

Multi Strategy Alternatives Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

for the period from 1 January 2023 to 30 June 2023

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General information

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

Profile

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

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

The net asset value (“NAV”) per participation as at period end are as follows:

Class A participations (in USD)	30 June 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Net asset value	23,614,122	24,519,194	31,705,691	32,902,850	129,476,805
Number of participations	187,225.1711	201,141,8673	233,697.1428	263,307.0547	1,207,242.9395
NAV per participation	126.12	121.90	135.67	124.96	107.25
Class A Euro (in euro)	30 June 2023	31 December 2022	31 December 2022	31 December 2020	31 December 2019
Net asset value	113,999,230	115620807	133282179	-	-
Number of participations	1,110,674.7704	1,151,716.3745	1,169,347.0678	-	-
NAV per participation	102.63	100.39	113.98	-	-
Class C Euro (in euro)	30 June 2023	31 December 2022	31 December 2022	31 December 2020	31 December 2019
Net asset value	5,763,644	6,496,862	8,237,489	-	-
Number of participations	58,155.2091	67,054.0019	74,947.5884	-	-
NAV per participation	99.10	96.89	109.91	-	-

Interim Financial statements

BALANCE SHEET

		30 June	31 December
		2023	2022
	<i>Note(s)</i>	USD	USD
Assets			
Investments			
Investee funds		151,125,089	148,838,832
Derivative financial assets		834,394	708,712
Total investments	3	<u>151,959,483</u>	<u>149,547,544</u>
Receivables			
Due from brokers		-	2,000,000
Other receivables		9,816	17,211
Total receivables		<u>9,816</u>	<u>2,017,211</u>
Other assets			
Cash	4	2,506,359	5,177,972
Total other assets		<u>2,506,359</u>	<u>5,177,972</u>
Total assets		<u>154,475,658</u>	<u>156,742,727</u>
Liabilities			
Participants' equity			
Contribution of participants		141,430,690	148,574,812
Unappropriated gain		12,862,692	6,662,518
Total participants' equity	7	<u>154,293,382</u>	<u>155,237,330</u>
Investments			
Derivative financial liabilities		85,727	79,864
Total investments	3	<u>85,727</u>	<u>79,864</u>
Other liabilities			
Due to brokers		-	1,338,205
Accrued expenses and other payables	5	96,549	87,328
Total other liabilities		<u>96,549</u>	<u>1,425,533</u>
Total liabilities		<u>154,475,658</u>	<u>156,742,727</u>

Interim Financial statements

INCOME STATEMENT

(For the periods ended 30 June 2023 and 2022)

	<i>Note(s)</i>	2023	2022
		USD	USD
Changes in value			
Realised results	3,9	2,107,143	(11,123,120)
Unrealised results	3,9	4,232,325	(23,036,256)
		<u>6,339,468</u>	<u>(34,159,376)</u>
Other results			
Foreign currency gains and losses on translation	8	14,544	(79,172)
Interest income on bank accounts	7	60,230	5,294
		<u>74,774</u>	<u>(73,878)</u>
Expenses			
Management fee	10,11,12	(67,056)	(74,076)
Administration fee	10,11	(31,164)	(37,287)
Custody fee	10,11	(35,065)	(34,989)
Bank charges		(28,934)	(38,852)
Depository fee	10,11	(13,280)	(15,261)
Audit fee	10,11	(11,792)	(10,815)
Other operational costs		(20,816)	(16,899)
Interest expense	10	(827)	(7,773)
Legal ownership fee	11	(5,134)	(4,656)
Total expenses	10	<u>(214,068)</u>	<u>(240,608)</u>
Net profit/(loss)		<u><u>6,200,174</u></u>	<u><u>(34,473,862)</u></u>

Interim Financial statements

STATEMENT OF CASH FLOWS

(For the periods ended 30 June 2023 and 2022)

