



MINT TOWER

Semi-Annual Report 1 January - 30 June 2020



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General Information

The Mint Tower Arbitrage Fund (The Fund) was established on 6 September 2010. Mint Tower Capital Management B.V. (the Manager) is licensed as alternative investment fund manager (*beheerder van een beleggingsinstelling*) and solely manages the Fund (*beleggingsinstelling*). Please find below all contact information of the Manager, the Fund and the relevant collaboration partners.

Manager

Mint Tower Capital Management B.V.
Beursplein 5
1012 JW Amsterdam
The Netherlands

Legal & Compliance Advisor

Charco & Dique
Krijn Taconiskade 422
1087 HW Amsterdam
The Netherlands

Legal Owner

Stichting Juridisch Eigendom Mint Tower Arbitrage Fund
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Depository

IQ EQ Depository B.V.
Hoogoorddreef 15
1101 BA Amsterdam
The Netherlands

Administrator

IQ EQ Financial Services B.V. (Until 28th February 2020)
Amerika Building
Hoogoorddreef 15, 1101 BA Amsterdam
The Netherlands

Prime Brokers & Custodians

ABN AMRO Clearing Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Apex Fund Services (Netherlands) B.V. (From
1st March 2020)
Van Heuven Goedhartlaan 935A
1181 LD Amstelveen
The Netherlands

J.P. Morgan Securities plc
Bank street 25, Canary Wharf,
London E14 5JP
United Kingdom

Middle Office Services

Northern Trust (Until 31st March 2020)
50 Bank Street, Canary Wharf
London E14 5NT
United Kingdom

Kas Bank N.V.
De Entree 500,
1101 EE Amsterdam
The Netherlands

Deutsche Bank AG, New York branch
60 Wall Street, 36th Floor
New York, NY 10005, USA.

Mint Tower Capital Management B.V. (From
1st April 2020)
Beursplein 5
1012 JW Amsterdam
The Netherlands

Auditor

Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ Den Haag
The Netherlands

Profile

Contractual arrangement

The Fund is an open ended contractual fund created under Dutch law. As such the Fund itself is not a legal or natural person. The Fund is the aggregate of the assets less the accrued debts, liabilities and obligations as managed by the Manager, held by the Legal Owner in its own name and capacity and governed by the prospectus of the Fund published on the website of the Manager.

Legal relationship between unit holders, the Manager and the Depositary

The Fund is a fund for joint account (*fonds voor gemene rekening*). It is not a legal entity, but capital formed pursuant to a contract between the Manager, the Depositary, the Legal Owner and each of the unit holders. This agreement, which is mentioned in the prospectus of the Fund as published on the website, governs the management and custody of the assets and liabilities that have been acquired/entered into by the Fund for the account and risk of the unit holders as the Fund does not have legal personality, the Legal Owner is the legal owner of the assets and liabilities of the Fund. The Manager manages the Fund and the Depositary supervises the Manager on behalf of unit holders. The investments are held on one or more accounts at the custodian.

Tax transparency

The Fund is structured as a transparent fund for Dutch tax purposes. The Fund, from a corporate income tax perspective, is considered to be a “closed fund for joint account” (*besloten fonds voor gemene rekening*). This means that the Fund is fiscally transparent and is therefore not subject to Dutch corporate income tax or dividend withholding tax. For fiscal purposes, the assets and liabilities, as well as the revenues and the costs of the Fund, are directly allocated to the unit holders pro rata to their number of units, subject to and in accordance with the prospectus. Therefore, for tax purposes, each unit holder will be considered to participate directly in the investments in financial instruments of the Fund. Tax transparency is achieved if the units may only be issued and redeemed by and through the Fund itself (the Fund being represented by the Legal Owner). This means that units can only be redeemed or transferred through the Manager or, on its behalf, the Administrator. As a result the transfer or the creation of derived rights in relation to units is restricted

Unit transfer restrictions

The Fund has a closed nature (*besloten fonds voor gemene rekening*). Units may be sold only to the Legal Owner representing the Fund and to blood relatives in the direct line.

Open-end

The Fund is an open-ended alternative investment fund. Subject to certain restrictions, this means that on request it shall issue and redeem units against validated net asset values, increased by a subscription fee (in the case of an issue) or under deduction of a redemption fee (in the case of a purchase).

