

# Principia Fund N.V.

The Netherlands

ANNUAL REPORT

**for the year ended 31 December 2022**

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## General information

Registered Office	Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> Floor 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. Gustav Mahlerplein 3 Symphony Offices, 26 <sup>th</sup> 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  
8<sup>th</sup> Floor  
6 New Street Square  
New Fetter Lane  
London EC4A 3AQ  
United Kingdom

Depository

Darwin Depository Services B.V.  
Barbara Strozziilaan 101  
1083 HN Amsterdam  
The Netherlands

## Historical multi-year overview

### Key figures

	2022	2021	2020	2019	2018
<i>(All amounts in EUR)</i>					
Equity at the beginning of the year	21,787,034	20,332,678	20,484,375	15,839,465	18,082,303
Issue of units	1,331,192	12,919,952	10,694,900	10,252,784	295,611
Redemption of units	(2,797,828)	(16,037,966)	(9,975,612)	(9,556,311)	(801,517)
Result for the period	2,147,100	4,572,370	(870,985)	3,948,437	(1,736,932)
<b>Equity at the end of the year</b>	<b>22,467,498</b>	<b>21,787,034</b>	<b>20,332,678</b>	<b>20,484,375</b>	<b>15,839,465</b>
Investments	22,419,212	21,708,130	20,148,199	20,388,102	15,621,165
Cash	128,197	248,056	167,335	1,078,053	420,511
Other assets and liabilities	(79,911)	(169,152)	17,144	(981,780)	(202,211)
<b>Equity at the end of the year</b>	<b>22,467,498</b>	<b>21,787,034</b>	<b>20,332,678</b>	<b>20,484,375</b>	<b>15,839,465</b>
<b>Net (loss)/profit</b>					
Investment income	852,619	757,284	559,676	508,439	393,016
Changes in value	1,713,239	4,168,967	(1,083,914)	3,788,297	(1,756,129)
Other results	34,798	7,089	-	-	-
Expenses	(453,556)	(360,970)	(346,747)	(348,299)	(373,819)
<b>Net (loss)/profit</b>	<b>2,147,100</b>	<b>4,572,370</b>	<b>(870,985)</b>	<b>3,948,437</b>	<b>(1,736,932)</b>
<b>Number of units</b>					
Class A	44,783.7565	40,070.4849	135,396.9300	133,270.9370	128,721.9657
Class B	68,407.5889	80,279.9993	11,526.5364	8,871.7694	8,031.5235
<b>Unitholders' equity per unit</b>					
Class A	188.19	170.94	137.50	143.47	115.46
Class B	205.23	186.06	148.81	153.73	122.38
<b>Performance</b>					
Class A	10.09%	24.33%	(4.16%)	24.30%	(9.99)%
Class B	10.30%	25.03%	(3.20%)	25.68%	(8.81)%

## Management report

### General equity market conditions

The emergence of a sustained period of excessive inflation led central banks around the world to embark on a policy of implementing rapid interest rate increases. Large areas of global markets that had been supported by years of excess liquidity and ultra-low interest rates, most prominently high-growth technology and innovation-related stocks, were the most vulnerable to the changing backdrop. This combined with their extreme overvaluation before the paradigm shift, led to large losses.

The MSCI world index consensus P/E ratio declined from 20.7 to 15.7x during the year. The best-performing sector by far was Energy which returned 57.7% for the year. The weakest areas of the market were Communications Services (-32.7%), Consumer Discretionary (-28.6%), and Technology (-26%).

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 reemergence fully exerted itself and the outperformance over growth stocks (high price ratio securities), was fairly dramatic. The MSCI world value index was roughly flat for the year (-0.6%), while the MSCI world growth index declined substantially (-24.8%). Despite the large outperformance in 2022, the spread in valuation multiples between value and growth segments of global equity markets continued to be amongst the widest ever recorded as we entered 2023. A sophisticated analysis done by AQR, a highly regarded quantitative asset manager, recently published research that showed that the global country and sector-neutral valuation spread between value and growth toward the end of 2022 was close to the levels of the peak of the dot-com bubble and that value was only cheaper than growth 2% of the time during the last thirty-two years.