	<i>Note</i>	2023	2022
		USD	USD
Cash flows from operating activities			
Purchase of investments	3	(10,078,455)	(54,168,703)
Proceeds from sale of investments	3	13,889,898	67,517,525
Net receipts from derivative financial assets and liabilities	3	783,744	(12,181,912)
Management fee paid		(67,077)	(76,494)
Operating expenses paid		(142,759)	(143,074)
Interest received		72,808	1,308
Interest paid		(194)	(9,127)
Net cash flows used in operating activities		<u>4,457,965</u>	<u>939,523</u>
Cash flows from financing activities			
Proceeds from sales of participations		396,648	2,189,148
Payments on redemptions of participations		(7,540,770)	(3,882,445)
Net cash flows provided by/(used in) financing activities		<u>(7,144,122)</u>	<u>1,693,297</u>
Net decrease in cash		(2,686,157)	(753,774)
Cash at the beginning of the period		5,177,972	4,519,907
Foreign currency translation of cash positions		14,544	(79,172)
Cash at the end of the period	4	<u>2,506,359</u>	<u>3,686,961</u>

Notes to the Interim Financial statements

1. GENERAL INFORMATION

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

The Fund may issue Class A participations, Class B participations and Class C participations each denominated in USD and EUR. As at 30 June 2023 and 31 December 2022, only the Class A participations (both USD and EUR) and the Class C participations (EUR) are in issue.

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

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

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

The Fund had no employees during the period ended 30 June 2023 and the year ended 31 December 2022.

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

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

The financial statements have been authorised for issue by the Fund Manager on 17 August 2023

Notes to the Interim Financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

The interim financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The accounting principles used to prepare this interim financial statements are the same as the accounting principles used for the annual report 2022.

All figures in this interim financial statements are denoted in euro's, unless stated otherwise. The reporting period extends from 1 January 2023 through 30 June 2023.

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

<i>(All amounts in USD)</i>	1 January to 30 June 2023	1 January to 30 June 2022
Investment in investee funds		
Opening balance	148,838,832	188,904,573
Purchases	8,740,250	54,168,703
Sales	(11,889,898)	(67,517,525)
Realised results	1,323,399	1,058,792
Unrealised results	4,112,506	(23,072,667)
As at 30 June	<u>151,125,089</u>	<u>153,541,876</u>
Derivative financial instruments		
Opening balance	628,848	916,657
Sales and expirations	(783,744)	12,181,912
Realised results	783,744	(12,181,912)
Unrealised results	119,819	36,411
As at 30 June	<u>748,667</u>	<u>953,068</u>
Total investments		
Opening balance	149,467,680	189,821,230
Purchases	8,740,250	54,168,703
Sales	(12,673,642)	(55,335,613)
Realised results	2,107,143	(11,123,120)
Unrealised results	4,232,325	(23,036,256)
As at 30 June	<u>151,873,756</u>	<u>154,494,944</u>

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash

As at 30 June 2023, cash comprises of balances held with ABN AMRO Clearing Bank N.V. amounting to USD 2,443,896 (2022: USD 6,482,705) and with ABN AMRO Bank N.V. of USD 62,462 (2022: USD 4,514). As at 30 June 2023 and 31 December 2022, no restrictions in the use of these balances exist.

5. Accrued expenses and other payables

As at 30 June 2023 and 31 December 2022, accrued expenses and other payables consist of the following:

	30 June	31 December
<i>(All amounts in USD)</i>	2023	2022
Administration fee payable	15,401	15,875
Management fee payable	11,101	11,122
Custody fee payable	9,321	9,181
Audit fee payable	35,688	23,338
Interest payable	633	-
Other payables	24,405	27,812
Total	96,549	87,328

6. Share capital

Structure of the Fund's capital

The Multi Strategy Alternatives Fund is structured as an open-ended contractual fund for joint accounts which is subject to Dutch law. The Fund may issue Class A participations, Class B participations and Class C participations, each denominated in USD and EUR. All classes are subject to the same investment objective and investment strategy. The sole difference between the different classes is that Class A participants will pay a lower management fee, due to the fact that the Delegate/Investment Advisor will waive its advisory fee that is payable out of the management fee for Class A. Only investors that are a client of the Delegate/Investment Advisor shall be issued Class A participations against each such participant's individual subscription. Class C participations will pay no management fee, due to the fact that both the Delegate and the Fund Manager will waive, respectively, the delegation fee payable out of the management fee and the management fee payable for this Class. Other participants subscribing will be issued Class B participations, unless otherwise determined by the Fund Manager in its sole discretion. The holders of Class A participations at any time wishing to increase their subscriptions, shall be issued Class A participations. As at 30 June 2023 and 30 June 2022, only the Class A participations (both USD and EUR) and Class C participations (EUR) are in issue.