Manager

The Manager was established on September 2, 2010 and has its registered office in Amsterdam. The Manager is registered with the Chamber of Commerce Gelderland under number 50740571.

Financial Supervision

On the 12th of November 2015 the Manager has obtained a license as alternative investment fund manager (AIFM or *beheerder van een beleggingsinstelling*) within the meaning of Section 2:65 (a) of the Dutch financial supervision act (*Wet op het financieel toezicht*). The Manager therefore is under supervision of the Dutch financial regulators Authority Financial Markets (AFM) and De Nederlandsche Bank (DNB).



Not listed

The Fund is not listed on a stock exchange.

Legal owner

The sole task of the Legal Owner is to act on behalf of the unit holders as the legal owner of the assets of the Fund. All the assets that are or will be part of the Fund are acquired on the name of the Legal Owner in its own name for the account and risk of the unit holders.

Depository

The Manager has contracted IQ EQ Depository B.V. to act as the independent depository to the Fund.

The Depository must represent the interests of the Unit holders. Its main tasks and powers are:

- Holding in custody the financial instruments of the Funds as referred to in Article 21 (8a) AIFMD;
- Verifying the ownership of the other assets as referred to in Article 21 (8b) AIFMD and correctly recording them;
- Checking whether the Manager adheres to the investment policy set forth in the Prospectus;
- Checking that the cash flows of the Fund are in accordance with the provisions of the applicable regulations and the Prospectus;
- Checking whether, in transactions involving assets of the Fund, the counter-performance is paid to the Fund within the usual periods;
- Checking whether the Fund's revenues are being appropriated in accordance with the applicable regulations and the Prospectus;
- Checking whether the calculation of the Net Asset Value of the Units is done in accordance with the applicable regulations and the Prospectus;
- Checking whether Unit holders receive the correct number of Units upon issue and whether buy-backs and issues are settled correctly.

The Depository may only outsource the custody tasks. The Depository has delegated the safekeeping of the assets to ABN AMRO Clearing Bank N.V., JP Morgan Securities Plc., Kas Bank N.V. and Deutsche Bank AG (the Prime Brokers or Custodians).

Prime Broker

The clearing and depository operations for the Fund's security transactions are concentrated with the four Prime Brokers. The financial instruments of the Fund are registered with the Legal Owner on its own name and capacity on prime brokerage accounts opened with the Prime Brokers. The Manager on behalf of the Fund has provided the Prime Brokers with pledge over all assets held in the prime brokerage accounts in order to secure financing (credit facility) to the Fund and in return for services including securities borrowing, short selling and derivatives trading on margin. The Prime Brokers have the right to use or rehypothecate all pledged assets.

Investment policy

The objective of the Fund is to achieve an average return (after deduction of costs) of more than 5% per year (over a period of 3 to 5 years), regardless of market trends.

To achieve the investment target, the Manager will primarily make use of two global strategies: '(convertible) bond strategies' and 'volatility strategies'. Both strategies are briefly explained below, noting that the content and implementation of a strategy will vary from case to case in terms of complexity, scale and risk (among other things). Various financial instruments are used (e.g. options, bonds, convertible bonds, warrants, futures, forwards, interest options, credit-default swaps etc.) and various hedging techniques are applied (for example certain option strategies or on a continuous basis be willing to buy and sell financial instruments at prices defined by the Manager).

(Convertible) bond strategies

To achieve its investment objectives, Mint Tower uses convertible bond arbitrage, bond arbitrage and bond-volatility-arbitrage strategies. In principle, these are market-neutral strategies. These methods primarily consist of a combination of transactions, for example comprising the purchase of a bond convertible ('convertible') into shares and the sale ('short sale') of the underlying shares, the sale of a different bond and/or the buy or sell of volatility through derivatives. To that end, with the aid of systems and methods it has developed, the Manager selects (convertible) bonds that it regards as undervalued. The Manager also determines how large the short/long position in the underlying shares, derivatives, bonds and/or other financial instruments needs to be, based on a theoretical model. The theoretical model inter alia uses data on volatility of the share/derivative and the credit payment of the convertible bond. Mostly the largest part of the risks of the positions taken is hedged, but the Manager can decide not to hedge part or all of the risk. The average holding period for a position is in principle three (3) months to two (2) years. During that period, the volatility of the underlying share is absorbed as much as possible (through buy and sell transactions), in order to mitigate risks and optimize profit opportunities.

