

# Windmill Trend Evolution Fund

The Netherlands

UNAUDITED INTERIM FINANCIAL STATEMENTS

**for the period ended 31 December 2015**

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## General information

Registered Office	3 Gustav Mahlerplein 1082 MS Amsterdam The Netherlands
Fund Manager	Privium Fund Management B.V. 3 Gustav Mahlerplein 1082 MS Amsterdam The Netherlands
Investment Advisor	HJCO Capital Partners B.V. Beurs-World Trade Center, 19 <sup>th</sup> Floor Beursplein 37 3011 AA Rotterdam The Netherlands
Legal Owner	TMF Bewaar B.V. Herikerbergweg 238 1101 CM Amsterdam Zuidoost The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent Auditor*	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ Den Haag The Netherlands
Legal and tax counsel	Van Campen Liem J.J. Viottastraat 52 1071 JT Amsterdam The Netherlands
Bank	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

*\*The interim financial statements are not audited by the Independent Auditor.*

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## Profile

Windmill Trend Evolution Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account for Dutch tax purposes (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and the participants. The Fund commenced operations on 1 April 2014.

The investment objective of the Fund is to achieve medium-term capital gains for the participants. To achieve this objective, the Fund primarily invests in Class A1 Evolution EUR shares (the “AHL shares”) issued from the Class A Segregated Portfolio of AHL (Cayman) SPC (the “AHL Fund”) and may acquire interests in other investment funds mainly focused on innovative systematic strategies that invest outside the mainstream markets.

The NAV per participation at the end of the reporting period is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
NAV per participation <sup>1</sup>	116.19	113.59

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<sup>1</sup> The NAV per participation is calculated in accordance with Dutch GAAP. Refer to note 15 of these interim financial statements for the reconciliation between the NAV calculated in accordance with the Prospectus (EUR 116.35 as of 31 December 2015) and the NAV calculated in accordance with Dutch GAAP (EUR 116.19 as of 31 December 2015).

## Interim financial statements

### BALANCE SHEET

	Note	31 December 2015 EUR	30 June 2015 EUR
<b>Assets</b>			
<b>Investments</b>			
Investee funds	3	<u>35,387,573</u>	<u>26,567,763</u>
		<b>35,387,573</b>	<b>26,567,763</b>
<b>Current assets (fall due in less than 1 year)</b>			
Receivable for investments sold	5	108,000	-
Cash and cash equivalents	4	237,966	454,650
Prepaid investments	6	<u>-</u>	<u>6,366,667</u>
		<b>345,966</b>	<b>6,821,317</b>
<b>Total assets</b>		<u><b>35,733,539</b></u>	<u><b>33,389,080</b></u>
<b>Current liabilities (fall due in less than 1 year)</b>			
Subscriptions received in advance	8	(217,500)	(6,829,160)
Accrued expenses and other payables	7	<u>(59,831)</u>	<u>(32,145)</u>
		<b>(277,331)</b>	<b>(6,861,305)</b>
<b>Total liabilities</b>		<u><b>(277,331)</b></u>	<u><b>(6,861,305)</b></u>
<b>Total assets minus total liabilities</b>		<u><b>35,456,208</b></u>	<u><b>26,527,775</b></u>
<b>Equity</b>			
Contribution of participants	9	33,692,268	24,650,416
Unappropriated profit		<u>1,763,940</u>	<u>1,877,359</u>
<b>Total shareholders' equity</b>		<u><b>35,456,208</b></u>	<u><b>26,527,775</b></u>

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

## Interim financial statements

### INCOME STATEMENT (For the period ending 31 December)

	<i>Note</i>	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b> <i>(Note 2)</i>
<b>Investment income</b>			
<i>Indirect investment result</i>			
Realised losses on investee funds		(6,743)	-
Unrealised gains on investee funds		13,388	1,834,919
	<i>3, 10</i>	<u><b>6,645</b></u>	<u><b>1,834,919</b></u>
<b>Total investment income</b>		<u><b>6,645</b></u>	<u><b>1,834,919</b></u>
<b>Expenses</b>			
Management fee	<i>12, 13</i>	(74,924)	(50,425)
Administration fee	<i>12</i>	(15,209)	(13,472)
Depositary fee	<i>12</i>	(8,830)	(5,944)
Legal owner fee		(8,218)	(12,118)
Audit fee		(5,445)	(6,534)
Brokerage fees		(4,025)	-
Licence fee		(1,750)	-
Bank charges (including transaction costs)		(1,163)	(933)
Other general expenses		(500)	(1,050)
Incorporation costs	<i>15</i>	-	(83,384)
<b>Total expenses</b>	<i>11</i>	<u><b>(120,064)</b></u>	<u><b>(173,860)</b></u>
<b>Net (loss)/profit</b>		<u><b>(113,419)</b></u>	<u><b>1,661,059</b></u>