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (Continued)

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

<i>(All amounts in USD)</i>	1 January to 30 June 2023	1 January to 30 June 2022
<i>Contributions of participants</i>		
Balance at the beginning of the period	148,574,812	154,962,251
Issue of participations	396,648	3,849,168
Redemption of participations	<u>(7,540,770)</u>	<u>(3,882,445)</u>
Total contributions at the end of the period	<u>141,430,690</u>	<u>154,928,974</u>
<i>Unappropriated gains</i>		
Balance at the beginning of the period	6,662,518	37,663,297
Net results	<u>6,200,174</u>	<u>(34,473,862)</u>
Total undistributed gain at the end of the period	<u>12,862,692</u>	<u>3,189,435</u>
Equity at the end of the period	<u>154,293,382</u>	<u>158,118,409</u>

Subscriptions and redemptions

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

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

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Share capital (Continued)

The movement of the participations during the period ended 30 June 2023 was as follows:

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A USD	201,141.8673	0.0018	(13,916.6980)	187,225.1711
Class A Euro	1,151,716.3745	3,527.5567	(44,569.1608)	1,110,674.7704
Class C Euro	67,054.0019	-	(8,898.7928)	58,155.21
Total	1,419,912.2437	3,527.5585	(67,384.6516)	1,356,055.1515

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

	Participations at the beginning of the period	Participations issued	Participations redeemed	Participations at the end of the period
Class A USD	233,697.1428	-	(3,900.0003)	229,797.1425
Class A Euro	1,169,347.0678	31,276.7267	(24,281.2091)	1,176,342.5854
Class C Euro	74,947.5884	-	(4,786.7084)	70,160.8800
Total	1,477,991.7990	31,276.7267	(32,967.9178)	1,476,300.6079

Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Fund does not intend to pay dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. During the periods ended 30 June 2023 and 2022, the Fund did not declare dividends or make distributions and all earnings were reinvested in the Fund.

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

7. Interest income

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

8. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than financial assets and liabilities. For the period ended 30 June 2023, this amounted to a gain of USD 14,544 (2022: a loss of USD 79,172). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one United States Dollar is shown):

	30 June 2023		30 June 2022	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 United States Dollar)</i>				
Euro	0.9249	0.9165	0.9167	0.9539

9. Investment return

<i>(All amounts in USD)</i>	Profit	2023	2023	2022
		Loss	Total	Total
Investee funds				
Realised result	1,329,357	(5,958)	1,323,399	1,058,792
Unrealised result	6,427,465	(2,314,959)	4,112,506	(23,072,667)
	7,756,822	(2,320,917)	5,435,905	(22,013,875)
Derivative financial instruments				
Realised result	10,814,990	(10,031,246)	783,744	(12,181,912)
Unrealised result	914,257	(794,438)	119,819	36,411
	11,729,247	(10,825,684)	903,563	(12,145,501)
Total result	19,486,069	(13,146,601)	6,339,468	(34,159,376)

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

10. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the periods ended 30 June 2023 and 2022.

<i>(All amounts in USD)</i>	2023	2022
Expenses accruing to Fund Manager		
Management fee	(67,056)	(74,076)
Other expenses		
Bank charges	(786)	(38,852)
Custody fee	(35,065)	(34,989)
Administration fee	(31,164)	(37,287)
Depository fee	(13,280)	(15,261)
Regulatory fee	(13,196)	(6,193)
Audit fee	(11,792)	(10,815)
FATCA fees	-	(2,000)
Legal ownership fee	(5,134)	(4,656)
Interest expense	(827)	(7,773)
Other operational costs	(35,768)	(8,706)
Total	(214,068)	(240,608)

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the period ended 30 June 2023, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as interest expense of USD 827 (2022: USD 7,773), regulatory fees of USD 13,196 (2022: USD 6,193), bank charges of USD 786 (2022: USD 38,852), FATCA fees of USD nil (2022: USD 2,000) and other operational costs of USD 35,768 (2022: USD 8,706) which are not detailed in the Prospectus.