Volatility strategies

Through these volatility strategies, efforts are made to benefit from 'mispricing' in the single stock and index derivatives markets by actively conducting buy and sell transactions in derivatives on the same or similar shares of indices. These price differences can arise from different exercise prices and maturities of derivatives on the same underlying share/index. Differences in volatility between underlying shares and the indices in which these shares are included can also be realized.

A part of the strategy is the valuation of options. On the basis of this valuation, the Manager may decide to take certain risks (for example on the basis of the option 'Greeks'). These risks are generally taken via a combination of the purchase and/or sale of financial instruments. The Manager may also decide to conduct relatively simple option transactions in order to profit from a price change that it expects for an underlying share at a relatively low risk (loss of the option premium) in relation to the expected profit (directional option strategies). The Manager may also use strategies that profit from so called 'Corporate actions' like (super) dividends, coupons, rights issues, change of controls, merger & acquisitions, consolidations, etc. For such transactions the Manager may use all sorts of financial instruments.

These global strategies can be combined (e.g. if a convertible is underpriced in relation to a similar option on the underlying share).



Investment restrictions

The Fund will not invest in:

- Property;
- Physical commodities.

Markets in which the Fund may invest

The convertible strategies will be directed mainly at the regulated European and North American markets. The option positions will be taken primarily in the liquid regulated European and North American markets. If opportunities occur on regulated markets in other regions, for example Asia, the Manager may decide to use these opportunities.

Investment institutions

The Fund may invest in other investment institutions (listed or otherwise and under government supervision or otherwise), including Exchange Traded Funds (ETFs).

Leverage (credit facility and limited recourse)

The Fund may use leverage at the Prime Brokers to perform the investment strategy. The leverage contains margin lending and short transactions, up to the amount permitted by the Prime Brokers. These are transactions where a counterparty of the Fund (the Prime Broker) lends credit to the Fund in connection with the purchase, sale, carrying or trading of financial instruments in which the Fund is allowed to invest according to its investment policy.

Varying maximum leverage limits are in place for each Prime Broker. In summary the total maximum leverage of the Fund is twelve and a half times the value of the assets of the Fund. The leverage may only be based on the own capital of the fund (fund assets or net asset value). The already provided leverage will not be taking into account for the calculation of the maximum leverage ratio. For the avoidance of doubt, all Prime Brokers provide one-time leverage. There is no obligation for the Unit holders to settle any shortfalls of the Fund arising from contracting of financing. It has been agreed that the Prime Broker/Clearing can claim only from the assets of the Fund, not from the Unit holders.

Derivatives

For the implementation of its investment policy, the Fund makes use of listed and non-listed derivatives (OTCs). There are no restrictions on this.

Short transactions

The Fund may enter into short transactions. In the case of a short transaction, financial instruments that the Fund does not possess (but has borrowed from the Prime Brokers) are sold. In order to be able to deliver the sold securities, the seller borrows the securities from the lending pool of the Prime Broker / Clearing. The Fund will provide collateral for such transactions in cash and/or securities. The amount of that collateral determines the maximum amount of securities that can be borrowed and the short positions that can be taken. There are no further restrictions on the scale of the borrowing positions and short positions. A short position is taken by buying as many securities in the market as are needed in order to deliver the same number of securities as have been borrowed to the lender. Lending transactions are entered into on commercial terms. The costs are charged to the results of the Fund.

Securities financing transactions

The fund uses the following sorts of securities financing transaction (SFT's) as in art. 3(1) Regulation (EU) 2015/2365 of the European Commission of 25 November 2015 with its Prime Brokers; securities lending (short transactions) and margin lending (leverage) transactions which both are detailed above. The Prime Brokers are allowed to use all securities it holds on behalf of the Fund for SFT's. The securities that are used for SFT's will be held by the Prime Brokers. Hundred percent off the income generation by SFT's goes to the Fund.

