

**PRIVIUM FUND MANAGEMENT B.V.,
AMSTERDAM**

Annual Report 2013
April 30, 2014



CONTENTS

	Page	
FINANCIAL REPORT		
1	Audit	2
2	Appropriated results	3
3	Financial position	4
4	Tax position	5
1	ANNUAL REPORT OF THE MANAGING DIRECTORS	6
FINANCIAL STATEMENTS		
1	Balance as at December 31, 2013	9
2	Profit and loss account of 2013	10
3	Notes to the financial statements	11
4	Notes to the balance sheet as at December 31, 2013	13
5	Notes to the profit and loss account of 2013	17
OTHER INFORMATION		
1	Statutory appropriation of profit	20
2	Recognition of the loss for 2013	20
3	Post balance sheet events	20
4	Independent auditor's report	20



FINANCIAL REPORT



To the Board of Directors of
Privium Fund Management B.V.
Gustav Mahlerplein 3, 26 floor
1082 MS Amsterdam

<i>Reference</i>	<i>Processed by</i>	<i>Date</i>
10000665	JdH	April 30, 2014

Subject

Annual report of 2013

Dear Board of Directors,

We hereby send you the report regarding the financial statements for the year 2013 of Privium Fund Management B.V.

1 AUDIT

In accordance with your instructions we have compiled the annual account 2013 of Privium Fund Management B.V. , including the balance sheet with counts of € 342,257 and the profit and loss account with a negative post-tax result of € 2,021.

For the independent auditor's report we refer to the chapter "other information" on page 20 of this report.

Privium Fund Management B.V. in Amsterdam

1.1 Recognition of the 2012 loss

The result amounting to € 5,618 has been carried forward as accumulated deficit.

2 APPROPRIATED RESULTS**2.1 Development of income and expenses**

The result after taxation for 2013 amounts to negative € 2,021 compared to negative € 5,618 for 2012. The results for both years can be summarized as follows:

	2013		2012	
	€	%	€	%
Nett turnover	346,730	100.0	58,101	100.0
Movement of work in progress	30,787	8.9	-	-
Turnover costs	246,020	71.0	-	-
Gross turnover result	131,497	37.9	58,101	100.0
Gross margin	131,497	37.9	58,101	100.0
Expenses				
Cost of subcontracted work and other external charges	79,417	22.9	8,109	14.0
Employee expenses	22,599	6.5	25,426	43.8
Amortisation and depreciation	-	-	223	0.4
Other operating expenses	22,193	6.4	27,747	47.7
	124,209	35.8	61,505	105.9
Operating result	7,288	2.1	-3,404	-5.9
Financial income and expenses	-4,519	-1.3	-1,592	-2.7
Result from general operations before tax	2,769	0.8	-4,996	-8.6
Taxation on result from general operations	-	-	-	-
Extraordinary expenses	-4,790	-1.4	-622	-1.1
Result after taxation	-2,021	-0.6	-5,618	-9.7

Privium Fund Management B.V. in Amsterdam

3 FINANCIAL POSITION

The balance sheets can be summarized as follows:

	12/31/2013	12/31/2012
	€	€
Long term funds:		
Equity capital	144,104	146,124
This amount is applied as follows:		
Claims	182,560	38,583
Liquid assets	159,697	231,731
	342,257	270,314
Debit: Short-term debt	198,153	124,190
Working capital	144,104	146,124

Privium Fund Management B.V. in Amsterdam

4 TAX POSITION

4.1 Tax entity

For purposes of corporate income tax, Cleardown B.V. forms a fiscal unity with its subsidiaries:

- Privium Fund Management B.V.

The corporate income tax of the subsidiaries is calculated as if the subsidiary is independently tax liable.

We will gladly provide further explanations upon request.

Sincerely yours,
Bacom Consultancy Groep

R. Beers
Consultant



Report board of directors - Privium Fund Management BV

Result

After being launched in 2012, Privium Fund Management BV (Privium) reached some important milestones in 2013. Privium applied for and received its AFM licence, 3 more funds were launched and turnover rose by 496% to Euro 346.730. The net result was a Euro 2.021 loss, compared to a loss of Euro 5.618 in 2012. Management is optimistic about the opportunities in 2014. Further growth is to be expected in terms of funds under management, turnover and potential for profit.