### Performance

In 2022, the Fund generated a return of +10.3% (B Class) against -13.54% for the MSCI World Index (iShares ETF in EUR) and -0.63% for the MSCI World Value Index (in EUR). We believe performance for the Fund was in-line with expectations given the Fund's high active share, contrarian value-based strategy and the dramatic change in the market backdrop, which has begun to move from being benign to hostile toward previously popular "factors" like growth and momentum, as well as mega-cap stocks highly represented in passive benchmarks.

Our objective is to achieve superior 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 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.

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## Management report (*continued*)

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

The nineteen new material positions purchased in 2022 were: Ambev, Babcock International, Banco Santander Chili, Colruyt, Dena, Derwent London, Jardine Matheson, Meta Platforms, Morinaga, Nitto Kohki, Pan American Silver, Paramount Global, Prosus, Royal Gold, Sawai Group Holding, Sprott Physical Uranium Trust, Standard Life Aberdeen, Sumitomo Mitsui Financial, Sumitomo Mitsui Trust

The thirteen positions exited during the year were: SPDR Gold Shares, Atos, BAE Systems, Femsa, Fresnillo, Gilead Sciences, Korea Electric Power, Lloyds Banking Group, Naspers, Newmont, Novartis, Schlumberger and WPP.

From a sector perspective, Energy was the largest increase in exposure as the weight in the Fund rose from 10.8% at the end of 2021 to 16.8% at the end of 2022. The largest decline in exposure was Health Care, which declined from 16.4% at the end of 2021 to 11.6% at the end of 2022.

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 developed markets (outside of the US) as represented by major indices, are reasonable 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 multiple expansions or contractions rather than unusual divergences in fundamentals relative to previous cycles. We believe these dislocations have created a high concentration of opportunities for attractive investments for the Fund.

As of the time of writing, the median consensus price to earnings for the portfolio was 11.1x against 16.9x for the MSCI world and the median consensus price to book was 1.3x 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.

## Management report (*continued*)

### 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.

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 2022

This overview is based on the situation as of December 31, 2022. 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, 2021 and the second table shows the remuneration overview as of December 31, 2022.

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, 2021

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	37	39
Total fixed remuneration	€ 167.492	€ 9.691.135	€ 9.858.627
Total variable remuneration	€ 42.500	€ 9.326.680	€ 9.369.180
<b>Total remuneration</b>	<b>€ 209.992</b>	<b>€ 19.017.815</b>	<b>€ 19.227.807</b>



## Management report (*continued*)

### Remuneration policy 2022 (continued)

#### 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
<b>Total remuneration</b>	<b>€ 279.397</b>	<b>€ 9.783.663</b>	<b>€ 10.063.059</b>

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 2022 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, except for the Supermarkt Vastgoed fund. The Supermarkt Vastgoed fund already had an 'at cost' fee model prior to Privium being appointed as Fund Manager, instead of the more common model where the Fund Manager receives a management fee that is a percentage of the AUM.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 41 staff members were involved during (some part of) the year 2022 (2021: 39), including consultants and including both part-time and full-time staff.

No staff members have earned more than Euro one million in relation to the performance results during the year 2022 (2021: three).

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## Management report (*continued*)

### 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 Manager. 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.

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 Manager 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.

## Management report (*continued*)

### **Risk management** (*continued*)

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 2022 and during the first two months of 2023 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 2022. 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 2021 NAV	Expected impact on 2022 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2021 or 2022
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 +10.03% (Class A) in 2022. The Fund outperformed its benchmark. The iShares Core MSCI World UCITS ETF lost -13.54% in 2022.	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 87% of the investments are denominated in non-EUR currencies (mostly JPY, CHF, CAD, AUD, HKD, USD and GBP). Foreign FX exposure as a whole contributed positively 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	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 several 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, 2022 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 99.96% 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