Issue and receipt of securities

The Fund has pledged all of its securities to the Prime Broker as security in order to meet its obligations arising from contracted transactions or otherwise. In exchange the Prime Brokers use lower commissions for the Fund. Neither Mint Tower nor the Fund receives guarantees from the Prime Brokers or other counterparties for claims held against its assets or occur towards a Prime Broker as a result of the re use of the securities of the Fund by a Prime Broker. Therefore, the Manager does not have a policy concerning the diversification of securities, no correlation policy and no policy for the valuation of securities.

Currency transactions

In principle, the Fund hedges currency risks, while reserving the right to reduce such hedges partially or completely.

Currency transactions non-base currency unit category

As the base currency of the Fund is the euro, unit holders who holds the US-dollar, Swiss Franc, Pound sterling or Israeli Shekel units run a currency risk. The Manager will use its best efforts to hedge this currency risk as fully as possible on a monthly basis. When exiting the non-base currency unit category, the unit holder of the non-base currency units receives the proceeds in the non-base currency.

Cash policy, short-term investments

The Fund holds the majority of its assets in an omnibus account at the Prime Brokers. Depending on market conditions, it may decide to deposit not-invested assets temporarily with one or more financial institutions under prudential supervision, in order to earn interest, or to invest it in government or other bonds.

Securities lending and asset segregation

The Fund will allow the Prime Broker to lend all securities held by the Fund to third parties such as intermediate brokers, clearing organisations and trading venues. As the Prime Broker charge lower transaction fees in return for this, the Fund or the Manager does not receive separate fees or guarantees for this.

The Fund may give permission to the Prime Brokers to re-use the securities that the Fund holds with the Prime Brokers on behalf of the Fund. This gives the Prime Brokers the optionality to re-use the assets for its own account or for the account of a third party. The Fund may give permission to re-use 100% of the securities kept by the Prime Brokers. It is expected, on the basis of historical data, that 70% will be re used.

Given the permission of the Fund to the Prime Brokers to re-use all securities, the securities may be held on an omnibus account with a third party. These securities will be comingled with securities of other market parties who have access to the concerning *lending pool* of the Prime Broker. In general securities in a *lending pool* have less protection in case of insolvency or other failure of the concerning Prime Broker or other involved entity for safekeeping.

The Prime Brokers will ensure an adequate level of protection in accordance with applicable laws and regulations for the safekeeping and administration of the financial instruments of the Fund.

Investment risks

Investors in the Fund may suffer significant losses and even lose their entire investment. Consequently, the Fund is only suitable for investors who can accept such a high level of risk. Interested investors are therefore, among other things, advised to inform themselves of the investment risks. The major financial risks as part of overall investment risks are described in the managers report as well as the notes to the financial statements.

Key figures

An overview of the key figures for the Fund.