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

## Interim financial statements

### STATEMENT OF CASH FLOWS (For the period ending 31 December)

	<i>Note</i>	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b> <i>(Note 2)</i>
<b>Cash flows from operating activities</b>			
Net payments for investments		(2,554,498)	(15,301,656)
Management fee paid		(71,726)	(43,242)
Depositary fee paid		(8,830)	(5,944)
Administration fee paid		(5,300)	(7,500)
Legal owner fee paid		(4,109)	(8,337)
Incorporation costs paid		-	(74,135)
Bank charges paid		(1,163)	(933)
Other general expenses paid		(1,250)	(601)
<b>Net cash flows used in operating activities</b>		<b><u>(2,646,876)</u></b>	<b><u>(15,442,348)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from sales of participations		3,143,348	18,646,766
Payments on redemptions of participations		(713,156)	(72,522)
<b>Net cash flows generated from financing activities</b>		<b><u>2,430,192</u></b>	<b><u>18,574,244</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(216,684)</b>	<b>3,131,896</b>
Cash and cash equivalents at the beginning of the period		454,650	-
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b><u>237,966</u></b>	<b><u>3,131,896</u></b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		237,966	3,131,896
<b>Total cash and cash equivalents</b>	<b>4</b>	<b><u>237,966</u></b>	<b><u>3,131,896</u></b>

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

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## Notes to the interim financial statements

### 1. GENERAL INFORMATION

Windmill Trend Evolution Fund (the “Fund”) is structured as a contractual fund with an open-ended redemption structure under Dutch law. The Fund is a closed fund for joint account for Dutch tax purposes (*besloten fonds voor gemene rekening*) and is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Legal Owner and the participants. The Fund commenced operations on 1 April 2014.

The investment objective of the Fund is to achieve medium-term capital gains for the participants. To achieve this objective, the Fund primarily invests in Class A1 Evolution EUR shares (the “AHL shares”) issued from the Class A Segregated Portfolio of AHL (Cayman) SPC (the “AHL Fund”) and may acquire interests in other investment funds mainly focused on innovative systematic strategies that invest outside the mainstream markets.

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

The Fund had no employees during the period ended 31 December 2015 and 31 December 2014.

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.

The interim financial statements have been authorised for issue by the Fund Manager on 6 May 2016.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

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

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

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

#### Functional currency

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

#### Recognition and measurement

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

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

#### Estimates

The preparation of interim financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies. If necessary, for the purposes of providing the view required under 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 interim financial statements in question.

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## Notes to the interim financial statements

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

#### **Foreign exchange**

Transactions in foreign currency, if any, are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates are recognised in the income statement. 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 investments in investee funds held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

#### **Classification of participations**

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

#### **Basis of valuation - policies in preparing the balance sheet**

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

Gains and losses arising from fair value changes are recognised in the income statement as 'realised losses on investee funds' and 'unrealised gains on investee funds'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2015, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) net asset value ("NAV") of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the hedge funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the hedge funds. As at 31 December 2015 and 30 June 2015, no such adjustments were made.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value.

#### *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 are included at fair value.

#### **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### **Principles for determining the result**

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

The changes in value of the investments in investee funds are accounted for in the income statement.

Dividends from investee funds are included at the date when they are declared.

Expenses are accounted for in the income statement on the accrual basis. Transaction costs in relation to investee funds are capitalised.

## Notes to the interim financial statements

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

#### Tax position

The Fund qualifies as a transparent or “closed” fund for joint-account for Dutch tax purposes. The Fund does not qualify as a taxable entity. Distributions by the Fund are not subject to Dutch dividend withholding tax.