## 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 2022 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 2022 functioned effectively as described. During 2022 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 2022 update was completed in November 2022. During the fourth quarter of 2022 and the first two months of 2023 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>	<b>31 December 2022 EUR</b>	<b>31 December 2021 EUR</b>
<b>Assets</b>			
<b>Investments</b>			
Equities	3	22,419,212	21,708,130
<b>Total investments</b>		<b>22,419,212</b>	<b>21,708,130</b>
<b>Receivables</b>			
Other receivables	5	61,439	35,146
<b>Total receivables</b>		<b>61,439</b>	<b>35,146</b>
<b>Other assets</b>			
Cash	4	128,197	248,056
		<b>128,197</b>	<b>248,056</b>
<b>Total assets</b>		<b>22,608,848</b>	<b>21,991,332</b>
<b>Liabilities</b>			
<b>Unitholders' equity</b>			
Contributions of unitholders		10,709,932	12,176,568
Unappropriated gain	8	11,757,566	9,610,466
<b>Total unitholders' equity</b>		<b>22,467,498</b>	<b>21,787,034</b>
<b>Other liabilities</b>			
Bank overdrafts		17,341	-
Due to brokers		852	1,756
Subscriptions received in advance	7	76,288	162,704
Accrued expenses and other payables	6	46,869	39,838
<b>Total other liabilities</b>		<b>141,350</b>	<b>204,298</b>
<b>Total liabilities</b>		<b>22,608,848</b>	<b>21,991,332</b>

## Financial statements

### INCOME STATEMENT (For the years ended 31 December)

	<i>Note(s)</i>	<b>2022</b> <b>EUR</b>	<b>2021</b> <b>EUR</b>
<b>Investment income</b>			
Dividend income	10	852,619	757,284
		<b>852,619</b>	<b>757,284</b>
<b>Changes in value</b>			
Realised results	12	3,091,726	2,225,247
Unrealised results		(1,378,487)	1,943,720
		<b>1,713,239</b>	<b>4,168,967</b>
<b>Other results</b>			
Foreign currency translation	11	29,029	297
Interest income on bank accounts	9	460	-
Subscription and redemption fees		5,309	6,792
		<b>34,798</b>	<b>7,089</b>
<b>Expenses</b>			
Management fee	13, 14	(209,503)	(187,666)
Administration fee	13, 14	(27,945)	(26,120)
Depositary fee	13, 14	(22,532)	(21,940)
Other operational costs	13	(25,498)	(19,992)
Audit fee	13, 14	(16,745)	(15,556)
Bank charges	13	(21,729)	(15,159)
FATCA fees	13	(4,758)	(4,240)
Custody fee	13, 14	(7,390)	(3,085)
Interest expense	13	(575)	(2,084)
Legal fees	13	(11,015)	-
<b>Total expenses</b>		<b>(347,690)</b>	<b>(295,842)</b>
<b>Net profit for the year before tax</b>		<b>2,252,966</b>	<b>4,637,498</b>
Withholding tax		(105,866)	(65,128)
<b>Net profit for the year after tax</b>		<b>2,147,100</b>	<b>4,572,370</b>

## Financial statements

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

	<i>Note(s)</i>	<b>2022</b> <b>EUR</b>	<b>2021</b> <b>EUR</b>
<b>Cash flows from operating activities</b>			
Purchases of investments	3	(21,436,684)	(11,147,256)
Proceeds from sale of investments	3	22,437,937	13,758,048
Interest received		460	-
Interest paid		(575)	(2,137)
Dividend received		720,460	708,388
Management fee paid		(204,198)	(188,139)
Operating expenses paid		(135,886)	(92,867)
<b>Net cash flows provided by operating activities</b>		<b>1,381,514</b>	<b>3,036,037</b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of units – class A units	8	1,233,329	682,786
Proceeds from sales of units – class B units	8	97,863	12,237,166
Payments on redemptions of units – class A units	8	(385,830)	(16,037,966)
Payments on redemptions of units – class B units	8	(2,411,998)	-
Subscriptions received in advance		(86,416)	155,672
Subscription and redemption fees		5,309	6,729
<b>Net cash flows used in financing activities</b>		<b>(1,547,743)</b>	<b>(2,955,613)</b>
<b>Net (decrease)/increase in cash</b>		<b>(166,229)</b>	<b>80,424</b>
Cash at the beginning of the year		248,056	167,335
Foreign currency gains on translation of cash positions		29,029	297
<b>Cash at the end of the year</b>	<b>4</b>	<b>110,856</b>	<b>248,056</b>



## 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 2022 and 2021, 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 2022 and 2021.