Funds

2013 was a good first full year for the Strategy One Fund, after being launched in 2013. The fund made +10% net of fees for investors and was rewarded by investors for that by steady inflow of capital.

Privium launched the Amsterdams Klimaat & Energiefonds (AKEF) in 2013, after winning the European procurement procedure. The City of Amsterdam is the biggest investor in this fund whereby the investment is locked up for a period of 15 years, with a possible extension of 5 years. The aim of AKEF is to make investments that both reduce CO2 emission and make a commercial return of at least 7%

The Lowestoft Equity Fund was launched for a close group of professional investors that wanted to invest in a market neutral event driven fund. The plan is to build track record for 2-3 years before we will market the fund to institutional investors.

The last fund that was launched in 2013 is the Evolving CTA Fund. The fund is a cooperation with RPM risk and portfolio management. RPM is a Stockholm based CTA selection and risk monitoring expert, with 20 year track record and a solid reputation. RPM is best known in The Netherlands for the services they provide to Transtrend, which is how the Privium board initially got to know the firm as well. The Evolving CTA Fund invests in a pool of CTA managed accounts, that are selected by RPM. The CTA's all have the label 'emerging' as that is where RPM has been able to add the most value in the past.

Team

The core team of Privium Fund Management BV consisted of 6 people in 2013. Another 6, the portfolio managers that make active investment decisions, are part of the team. These 12 people were involved in determining and execution the investment policies, risk management, mid office administration and business development. Further growth is to be expected in 2014.

Regulation

In 2013 Privium Fund Management BV has applied for and received its AFM investment management license. The license (artikel 2:65, eerste lid, sub a van de Wet op het financieel toezicht (Wft)¹) was grandfathered during the first year after the AIFMD implementation. The license will automatically be converted into an AIFMD license as of 22 July 2014. Privium started to prepare for the AIFMD long before it was implemented as both board members of Privium were members of the AIFMD soundboard at the Dutch Ministry of Finance. CLCS has been hired to coordinate the implementation process. Following the implementation of AIFMD Privium was disappointed with the restricted choice of AIFMD-Depositary providers for open-end funds.

Market environment

The summer of 2013 marked the change in investor appetite for investing in general, but also to support new fund management initiatives and to invest in other than the biggest funds. Privium obviously benefits from this more optimistic and entrepreneurial spirit. We have been very active in speaking to investors and investment management solutions. Not only have we been in touch via our Privium offices (in Amsterdam, London and Hong Kong), but we have also visited several seminars across Europe and we have been to the US as well.

Outlook

As indicated above, we are optimistic about the future and expect to continue our expansion in terms of the number of funds, Assets under Management and our team.

Amsterdam, April 29, 2014

The board of Privium Fund Management BV:

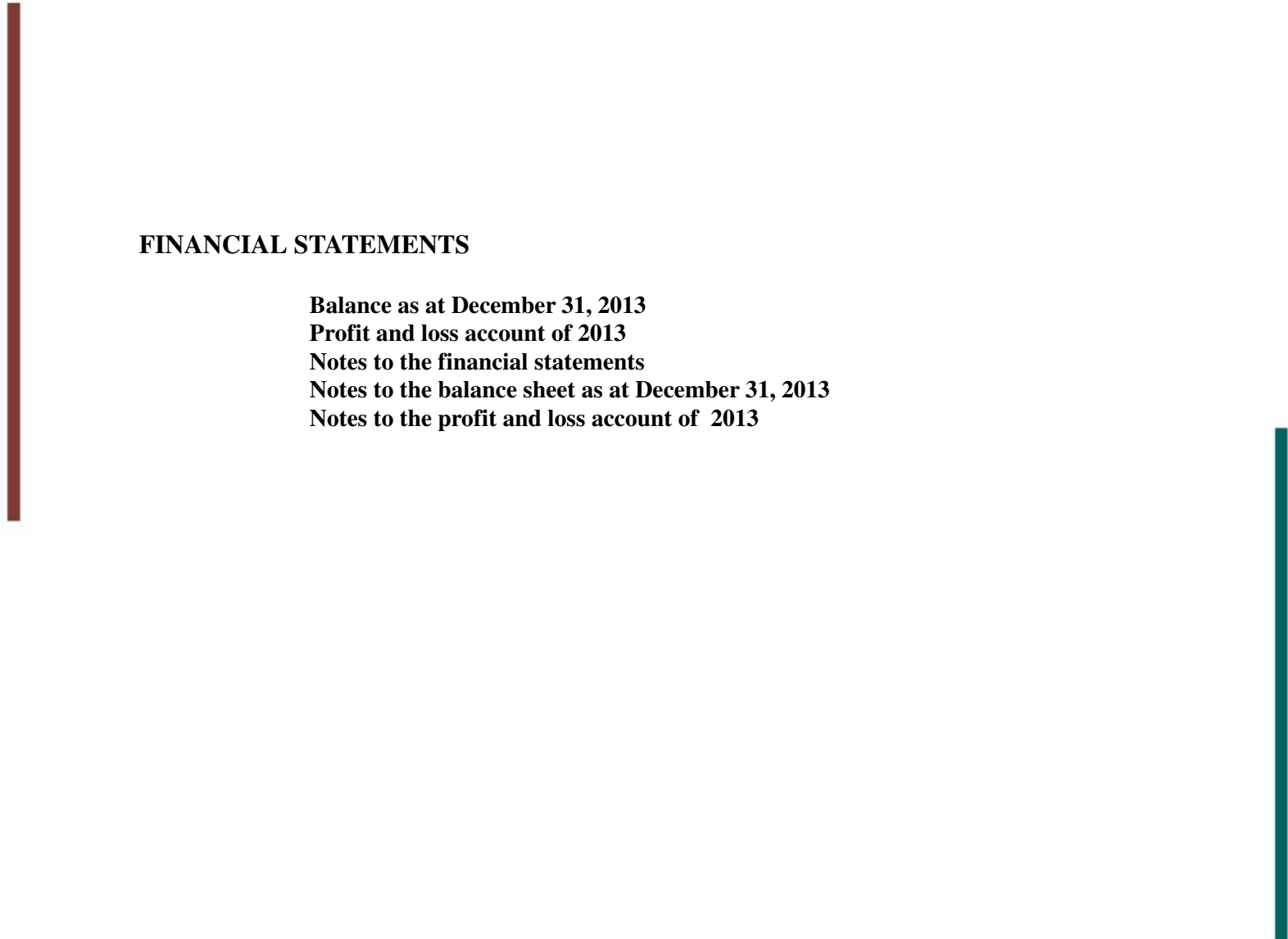
Dhr. Clayton Heijman

Dhr. Mark Baak

¹ <http://www.afm.nl/nl/professionals/registers/alle-huidige-registers/beleggingsinstelling.aspx?index=0&id=6DD5B675-5C5C-E111-9BC9-005056BE1653&all=1&q=privium>

FINANCIAL STATEMENTS

Balance as at December 31, 2013
Profit and loss account of 2013
Notes to the financial statements
Notes to the balance sheet as at December 31, 2013
Notes to the profit and loss account of 2013



Privium Fund Management B.V. in Amsterdam

1 BALANCE AS AT DECEMBER 31, 2013

(after recognition of the loss)

		December 31, 2013		December 31, 2012	
		€	€	€	€
ASSETS					
Current assets					
Claims	(2)	182,560		38,583	
Liquid assets	(3)	<u>159,697</u>		<u>231,731</u>	
			342,257		270,314
			<u>342,257</u>		<u>270,314</u>
LIABILITIES					
Equity capital					
	(4)				
Issued capital		150,000		150,000	
Share premium reserve		64,829		64,829	
Other reserves		<u>-70,725</u>		<u>-68,705</u>	
			144,104		146,124
Current liabilities	(5)		198,153		124,190
			<u>342,257</u>		<u>270,314</u>

2 PROFIT AND LOSS ACCOUNT OF 2013

		2013		2012	
		€	€	€	€
Nett turnover	(6)	346,730		58,101	
Movement work in progress	(7)	30,787		-	
Turnover costs	(8)	246,020		-	
Gross turnover result			131,497		58,101
			131,497		58,101
Expenses					
Cost of subcontracted work and other external charges	(9)	79,417		8,109	
Employee expenses	(10)	22,599		25,426	
Amortisation and depreciation	(11)	-		223	
Other operating expenses		22,193		27,747	
			124,209		61,505
Operating result			7,288		-3,404
Interest and similar income	(16)	1,008		866	
Interest and similar expenses	(17)	-5,527		-2,458	
Financial income and expenses			-4,519		-1,592
Result from general operations before tax			2,769		-4,996
Taxation on result from general operations			-		-
Result from general operations after tax			2,769		-4,996
Extraordinary expenses	(18)		-4,790		-622
Result after tax			-2,021		-5,618