#### Comparative figures

The comparative figures reflect the period from 1 April 2014 (date of incorporation) to 31 December 2014 and are therefore not entirely comparable with the current reporting period included in these financial statements.

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### Movement in schedule of investments

<i>(All amounts in EUR)</i>	<b>1 July to 31 December 2015</b>	<b>1 April 2014 to 30 June 2015</b>
<b>Investment in investee funds</b>		
As at the beginning of the period	26,567,763	-
Purchases	9,078,665	24,431,653
Sales	(265,500)	-
Realised	(6,743)	-
Unrealised	13,388	2,136,110
<b>As at the end of the period</b>	<b><u>35,387,573</u></b>	<b><u>26,567,763</u></b>

#### 4. Cash and cash equivalents

As at 31 December 2015, cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V. amounting to EUR 237,966 (30 June 2015: EUR 454,650). As at 31 December 2015 and 30 June 2015, no restrictions in the use of this balance exist.

#### 5. Receivable for investments sold

During the period ended 31 December 2015, the Fund redeemed shares from funds that only make full final payment of the redemptions upon completion of their audit of the fiscal year. On these redemptions the Fund received full payment. The proceeds were paid to the Fund during 2016.

As at 31 December 2015, the receivable for investments sold amounts to EUR 108,000 (30 June 2015: EUR Nil).

## Notes to the interim financial statements

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

#### 6. Prepaid investments

As at 30 June 2015, prepaid investments amount to EUR 6,366,667.

During the year ended 30 June 2015, the Fund subscribed for shares of investment funds which were to be settled on the first business day after the reporting date. Subscribers in investment funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the funds. All prepaid investments were converted into the following investments subsequent to the reporting date.

<i>(All amounts in EUR)</i>	<b>30 June 2015</b>
AHL (Cayman) SPC	5,861,667
MAN AHL Volatility Alternative	168,500
Man AHL Directional Equities Alternative	336,500
<b>Total prepaid investments</b>	<b><u>6,366,667</u></b>

#### 7. Accrued expenses and other payables

As at 31 December 2015 and 30 June 2015, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	<b>31 December 2015</b>	<b>30 June 2015</b>
Administration fee payable	(18,709)	(8,800)
Audit fee payable	(16,335)	(10,890)
Management fee payable	(12,728)	(9,530)
Brokerage fee payable	(5,950)	-
Legal owner fees payable	(4,109)	-
Licence fee payable	(1,500)	(750)
Other payables	(500)	(2,175)
Incorporation costs payable	-	-
<b>Total accrued expenses and other payables</b>	<b><u>(59,831)</u></b>	<b><u>(32,145)</u></b>

#### 8. Subscriptions received in advance

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

As at 31 December 2015, the subscriptions received in advance amount to EUR 217,500 (30 June 2015: EUR 6,829,160). On 04 January 2016, the Fund issued 1,776.8426 (01 July 2015: 58,542.6866) participations to the subscribing participants.

## Notes to the interim financial statements

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

#### 9. Share capital

##### *Structure of the Fund's capital*

Windmill Trend Evolution Fund is structured as a contractual fund with an open-ended structure and is subject to Dutch law.

The movement of equity in the participations during the period is as follows:

<i>(All amounts in EUR)</i>	<b>1 July to 31 December 2015</b>	<b>1 April to 31 December 2014</b>
<i>Contributions of participants</i>		
Balance at the beginning of the period	24,650,416	-
Issue of participations	9,755,008	18,375,535
Redemption of participations	(713,156)	(72,522)
<b>Total contributions at the end of the period</b>	<b>33,692,268</b>	<b>18,303,013</b>
<i>Unappropriated profit</i>		
Balance at the beginning of the period	1,877,359	-
Net (loss)/profit	(113,419)	1,661,059
<b>Total undistributed profit at the end of the period</b>	<b>1,763,940</b>	<b>1,661,059</b>
<b>Equity at the end of the period</b>	<b>35,456,208</b>	<b>19,964,072</b>

Participants can, at the sole discretion of the Fund Manager, subscribe to the Fund on a monthly dealing day at the subscription price. The subscription price is equal to the NAV per participation as at the valuation date immediately preceding the applicable subscription date. The minimum initial subscription for each participant is EUR 10,000. The minimum subscription amount may be waived by the Fund Manager in its sole discretion.