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 22 June 2023.

### 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.

#### Functional currency

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

#### Recognition and measurement

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

Income is recognised in the income statement when an increase in future economic benefit related to an increase in an asset or decrease in a liability has arisen that can be measured reliably.

## Notes to the financial statements

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

#### **Recognition and measurement** (continued)

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.

#### *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.

## Notes to the financial statements

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

#### Statement of cash flows (continued)

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 FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

<i>(All amounts in EUR)</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Investment in equities</b>		
As at 1 January	21,708,130	20,148,199
Purchases	21,435,780	11,149,012
Sales	(22,437,937)	(13,758,048)
Realised gains	3,091,726	2,225,247
Unrealised gain/(loss)	(1,378,487)	1,943,720
<b>As at 31 December</b>	<b><u>22,419,212</u></b>	<b><u>21,708,130</u></b>

#### 4. Cash

As at 31 December 2022, cash comprises of balances held with ABN AMRO Bank N.V. amounting to EUR 85,370 (2021: EUR 166,130).

Cash also includes amounts due from ABN AMRO Clearing Bank N.V. of EUR 25,486 (2021: EUR 81,926).

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 5. Other receivables

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

<i>(All amounts in EUR)</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Dividend receivable	61,439	35,146
<b>Total other receivables</b>	<b>61,439</b>	<b>35,146</b>

#### 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>	<b>31 December 2022</b>	<b>31 December 2021</b>
Audit fee payable	16,161	14,750
Tax preparation fee payable	4,334	3,025
Management fee payable	20,359	15,054
Licence fee payable	1,000	2,747
Administration fee payable	1,874	1,817
Other payables	2,209	1,100
Foundation fee payable	312	776
Custody fee payable	620	569
<b>Total accrued expenses and other payables</b>	<b>46,869</b>	<b>39,838</b>

#### 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 2022, the subscriptions received in advance amount to EUR 76,288 (2021: EUR 162,704). On 2 January 2023, the Fund issued 786.7664 units of Unitclass A and 371.2149 units of Unitclass B to the subscribing unitholders.

#### 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 2022 and 2021, both Unitclass A and Unitclass B units are in issue.

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 8. Share capital (continued)

##### 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>	<b>31 December 2022</b>	<b>31 December 2021</b>
<i>Contributions of unitholders</i>		
Balance at the beginning of the year	12,176,568	15,294,582
Issue of units – class A units	1,233,329	682,786
Issues of units – class B units	97,863	12,237,166
Redemption of units – class A units	(385,830)	(16,037,966)
Redemption of units – class B units	(2,411,998)	-
<b>Total contributions at the end of the year</b>	<b>10,709,932</b>	<b>12,176,568</b>
<i>Unappropriated gain</i>		
Balance at the beginning of the year	9,610,466	5,038,096
Net profit after tax	2,147,100	4,572,370
<b>Total undistributed gain at the end of the year</b>	<b>11,757,566</b>	<b>9,610,466</b>
<b>Equity at the end of the year</b>	<b>22,467,498</b>	<b>21,787,034</b>

##### 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 2022 was as follows:

	<b>Units at the beginning of the year</b>	<b>Units issued</b>	<b>Units redeemed</b>	<b>Units at the end of the year</b>
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
<b>Total</b>	<b>120,350.4842</b>	<b>7,241,8963</b>	<b>(14,401,0351)</b>	<b>113,191.3454</b>

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 8. Share capital (continued)

##### Subscriptions and redemptions (continued)

The movement of the units during the year ended 31 December 2021 was as follows:

	Units at the beginning of the year	Units issued	Units redeemed	Units at the end of the year
Unit class A	135,396.9300	4,208.5941	(99,535.0392)	40,070.4849
Unit class B	11,526.5364	68,753.4629	-	80,279.9993
<b>Total</b>	<b>146,923.4664</b>	<b>72,962.0570</b>	<b>(99,535.0392)</b>	<b>120,350.4842</b>

##### 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 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 gains/(losses) on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than investment assets and liabilities. For the year ended 31 December 2022, this amounted to gains of EUR 29,029 (2021: gains of EUR 297). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one Euro is shown):

	2022		2021	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 Euro)</i>				
Australian Dollar	1.5167	1.5709	1.5753	1.5651
Canadian Dollar	1.3651	1.4498	-	-
Great Britain Pound	1.1733	0.8848	0.8597	0.8407
Hong Kong Dollar	8.2467	8.3512	9.1934	8.8642
Japanese Yen	138.0765	140.3336	129.8700	130.9200
Norwegian Krone	10.1060	10.4955	10.1644	10.0256
Swiss Franc	-	0.9896	1.0811	1.0374
United States Dollar	1.0547	1.0703	1.1828	1.1370
Thai Baht		37.0716	37.8202	37.7689

## Notes to the financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

#### 12. Investment return

(All amounts in EUR)

	2022		2022	2021
	Profit	Loss	Total	Total
<b>Equities</b>				
Realised result	4,402,500	(1,310,774)	3,091,726	2,225,247
Unrealised result	2,056,516	(3,435,003)	(1,378,487)	1,943,720
<b>Total result</b>	<b>6,459,016</b>	<b>(4,745,777)</b>	<b>1,713,239</b>	<b>4,168,967</b>

#### 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 2022 and 2021.

(All amounts in EUR)

	2022	2021
<b>Expenses accruing to Fund Manager</b>		
Management fee	209,503	187,666
<b>Other expenses</b>		
Administration fee	27,945	26,120
Depositary fee	22,532	21,940
Other operational costs	25,498	19,992
Audit fee	16,745	15,556
Bank charges	21,729	15,159
FATCA fees	4,758	4,240
Custody fee	7,390	3,085
Interest expense	575	2,084
Legal fees	11,015	-
<b>Total</b>	<b>347,690</b>	<b>295,842</b>

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 2022, 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 575 (2021: EUR 2,084), FATCA fees of EUR 4,758 (2021: EUR 4,240), bank charges of EUR 21,729 (2021: EUR 15,159), legal fees of EUR 11,015 (2021: EUR nil), audit tax fees of EUR 5,643 (2021: EUR 4,076) and other general expenses of EUR 1,754 (2021: EUR 1,701) 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 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%

## Notes to the financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

#### 13. Costs (continued)

##### Ongoing charges ratio (continued)

For the year ended 31 December 2021, the ongoing charges ratio for the Fund is as follows:

	<b>Class A</b>	<b>Class B</b>
Ongoing charges ratio including interest	1.48%	1.25%
Ongoing charges ratio excluding interest	1.47%	1.25%

##### Turnover factor

For the year ended 31 December 2022, the turnover factor for the Fund is 173.36% (2021: 257.38%). 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.

#### 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.

Prior to 30 April 2021, no management fee was charged to Unitclass B.

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



## Notes to the financial statements

### 14. RELEVANT CONTRACTS (CONTINUED)

#### 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 15,000 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 6,000 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 16,745 (2021: EUR 15,556) 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.

#### Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee of EUR 16,500 (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. Details of depository 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 2022 - 31 December 2022 and balances as at 31 December 2022*

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(204,198)	(20,359)

*Transactions from 1 January 2021 - 31 December 2021 and balances as at 31 December 2021*

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(188,139)	(15,054)

## Notes to the financial statements

### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

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 1,769.264 units (2021: 1,715.599 units) of Unitclass B.