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. The annual accounts have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Sites are not depreciated.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Liquid assets

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Liabilities

Liabilities are valued at nominal value, unless determined differently.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from services performed and the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the nett turnover and the costs and other expenses taking into account the aforementioned valuation principles.

Privium Fund Management B.V. in Amsterdam

Nett turnover

The nett turnover consists of revenue from during the reporting period nett of discounts, rebates and value added taxes.

Turnover costs

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

Gross margin

The gross operating profit and loss comprises nett turnover by the entity, other operating income and cost of outsourced work and other external charges.

Amortisation and depreciation

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Financial profit and losses on disposal of tangible fixed assets are recorded under amortisation/depreciation, profit only to the extent that the profit is not deducted from replacement investments.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Extraordinary income and expenses

Extraordinary income and expense comprises income and expenses who differ highly from ordinary operations and have therefore an extremely incidental character.

4 NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2013

ASSETS

FIXED ASSETS

1. Tangible fixed assets

	Furniture
	€
<i>Book value as of January 1, 2013</i>	
Purchase price	1,127
Cumulative depreciation and impairment	-1,127
	<u>-</u>
<i>Book value as of December 31, 2013</i>	
Purchase price	1,127
Cumulative depreciation and impairment	-1,127
Book value as per December 31, 2013	<u><u>-</u></u>
<i>Depreciation rates</i>	%
Furniture	20

CURRENT ASSETS

	12/31/2013	12/31/2012
	€	€
2. Claims		
Debtors	40,570	14,000
Group company receivables	111,003	24,383
Other receivables, deferred assets	30,987	200
	<u>182,560</u>	<u>38,583</u>
Debtors		
Trade debtors	<u>40,570</u>	<u>14,000</u>
Group company receivables		
Darwin Financial Platform B.V.	<u>111,003</u>	<u>24,383</u>
An interest rate of 1,5 % (Euribor 0,5 % + 1%) has been calculated.		
Deferred assets group		
Turnover to be invoiced	30,787	-
Deposit	200	200
	<u>30,987</u>	<u>200</u>
3. Liquid assets		
ABN AMRO 24.91.02.226	125,000	-
ABN AMRO 24.93.56.228 USD	27,847	20,086
ABN AMRO 24.91.02.218	6,850	211,645
	<u>159,697</u>	<u>231,731</u>

EQUITY AND LIABILITIES

4. Equity capital

	12/31/2013	12/31/2012
	€	€
Issued capital		
Subscribed and paid up 150,000 ordinary shares at par value € 1.00	150,000	150,000
The statutory share capital amounts to € 150,000. The shareholders of the company are as follows: - Cleardown B.V.		
		Common shares
		€
Book value as of January 1, 2013		150,000
Book value as of December 31, 2013		150,000
Statutory share capital		150,000
Shares issued		150,000
Par value		1.00
	2013	2012
	€	€
Share premium reserve		
Book value as of January 1	64,829	-
Allocation per December 20, 2012	-	64,829
Book value as of December 31	64,829	64,829
Other reserves		
Book value as of January 1	-68,704	-63,086
Allocation of financial year nett result	-2,021	-5,619
Book value as of December 31	-70,725	-68,705

Privium Fund Management B.V. in Amsterdam

	12/31/2013	12/31/2012
	€	€
5. Current liabilities		
Supplier creditor debt	71,277	453
Intercompany debt	99,937	114,392
Taxes and social securities	6,002	1,167
Accruals and deferred income	20,937	8,178
	<u>198,153</u>	<u>124,190</u>
Supplier creditor debt		
Creditors	<u>71,277</u>	<u>453</u>
Intercompany debt		
Cleardown B.V.	<u>99,937</u>	<u>114,392</u>
An interest rate of 1,5 % (Euribor 0,5 % + 1%) has been calculated.		
Taxes and social securities		
Turnover tax	5,673	1,470
Pay-roll tax	329	-303
	<u>6,002</u>	<u>1,167</u>
Accruals and deferred income		
Accounting costs	1,500	1,500
Auditing costs	1,000	1,050
Advise costs	1,433	-
Consultancy charges	17,004	5,628
	<u>20,937</u>	<u>8,178</u>