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR lead series					
Net Asset Value	31,402,144	30,817,456	35,363,156	51,159,862	39,613,633
Number of units outstanding	187,066	190,279	230,621	341,064	269,423
Net Asset Value per unit	167.87	161.96	153.34	150.00	147.03
Net Asset Value (€) USD Lead series					
Net Asset Value	17,283,316	15,691,371	12,285,159	7,587,002	1,430,864
Number of units outstanding	114,132	108,223	93,235	62,192	10,687
Net Asset Value per unit	151.43	144.99	131.77	121.99	133.89
Net asset value USD	170.26	162.75	150.66	146.45	140.85
Net Asset Value (€) GBP Lead series					
Net Asset Value	121,824	125,841	-	-	-
Number of units outstanding	1,043	1,043	-	-	-
Net Asset Value per unit	116.82	120.67	-	-	-
Net asset value GBP	106.11	102.28	-	-	-
Net Asset Value (€) ILS Lead series					
Net Asset Value	288,209	177,806	151,880	-	-
Number of units outstanding	10,123	6,472	6,472	-	-
Net Asset Value per unit	28.47	27.48	23.47	-	-
Net asset value ILS	110.75	106.53	100.31	-	-
Net Asset Value (€) EUR Institutional Class					
Net Asset Value	243,513,480	222,140,442	191,622,952	176,647,064	143,585,117
Number of units outstanding	1,395,630	1,323,542	1,213,964	1,149,523	960,773
Net Asset Value per unit	174.48	167.84	157.85	153.67	149.45
Net Asset Value (€) USD Institutional Class					
Net Asset Value	851,345	1,450,756	-	-	-
Number of units outstanding	8,953	15,997	-	-	-
Net Asset Value per unit	95.09	90.69	-	-	-
Net asset value USD	106.91	101.80	-	-	-
Net Asset Value (€) CHF Institutional Class					
Net Asset Value	204,758	193,060	-	-	-
Number of units outstanding	2,087	2,087	-	-	-
Net Asset Value per unit	98.11	92.50	-	-	-
Net asset value CHF	104.47	100.57	-	-	-
Net Asset Value (€) GBP Institutional Class					
Net Asset Value	114,044	-	-	-	-
Number of units outstanding	1,000	-	-	-	-
Net Asset Value per unit	114.04	-	-	-	-
Net asset value GBP	103.58	-	-	-	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR G-class Series					
Net Asset Value	55,871,205	43,689,917	21,845,351	38,087,671	37,136,430
Number of units outstanding	464,124	377,475	200,533	358,847	359,675
Net Asset Value per unit	120.38	115.74	108.94	106.14	103.25
Net Asset Value (€) USD G-class Series					
Net Asset Value	4,412,069	4,616,361	27,161,492	18,196,198	11,765,394
Number of units outstanding	38,171	41,881	273,144	198,803	117,763
Net Asset Value per unit	115.59	110.23	99.44	91.53	99.91
Net asset value USD	129.95	123.73	113.70	109.88	105.10
Net Asset Value (€) CHF G-class Series					
Net Asset Value	2,838,461	-	-	-	-
Number of units outstanding	30,000	-	-	-	-
Net Asset Value per unit	94.62	-	-	-	-
Net asset value CHF	100.75	-	-	-	-
Net Asset Value (€) EUR November 2016 Series					
Net Asset Value	-	-	-	-	578,743
Number of units outstanding	-	-	-	-	5,688
Net Asset Value per unit	-	-	-	-	101.75
Net Asset Value (€) EUR December 2016 Series					
Net Asset Value	-	-	-	-	1,144,167
Number of units outstanding	-	-	-	-	11,369
Net Asset Value per unit	-	-	-	-	100.64
Net Asset Value (€) EUR May 2017 Series					
Net Asset Value	-	-	-	865,478	-
Number of units outstanding	-	-	-	8,579	-
Net Asset Value per unit	-	-	-	100.88	-
Net Asset Value (€) EUR June 2017 Series					
Net Asset Value	-	-	-	1,007,940	-
Number of units outstanding	-	-	-	10,024	-
Net Asset Value per unit	-	-	-	100.55	-
Net Asset Value (€) USD June 2017 Series					
Net Asset Value	-	-	-	511,894	-
Number of units outstanding	-	-	-	5,976	-
Net Asset Value per unit	-	-	-	85.66	-
Net asset value USD	-	-	-	102.83	-
Net Asset Value (€) EUR July 2017 Series					
Net Asset Value	-	-	-	954,562	-
Number of units outstanding	-	-	-	9,476	-