### 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 2022 and 2021, 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 2022 and 2021 is as follows:

	2022 EUR	% of unitholders' equity	2021 EUR	% of unitholders' equity
<b>Sector</b>				
Oil & Gas Services	3,184,169	14.2	1,332,165	6.1
Pharmaceuticals	2,681,801	11.9	3,403,562	15.6
Mining	2,675,103	11.9	2,710,634	12.4
Banks	1,652,473	7.4	2,198,014	10.1
Food	1,398,380	6.2	-	-
Auto Manufacturers	1,265,634	5.6	1,174,959	5.4
Agriculture	1,039,026	4.6	1,455,784	6.7
Insurance	1,005,793	4.5	1,134,227	5.2
Internet	896,361	4.0	-	-
Semiconductors	786,625	3.5	-	-
Other Sectors	5,833,847	26.0	8,298,785	38.0
	<b>22,419,212</b>	<b>99.8</b>	<b>21,708,130</b>	<b>99.5</b>

## 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 2022 and 2021:

Sector	2022		2021	
	Amount in EUR	% of unitholders' equity	Amount in EUR	% of unitholders' equity
Oil & Gas Services	159,208	0.71	66,608	0.31
Pharmaceuticals	134,090	0.60	170,178	0.78
Mining	133,755	0.60	135,532	0.62
Banks	82,624	0.37	109,901	0.50
Food	69,919	0.31	-	-
Auto Manufacturers	63,282	0.28	58,748	0.27
Agriculture	51,951	0.23	72,789	0.33
Insurance	50,290	0.22	56,711	0.26
Internet	44,818	0.20	-	-
Semiconductors	39,331	0.18	-	-

#### 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 2022 and 2021 is as follows:

Currency	2022		2021	
	Fair value EUR	% of unitholders' equity	Fair value EUR	% of unitholders' equity
United States Dollar	7,761,226	34.5	6,910,507	31.7
Great Britain Pound	3,281,441	14.6	4,726,192	21.7
Japanese Yen	4,224,860	18.8	2,294,928	10.5
Hong Kong Dollar	1,520,962	6.8	2,038,765	9.4
Swiss Franc	885,206	3.9	1,959,694	9.0
Canadian Dollar	874,379	3.9	-	-
Norwegian Krone	476,060	2.1	442,303	2.0
Australian Dollar	535,282	2.4	429,330	2.0
Thai Baht	758	0.0	745	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 189,636 (2021: EUR 281,446).

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 2022, the credit rating of ABN AMRO Clearing Bank N.V. is A (2021: 'A'), as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the 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 2022 and 2021.

### 18. EVENTS AFTER THE BALANCE SHEET DATE

The Russian invasion in Ukraine continues to cause uncertainty. The Fund had limited exposure to Russia. As of December 31, 2022 the direct exposure was less than 0.10% of the Net Asset Value of the Fund. In February 2023 the Valuation Committee of the Fund Manager decided to write-off this exposure in full. The Fund has no direct exposure to Ukraine or Belarus.

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

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

As of May 25, 2023, the name of Darwin Depository Services B.V. has been changed into APEX Depository Services B.V. Their new address will be: Van Heuven Goedhartlaan 935A, 1181 LD Amstelveen.

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 2022

Assets	Currency	Fair value EUR	% of unitholders' equity
<b>Equities</b>			
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)**

<b>Assets</b>	<b>Currency</b>	<b>Fair value EUR</b>	<b>% of unitholders' equity</b>
<b>Equities</b>			
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%
		<b>22,419,212</b>	<b>99.9%</b>