The Fund Manager will redeem participations at the request of a participant on a monthly redemption day. The redemption price of a participation is equal to the NAV per participation as at the valuation date immediately preceding the redemption date on which the relevant participant is redeemed. Applications for redemptions must be received at least ten business days before the relevant redemption date. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants.

The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

The movement of participations during the period ended 31 December 2015 is as follows:

	<b>Participations at the beginning of the period</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the period</b>
Participations	228,034.9461	83,112.5760	(5,983.1030)	305,164.4191
<b>Total</b>	<b>228,034.9461</b>	<b>83,112.5760</b>	<b>(5,983.1030)</b>	<b>305,164.4191</b>

The movement of participations during the period ended 31 December 2014 is as follows:

	<b>Participations at the beginning of the period</b>	<b>Participations issued</b>	<b>Participations redeemed</b>	<b>Participations at the end of the period</b>
Participations	-	176,417.2101	(668.3082)	175,748.9019
<b>Total</b>	<b>-</b>	<b>176,417.2101</b>	<b>(668.3082)</b>	<b>175,748.9019</b>

## Notes to the interim financial statements

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

#### 9. Share capital (continued)

##### Capital management

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

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 10. Investment return

<i>(All amounts in EUR)</i>	<b>Profit</b>	<b>2015 Loss</b>	<b>Total</b>	<b>2014 Total</b>
<b>Investee funds</b>				
Realised results	766	(7,509)	(6,743)	-
Unrealised results	158,685	(145,297)	13,388	1,834,919
<b>Total result</b>	<b>159,451</b>	<b>(152,806)</b>	<b>6,645</b>	<b>1,834,919</b>

#### 11. Costs

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

<i>(All amounts in EUR)</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Expenses accruing to Fund Manager</b>		
Management fee	(74,924)	(50,425)
<b>Other expenses</b>		
Administration fee	(15,209)	(13,472)
Depositary fee	(8,830)	(5,944)
Legal owner fee	(8,218)	(12,118)
Audit fee	(5,445)	(6,534)
Brokerage fee	(4,025)	-
Licence fee	(1,750)	-
Bank charges (including transaction costs)	(1,161)	(927)
Other general expenses	(500)	(1,050)
Commission fees	(2)	(6)
Incorporation costs	-	(83,384)
<b>Total</b>	<b>(120,064)</b>	<b>(173,860)</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 period ended 31 December 2015 and 31 December 2014, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus.

## Notes to the interim financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

#### 11. Costs *(continued)*

##### *Ongoing charges ratio\**

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

For the period ended 31 December 2015, the ongoing charges ratio for the Fund is as follows:

	<b>2015</b>
Ongoing charges ratio	0.33%
Ongoing charges ratio including expenses of underlying funds	0.81%

For the period ended 31 December 2014, the ongoing charges ratio for the Fund is as follows:

	<b>2014</b>
Ongoing charges ratio	1.15%
Ongoing charges ratio including expenses of underlying funds	1.17%

##### *Turnover factor\**

This ratio demonstrates the rate at which the Fund's portfolio is turned over. For the period ended 31 December 2015, the turnover factor for the Fund is (3.23)%. For the period ended 31 December 2014, the turnover factor for the Fund is (20.83)%. The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

*\*Please note these ratios are not annualised.*

### 12. RELEVANT CONTRACTS

#### **Fund Manager**

##### *Management fee*

Privium Fund Management B.V. acts as the Fund Manager to the Fund. The Fund Manager is entitled to a management fee of 0.43% of the NAV of the Fund (before deduction of Management fee), as at the last calendar day of each month. The management fee is subject to a minimum of EUR 50,000 per annum and is payable monthly in arrears.

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

#### **Administrator**

The Fund has entered into an administration agreement with Custom House Fund Services (Netherlands) B.V. The Administrator charges a fee based on 0.08% of the NAV of the Fund up to EUR 30 million, 0.06% of the NAV between EUR 30 million and EUR 50 million, 0.04% between EUR 50 million and EUR 100 million and 0.02% on the NAV above EUR 100 million, to be calculated monthly and paid quarterly in arrears and with a minimum annual fee of EUR 15,000 per annum. The Administrator will charge an additional fee of EUR 3,500 for the preparation of the annual report.