Net Asset Value per unit	-	-	-	100.73	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR August 2017 Series					
Net Asset Value	-	-	-	304,971	-
Number of units outstanding	-	-	-	2,993	-
Net Asset Value per unit	-	-	-	101.89	-
Net Asset Value (€) USD August 2017 Series					
Net Asset Value	-	-	-	1,121,342	-
Number of units outstanding	-	-	-	12,974	-
Net Asset Value per unit	-	-	-	86.43	-
Net asset value USD	-	-	-	103.76	-
Net Asset Value (€) EUR September 2017 Series					
Net Asset Value	-	-	-	741,362	-
Number of units outstanding	-	-	-	7,231	-
Net Asset Value per unit	-	-	-	102.53	-
Net Asset Value (€) USD September 2017 Series					
Net Asset Value	-	-	-	333,466	-
Number of units outstanding	-	-	-	3,840	-
Net Asset Value per unit	-	-	-	86.84	-
Net asset value USD	-	-	-	104.25	-
Net Asset Value (€) EUR October 2017 Series					
Net Asset Value	-	-	-	177,117	-
Number of units outstanding	-	-	-	1,746	-
Net Asset Value per unit	-	-	-	101.44	-
Net Asset Value (€) USD October 2017 Series					
Net Asset Value	-	-	-	85,638	-
Number of units outstanding	-	-	-	998	-
Net Asset Value per unit	-	-	-	85.81	-
Net asset value USD	-	-	-	103.01	-
Net Asset Value (€) USD November 2017 Series					
Net Asset Value	-	-	-	20,959	-
Number of units outstanding	-	-	-	249	-
Net Asset Value per unit	-	-	-	84.17	-
Net asset value USD	-	-	-	101.05	-
Net Asset Value (€) EUR G December 2017 Series					
Net Asset Value	-	-	-	199,703	-
Number of units outstanding	-	-	-	2,000	-
Net Asset Value per unit	-	-	-	99.85	-
Net Asset Value (€) EUR December 2017 Series					
Net Asset Value	-	-	-	444,135	-
Number of units outstanding	-	-	-	4,449	-
Net Asset Value per unit	-	-	-	99.83	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR February 2018 Series					
Net Asset Value	-	-	2,417,332	-	-
Number of units outstanding	-	-	24,390	-	-
Net Asset Value per unit	-	-	99.11	-	-
Net Asset Value (€) USD February 2018 Series					
Net Asset Value	-	-	193,920	-	-
Number of units outstanding	-	-	2,195	-	-
Net Asset Value per unit	-	-	88.37	-	-
Net asset value USD	-	-	101.04	-	-
Net Asset Value (€) EUR March 2018 Series					
Net Asset Value	-	-	556,796	-	-
Number of units outstanding	-	-	5,586	-	-
Net Asset Value per unit	-	-	99.68	-	-
Net Asset Value (€) USD March 2018 Series					
Net Asset Value	-	-	1,459,187	-	-
Number of units outstanding	-	-	16,459	-	-
Net Asset Value per unit	-	-	88.66	-	-
Net asset value USD	-	-	101.37	-	-
Net Asset Value (€) EUR G-Class March 2018 Series					
Net Asset Value	-	-	49,963	-	-
Number of units outstanding	-	-	500	-	-
Net Asset Value per unit	-	-	99.93	-	-
Net Asset Value (€) EUR November 2018 Series					
Net Asset Value	-	-	399,273	-	-
Number of units outstanding	-	-	3,990,00	-	-
Net Asset Value per unit	-	-	100.07	-	-
Net Asset Value (€) EUR G-Class December 2018 Series					
Net Asset Value	-	-	2,019,312	-	-
Number of units outstanding	-	-	20,000	-	-
Net Asset Value per unit	-	-	100.97	-	-
Net Asset Value (€) USD December 2018 Series					
Net Asset Value	-	-	132,279	-	-
Number of units outstanding	-	-	1,496	-	-
Net Asset Value per unit	-	-	88.41	-	-
Net asset value USD	-	-	101.08	-	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR November 2019 Series					
Net Asset Value	-	1,276,506	-	-	-
Number of units outstanding	-	12,688	-	-	-
Net Asset Value per unit	-	100.61	-	-	-
Net Asset Value (€) EUR G-Class November 2019 Series					
Net Asset Value	-	5,477,977	-	-	-
Number of units outstanding	-	54,406	-	-	-
Net Asset Value per unit	-	100.69	-	-	-
Net Asset Value (€) USD November 2019 Series					
Net Asset Value	-	806,741	-	-	-
Number of units outstanding	-	8,978	-	-	-
Net Asset Value per unit	-	89.86	-	-	-
Net asset value USD	-	100.87	-	-	-