## Investment portfolio as at 31 December 2021

Assets	Currency	Fair value EUR	% of unitholders' equity
<b>Equities</b>			
Adecco Group AG	CHF	247,509	1.1%
Alibaba Group Holding Ltd	HKD	88,529	0.4%
Alibaba Group Holding Ltd	USD	236,953	1.1%
American International Group Inc.	USD	915,911	4.2%
Astellas Pharma Inc.	JPY	544,348	2.5%
AtoS	EUR	324,732	1.5%
B2Gold Corp	USD	88,364	0.4%
BAE Systems Plc	GBP	718,333	3.3%
Baidu Inc.	HKD	306,681	1.4%
Bayer AG	EUR	155,382	0.7%
Bayerische Motoren Werke AG	EUR	242,374	1.1%
Brighthouse Financial Inc.	USD	218,316	1.0%
British American Tobacco Plc	GBP	1,147,421	5.3%
Cameco Corp.	USD	186,891	0.9%
China Mobile Ltd	HKD	1,021,615	4.7%
China Unicom Hong Kong Ltd	HKD	176,869	0.8%
Citigroup Inc.	USD	568,633	2.6%
Credit Suisse Group AG	CHF	581,546	2.7%
Discovery Communications Inc.	USD	148,859	0.7%
Fomento Economico Mexicano SAB de CV	USD	143,528	0.7%
Fresnillo Plc	GBP	126,801	0.6%
Gilead Sciences Inc.	USD	182,579	0.8%
GlaxoSmithKline Plc	GBP	848,449	3.9%
Glencore Plc	GBP	418,797	1.9%
Honda Motor Co Ltd	JPY	932,585	4.3%
Imperial Brands Plc	GBP	308,364	1.4%
Japan Petroleum Exploration Co.	JPY	264,152	1.2%
Kaken Pharmaceutical Co Ltd	JPY	257,256	1.2%
KT Corp.	USD	185,631	0.9%
Lloyds Banking Group Plc	GBP	170,631	0.8%
Luk Fook Holdings International Ltd	HKD	364,128	1.7%
M&G Plc	GBP	136,213	0.6%
NAC Kazatomprom JSC GDR	USD	190,732	0.9%
Naspers Ltd	USD	302,639	1.4%
Newcrest Mining Ltd	AUD	428,727	2.0%
Newmont Corp	USD	427,376	2.0%
Nippon Kayaku Co Ltd	JPY	94,959	0.4%
Nippon Telegraph & Telephone Corp	JPY	194,890	0.9%
NOV Inc.	USD	523,588	2.4%
Novartis AG	CHF	520,729	2.4%
Nutrien Ltd	USD	91,206	0.4%
Petroleo Brasileiro SA	USD	88,844	0.4%
Royal Dutch Shell Plc	EUR	462,088	2.1%
Samsung Electronics Co Ltd	USD	697,598	3.2%
Sanofi	EUR	1,077,398	4.9%
Sberbank of Russia	USD	269,787	1.2%

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**Investment portfolio as at 31 December 2021 (continued)**

<b>Assets</b>	<b>Currency</b>	<b>Fair value EUR</b>	<b>% of unitholders' equity</b>
<b>Equities</b>			
Schlumberger Ltd	USD	371,622	1.7%
Societe BIC SA	EUR	744,202	3.4%
SPDR Gold Shares	USD	201,784	0.9%
Teck Resources Ltd	USD	566,261	2.6%
Television Broadcasts Ltd	HKD	69,965	0.3%
Tesco Plc	GBP	804,299	3.6%
TGS Nopec Geophysical Co ASA	NOK	436,955	2.0%
UBS Group AG	CHF	607,416	2.8%
Wheaton Precious Metals Corp.	USD	276,685	1.3%
		<b><u>21,708,130</u></b>	<b><u>99.6%</u></b>



## 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 2022 and 1 January 2022, 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](http://www.priviumfund.com).

### Date of authorisation

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 22 June 2023.

## Independent auditor's report

To: the management board of Principia Fund N.V

## Report on the audit of the financial statements 2022 included in the annual report

### Our opinion

We have audited the financial statements for the financial year ended 31 December 2022 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 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2022
- the profit and loss account for 2022
- 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 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.

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 and, where considered appropriate, tested the operating effectiveness, 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.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others 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 accounting policies' section of 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.

These risks did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives and the management board.

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 management board, reading minutes, inspection of compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We 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 'Basis of accounting' in 'accounting policies' section of the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial

statements, the management board 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 management board exercising professional judgment and maintaining professional skepticism.

We considered whether the management'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. Based on our procedures performed, we did not identify material uncertainties about 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. 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.

Management 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 management for the financial statements

The Management 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 management 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, management is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic

alternative but to do so. The Management 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 management 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, 22 June 2023

Ernst & Young Accountants LLP

Signed by R.A.J.H. Vossen