661	1.0%
China Mobile Ltd.	HKD	161,115	0.7%
China Unicom Hong Kong Ltd.	HKD	419,890	1.9%
Citigroup Inc.	USD	580,276	2.6%
Colruyt SA	EUR	454,180	2.0%
Credit Suisse Group AG	CHF	60,757	0.3%
Dena Co Ltd.	JPY	336,001	1.5%
Derwent London PLC	GBP	336,570	1.5%
Diamond Offshore Drilling IN	USD	116,967	0.5%
Dundee Precious Metals Inc.	CAD	179,031	0.8%
Empress Royalty Corp.	CAD	64,559	0.3%
Equinox Gold Corp.	USD	112,740	0.5%
Fission Uranium Corp.	CAD	70,904	0.3%
Gazprom PAO	USD	14,129	0.1%
GSK PLC	GBP	599,294	2.7%
Honda Motor Co Ltd.	JPY	1,056,517	4.7%
Hot Chili Ltd.	AUD	65,615	0.3%
Imperial Brands PLC	GBP	200,521	0.9%
Intel Corp.	USD	114,550	0.5%
Japan Petroleum Exploration	JPY	421,944	1.9%
Jardine Matheson HLDGS Ltd.	USD	557,481	2.5%
Kaken Pharmaceutical Co Ltd.	JPY	590,429	2.6%
KT Corp.	USD	171,684	0.8%
Luk Fook Holdings INTL Ltd.	HKD	399,205	1.8%
M&G PLC	GBP	257,109	1.1%
Meta Platforms Inc.	USD	414,194	1.8%
Morinaga & Co Ltd.	JPY	212,565	0.9%
Nac Kazatomprom JSC GDR	USD	230,646	1.0%

Investment portfolio as at 31 December 2022 (continued)

Assets	Currency	Fair value EUR	% of unitholders' equity
Equities			
Newcrest Mining Ltd.	AUD	416,367	1.9%
Nexgen Energy Ltd.	CAD	75,912	0.3%
Nippon Kayaku Co Ltd.	JPY	307,068	1.4%
Nitto Kohki Co Ltd.	JPY	484,396	2.2%
Noble Corp PLC	USD	185,987	0.8%
Nov Inc.	USD	516,985	2.3%
Nutriën Ltd.	USD	147,650	0.7%
Pan American Silver Corp.	USD	322,434	1.4%
Paramount Global	USD	135,627	0.6%
Petroleo Brasileiro S.A.	USD	274,511	1.2%
Prosus NV	EUR	178,269	0.8%
Royal Gold Inc.	USD	85,996	0.4%
Saipem Spa	EUR	68,777	0.3%
Samsung Electr	USD	672,075	3.0%
Sanofi	EUR	701,471	3.1%
Sawai Group Holdings Co Ltd.	JPY	267,488	1.2%
Sberbank	USD	1,720	0.0%
Seabridge Gold Inc.	USD	178,143	0.8%
Shell PLC	EUR	358,963	1.6%
Societe Bic SA	EUR	210,843	0.9%
Sprott Physical Uranium Trus	CAD	416,079	1.9%
Standard Life Aberdeen PLC	GBP	143,652	0.6%
Sumitomo Mitsui Financial GR	JPY	320,779	1.4%
Sumitomo Mitsui Trust Holdin	JPY	114,427	0.5%
Television Broadcasts Ltd.	HKD	58,180	0.3%
Tesco PLC	GBP	731,635	3.3%
TGS Nopex Geophysical Co ASA	NOK	475,644	2.1%
Total SA	EUR	346,973	1.5%
UBS Group AG	CHF	480,157	2.1%
Valaris Ltd.	USD	286,501	1.3%
Warner Bros Discovery Inc.	USD	282,713	1.3%
Wheaton Precious Metals Corp.	USD	494,401	2.2%
		<u>22,419,212</u>	<u>99.9%</u>

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager does not intend to distribute any income of the Fund to the unitholders. 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 underlying investment equities that the Fund holds.

Provision of information

This 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 Principia Fund N.V

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 Principia Fund N.V. based in Amsterdam, The Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Principia Fund N.V. 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 Principia Fund N.V (the 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