Net Asset Value (€) EUR December 2019 Series					
Net Asset Value	-	1,236,278	-	-	-
Number of units outstanding	-	12,347	-	-	-
Net Asset Value per unit	-	100.13	-	-	-
Net Asset Value (€) EUR G-Class December 2019 Series					
Net Asset Value	-	4,672,225	-	-	-
Number of units outstanding	-	46,647	-	-	-
Net Asset Value per unit	-	100.16	-	-	-
Net Asset Value (€) USD December 2019 Series					
Net Asset Value	-	334,107	-	-	-
Number of units outstanding	-	3,740	-	-	-
Net Asset Value per unit	-	89.33	-	-	-
Net asset value USD	-	100.27	-	-	-
Net Asset Value (€) EUR February 2020 Series					
Net Asset Value	1,054,380	-	-	-	-
Number of units outstanding	10,204	-	-	-	-
Net Asset Value per unit	103.33	-	-	-	-
Net Asset Value (€) EUR G-Class February 2020 Series					
Net Asset Value	29,153,591	-	-	-	-
Number of units outstanding	281,287	-	-	-	-
Net Asset Value per unit	103.64	-	-	-	-
Net Asset Value (€) USD February 2020 Series					
Net Asset Value	646,708	-	-	-	-
Number of units outstanding	6,983	-	-	-	-
Net Asset Value per unit	92.62	-	-	-	-
Net asset value USD	104.13	-	-	-	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) ILS February 2020 Series					
Net Asset Value	292,477	-	-	-	-
Number of units outstanding	10,983	-	-	-	-
Net Asset Value per unit	26.63	-	-	-	-
Net asset value ILS	103.60	-	-	-	-
Net Asset Value (€) EUR March 2020 Series					
Net Asset Value	1,465,026	-	-	-	-
Number of units outstanding	14,713	-	-	-	-
Net Asset Value per unit	99.57	-	-	-	-
Net Asset Value (€) EUR G-Class March 2020 Series					
Net Asset Value	2,932,910	-	-	-	-
Number of units outstanding	29,426	-	-	-	-
Net Asset Value per unit	99.67	-	-	-	-
Net Asset Value (€) USD March 2020 Series					
Net Asset Value	400,160	-	-	-	-
Number of units outstanding	4,486	-	-	-	-
Net Asset Value per unit	89.20	-	-	-	-
Net asset value USD	100.29	-	-	-	-
Net Asset Value (€) EUR April 2020 Series					
Net Asset Value	670,854	-	-	-	-
Number of units outstanding	6,384	-	-	-	-
Net Asset Value per unit	105.08	-	-	-	-
Net Asset Value (€) EUR G-Class April 2020 Series					
Net Asset Value	4,731,850	-	-	-	-
Number of units outstanding	44,865	-	-	-	-
Net Asset Value per unit	105.47	-	-	-	-
Net Asset Value (€) USD April 2020 Series					
Net Asset Value	663,939	-	-	-	-
Number of units outstanding	7,087	-	-	-	-
Net Asset Value per unit	93.68	-	-	-	-
Net asset value USD	105.33	-	-	-	-
Net Asset Value (€) USD G-Class April 2020 Series					
Net Asset Value	1,880,752	-	-	-	-
Number of units outstanding	20,000	-	-	-	-
Net Asset Value per unit	94.04	-	-	-	-
Net asset value USD	105.73	-	-	-	-
Net Asset Value (€) EUR May 2020 Series					
Net Asset Value	233,691	-	-	-	-
Number of units outstanding	2,244	-	-	-	-
Net Asset Value per unit	104.12	-	-	-	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Net Asset Value (€) EUR G-Class May 2020 Series					
Net Asset Value	678,762	-	-	-	-
Number of units outstanding	6,500	-	-	-	-
Net Asset Value per unit	104.42	-	-	-	-
Net Asset Value (€) USD May 2020 Series					
Net Asset Value	92,513	-	-	-	-
Number of units outstanding	998	-	-	-	-
Net Asset Value per unit	92.75	-	-	-	-
Net asset value USD	104.27	-	-	-	-
Net Asset Value (€) EUR June 2020 Series					
Net Asset Value	278,063	-	-	-	-
Number of units outstanding	2,693	-	-	-	-
Net Asset Value per unit	103.24	-	-	-	-
Net Asset Value (€) USD June 2020 Series					
Net Asset Value	366,745	-	-	-	-
Number of units outstanding	3,990	-	-	-	-
Net Asset Value per unit	91.92	-	-	-	-
Net asset value USD	103.34	-	-	-	-
Net Asset Value (€) ILS June 2020 Series					
Net Asset Value	132,371	-	-	-	-
Number of units outstanding	4,988	-	-	-	-
Net Asset Value per unit	26.54	-	-	-	-
Net asset value ILS	103.25	-	-	-	-