5 NOTES TO THE PROFIT AND LOSS ACCOUNT OF 2013

	2013	2012
	€	€
6. Nett turnover		
Net turnover	346,730	58,101
7. Movement work in progress		
Turnover to be received	30,787	-
8. Turnover costs		
Legal and tax counseling	151,481	-
Software	41,015	-
Promotion	22,487	-
External regulation	20,553	-
Compliance	7,040	-
Depository fee	3,444	-
	246,020	-
9. Cost of subcontracted work and other external charges		
Work contracted	79,417	8,109
10. Employee expenses		
Wages and salaries	13,340	13,340
Social security charges	-	460
Other labour costs	9,259	11,626
	22,599	25,426
<i>Wages and salaries</i>		
Gross wages	9,338	9,200
Wages 30% ruling	4,002	4,140
	13,340	13,340
<i>Social security charges</i>		
Social costs	-	460
<i>Other labour costs</i>		
Travelling expenses	9,259	11,626
11. Amortisation and depreciation		
Tangible fixed assets	-	223
Other operating expenses		

Privium Fund Management B.V. in Amsterdam

	2013	2012
	€	€
12. Operating costs		
Minor assets	1,570	-
13. Office expenses		
Office supplies	649	1,573
Automation costs	-	59
Telephone	24	-
Postage	236	-
Contributions and subscriptions	792	370
Insurance	6,667	-
	<u>8,368</u>	<u>2,002</u>
14. Selling and distribution expenses		
Representation costs	6,569	2,398
Business gifts	285	-
Travelling expenses	-	213
	<u>6,854</u>	<u>2,611</u>
15. General expenses		
Audit costs	1,850	-
Accounting costs	3,551	3,345
Consultancy fees	-	19,755
Other general expenses	-	34
	<u>5,401</u>	<u>23,134</u>
Financial income and expenses		
16. Interest and similar income		
Interest receivable Darwin Financial Platform B.V.	1,008	866
17. Interest and similar expenses		
Interest payable	-453	-35
Exchange rate differences	-3,479	56
Interest payable Cleardown B.V.	-1,595	-2,479
	<u>-5,527</u>	<u>-2,458</u>
18. Extraordinary expenses		
Extraordinary expenses	-4,790	-622

OTHER INFORMATION

OTHER INFORMATION**1 Statutory appropriation of profit**

Based on article 19 of the Articles of Association the result is at the disposal of the General Shareholders Meeting.

2 Recognition of the loss for 2013

The Board of Directors proposes to deduct the 2013 result from the other reserves for an amount of € 2,021. The General Meeting of Shareholders Shareholders will be asked to approve the appropriation of the 2013 result, this proposition is already recognised in the financial statements.

3 Post balance sheet events

Receipt of the claim group company Darwin Financial Platform B.V. is received prior to the date of the financial statements.

4 Independent auditor's report

The independent auditor's report is stated on page 21.

To the Board of Director's of Privium Fund Management B.V.
Gustav Mahlerplein 3, 26 floor
1082 MS Amsterdam

AG Accountancy
Oosteinderweg 568
1432 BS Aalsmeer
Telefoon: 020-5456010 / 06-53160586
E-mail: arie@bacomgroep.nl

Independent auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2013 of Privium Fund Management B.V., Aerdenhout. The financial statements comprise the balance sheet as at December 31, 2013, and the profit and loss account for the year 2013 and the notes, comprising a summary of the accounting policies and other explanatory information.

Administrator's responsibility

The administrator of the investment pool 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 and with the law on financial supervision. Furthermore the administrator is responsible for the preparation of the report of the administrator in accordance with Part 9 of Book 2 of the Dutch Civil Code. The administrator is also responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the administrator, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Privium Fund Management B.V. as at December 31, 2013, and of its result for the year 2013 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the administrator's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the administrator's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Aalsmeer, April 29, 2014

AG Accountancy



drs. A. Griffioen RA