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (*CONTINUED*)

11. RELEVANT CONTRACTS

Fund Manager

Management fee

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

Details of management fees charged for the 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 of 0.04% of the NAV, as of the last day of each month, subject to an annual minimum fee of EUR 20,000 (including VAT). The fee is calculated monthly and paid quarterly in arrears.

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

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

Custodian

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

Legal owner fee

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

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor for the audit of the annual financial statements.

Depository

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

Notes to the Interim Financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS *(CONTINUED)*

12. RELATED PARTY TRANSACTIONS

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

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

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

The Fund Manager is considered a related party also.

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

Transactions from 1 January 2023 – 30 June 2023 and balances as at 30 June 2023

	Paid	Balance
	USD	USD
Management fee	(67,077)	(11,101)

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

	Paid	Balance
	USD	USD
Management fee	(76,494)	(11,327)

Notes to the Interim Financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

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

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

Market risk

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

Market price risk

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

As at 30 June 2023 and 31 December 2022, price risk arises on the Fund's investments in investee funds.

Interest rate risk

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

Currency risk

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

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

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such, the Fund has a settlement risk of USD 115 million (31 December 2022: USD 116 million).

Notes to the Interim Financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Market risk (continued)

Currency risk (continued)

The currency exposure of the Fund at 30 June 2023 is as follows:

		2023	
	Net position	Notional amounts	Total
	USD	swaps	currency
		USD	exposure
			USD
Currency			
Euro	13,023,021	114,559,067	127,582,088
Participations in EUR			<u>(130,679,260)</u>
Total currency exposure			<u>(3,097,172)</u>

As at 30 June 2023 all FX hedging (swaps) contracts will mature within 1 month.

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

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

Notes to the Interim Financial statements

13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from cash, derivative financial assets and interest receivable. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amount to USD 3,264,842 as at 30 June 2023 (31 December 2022: USD 6,485,826).

Liquidity risk

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

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

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

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

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

Sustainability risk

Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment. Sustainability risk in the context of the Fund is defined as the risk of a decrease in the value of an investment of the Fund due to an environmental, social or governance (ESG) related event. Such an event may have a direct negative impact on the financials of a portfolio company or a longer-term impact on the operations or earnings capacity of the portfolio company.

The Fund Manager does consider the effects of material sustainability risks on the value of the Fund's investments. Since the Fund does not promote environmental and/or social characteristics, nor has sustainable investment as its objective, it is not required to consider the principal adverse impacts of its investment decisions.

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

Considering the scope of the Fund's investment policy, it is not possible to pre-define which sustainability risks will likely be material. Additionally, the estimated sensitivity of the Fund to specific sustainability risks will depend on the sector diversification. The broader the diversification across economic sectors, the lower the sensitivity.

Notes to the Interim Financial statements

14. EVENTS AFTER THE BALANCE SHEET DATE

The Russian invasion in Ukraine continues to cause uncertainty. The Fund has no direct or indirect exposure to Ukraine, Belarus or Russia. On behalf of the Fund Manager, the Administrator of the Fund carries out ongoing sanctions screening on the investors of the Fund. Here, no hits have been identified. Further escalation of the conflict is expected to dampen global growth, especially in Europe. This might have an impact on the performance of the Fund.

15. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 17 August 2023.

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. Any sums which it determines to distribute shall be paid to participants pro rata to the number of participations held by each of them.

Interests held by the Directors

As at 30 June 2023 and 1 January 2023, the Board of Directors did not hold any shares in the Fund or in any of the investments that the Fund holds.

Provision of information

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