In addition, effective 1 February 2015, certain trading duties were transferred from TMF Bewaar B.V. to the Administrator. The Administrator charges a fee of EUR 250 per initial trade, EUR 175 per subsequent trade and EUR 75 per tax document required for an underlying investment.

Details of administration fees charged for the period are disclosed on the face of the income statement.

## Notes to the interim financial statements

### 12. RELEVANT CONTRACTS (CONTINUED)

#### Depositary

Darwin Depositary Services B.V. is entitled to an annual fee of EUR 12,500 in remuneration of its service to the Fund. The fee is payable quarterly in advance. The Depositary charges a fee of EUR 3,000 for the on-boarding process, payable in advance.

### 13. RELATED PARTY TRANSACTIONS

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

The Fund Manager is considered a related party.

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

#### 2015 transactions and balances as at 31 December 2015

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(71,726)	(12,728)

#### 2015 transactions and balances as at 30 June 2015

	<b>Paid EUR</b>	<b>Balance EUR</b>
Management fee	(95,134)	(9,530)

The Investment Advisor is also considered a related party. As at 31 December 2015, the Investment Advisor and/or its employees held 4,498.7631 shares in the Fund.

### 14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's investment objective is to achieve medium-term capital gains for the participants.

The Fund attempts to accomplish its objective by primarily investing in AHL shares issued from the AHL Fund and may acquire interests in other investee funds established worldwide mainly focused on similar innovative systematic strategies that invest outside the mainstream markets.

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

The investee funds, to which the fund subscribes, may also indirectly expose the Fund to the financial risks as detailed above and because of this indirect exposure the financial risks discussed herein may not fully indicate the total exposure of the Fund.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, currency risk and interest rate risk.

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## Notes to the interim financial statements

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

#### **Market risk** (*continued*)

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash at bank which is 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.

As at 31 December 2015, 100% (30 June 2015: 100%) of the assets and liabilities of the Fund are denominated in the functional currency and therefore the Fund is not exposed to currency risk at the reporting date.

#### **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. The carrying values of financial assets (excluding any investments in investee funds) best represent the maximum credit risk exposure at the reporting date and amounts to EUR 345,966 (30 June 2015: EUR 454,650).

#### **Liquidity risk**

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

The Fund's Prospectus provides for the monthly creation and cancellation of participations and it is therefore exposed to the liquidity risk of meeting participants redemptions. To manage this liquidity risk the Fund has a ten day notice period for the participants. In addition, the Fund has eleven business days after the release of the NAV of the applicable redemption date to pay the redemption proceeds to the participants. The Fund's assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem participations as requested by its participants for at least 10% of the assets managed.

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.

As at 31 December 2015 and 30 June 2015, the Fund invests in the AHL Fund. The Fund may redeem their investment in the AHL Fund on a monthly dealing day, provided 5 business days notice is given before the relevant dealing day. Payments are ordinarily made by the AHL Fund within 10 business days of the valuation day.

## Notes to the interim financial statements

### 15. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the NAV in accordance with the Prospectus and the NAV as determined in accordance with Dutch Accounting Standard 210 ("Dutch GAAP").

The Prospectus states that incorporation costs should be amortised over 5 years. Dutch GAAP prefers that incorporation costs be expensed immediately.

	<b>31 December 2015 EUR</b>	<b>31 December 2014 EUR</b>
<b>Net assets attributable to holders of participations in accordance with the Prospectus</b>	35,506,273	20,035,332
<b>Adjustments</b>		
Unamortised incorporation costs	(50,065)	(71,260)
<b>Adjusted net assets attributable to holders of participations in accordance with Dutch GAAP</b>	<b><u>35,456,208</u></b>	<b><u>19,964,072</u></b>
Number of participations	305,164.4191	175,748.9019
NAV per participation in accordance with the Prospectus	116.35	113.99
NAV per participation in accordance with Dutch GAAP	116.19	113.59

### 16. PROVISION OF INFORMATION

The interim financial statements and the Prospectus of the Fund are available free of charge from the Fund Manager.

### 17. EVENTS AFTER THE BALANCE SHEET DATE

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

### 18. DATE OF AUTHORISATION

The interim financial statements have been authorised for issue by the Fund Manager in Amsterdam on 6 May 2016.