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Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Income statement (€)	HY 2020	2019	2018	2017	2016
Direct income from investments	8,958,880	32,063,617	20,098,470	20,338,139	9,348,400
Value changes	19,146,470	12,480,099	4,627,235	905,688	13,485,986
Other Income	342,898	402,666	431,156	296,790	248,410
(Expenses)	(14,064,361)	-25,321,586	-15,943,890	-16,072,204	-12,268,742
Result	14,383,887	19,624,796	9,212,971	5,468,413	10,814,054
Result per unit					
Result per unit EUR lead series	5.91	8.62	3.34	2.97	7.60
Result per unit USD lead series	7.51	12.09	4.21	-11.90	4.54
Result per unit GBP lead series	3.83	-	-	-	-
Result per unit ILS lead series	4.22	6.23	0.31	-	-
Result per unit EUR Institutional lead series	6.64	9.99	4.18	4.22	8.38
Result per unit USD Institutional lead series	5.11	1.80	-	-	-
Result per unit CHF Institutional lead series	3.90	0.57	-	-	-
Result per unit GBP Institutional lead series	3.58	-	-	-	-
Result per unit EUR-G class series	4.64	6.81	2.80	2.89	3.25
Result per unit USD-G class series	6.22	10.03	3.82	4.78	5.10
Result per unit CHF-G class series	0.75	-	-	-	-
Result per unit EUR November 2016 series	-	-	-	-	1.75
Result per unit EUR December 2016 series	-	-	-	-	0.64
Result per unit EUR May 2017 series	-	-	-	0.88	-
Result per unit EUR June 2017 series	-	-	-	0.55	-
Result per unit USD June 2017 series	-	-	-	-1.86	-
Result per unit EUR July 2017 series	-	-	-	0.73	-
Result per unit EUR August 2017 series	-	-	-	1.89	-
Result per unit USD August 2017 series	-	-	-	2.46	-
Result per unit EUR September 2017 series	-	-	-	2.53	-
Result per unit USD September 2017 series	-	-	-	2.20	-
Result per unit EUR October 2017 series	-	-	-	1.44	-
Result per unit USD October 2017 series	-	-	-	-0.06	-
Result per unit USD November 2017 series	-	-	-	0.16	-
Result per unit EUR-G class December 2017 series	-	-	-	-0.15	-
Result per unit EUR December 2017 series	-	-	-	-0.17	-
Result per unit EUR February 2018 Series	-	-	-0.89	-	-
Result per unit USD February 2018 Series	-	-	1.04	-	-
Result per unit EUR March 2018 Series	-	-	-0.32	-	-
Result per unit USD March 2018 Series	-	-	1.37	-	-
Result per unit EUR G-Class March 2018	-	-	-0.07	-	-
Result per unit EUR November 2018 Series	-	-	0.07	-	-
Result per unit EUR G-Class December 2018	-	-	0.97	-	-
Result per unit USD December 2018 Series	-	-	1.08	-	-
Result per unit EUR November 2019 Series	-	0.61	-	-	-
Result per unit EUR G-Class November 2019 Series	-	0.69	-	-	-
Result per unit USD November 2019 Series	-	0.87	-	-	-
Result per unit EUR December 2019 Series	-	0.13	-	-	-
Result per unit EUR G-Class December 2019 Series	-	0.16	-	-	-
Result per unit USD December 2019 Series	-	0.27	-	-	-

Mint Tower Arbitrage Fund	HY 2020	2019	2018	2017	2016
Result per unit					
Result per unit EUR February 2020 Series	3.33	-	-	-	-
Result per unit EUR G-Class February 2020	3.64	-	-	-	-
Result per unit USD February 2020 Series	4.13	-	-	-	-
Result per unit ILS February 2020 Series	3.60	-	-	-	-
Result per unit EUR March 2020 Series	-0.43	-	-	-	-
Result per unit EUR G-Class March 2020	-0.33	-	-	-	-
Result per unit USD March 2020 Series	0.29	-	-	-	-
Result per unit EUR April 2020 Series	5.08	-	-	-	-
Result per unit EUR G-Class April 2020	5.47	-	-	-	-
Result per unit USD April 2020 Series	5.33	-	-	-	-
Result per unit USD G-Class April 2020	5.73	-	-	-	-
Result per unit EUR May 2020 Series	4.12	-	-	-	-
Result per unit EUR G-Class May 2020	4.42	-	-	-	-
Result per unit USD May 2020 Series	4.27	-	-	-	-
Result per unit EUR June 2020 Series	3.24	-	-	-	-
Result per unit USD June 2020 Series	3.34	-	-	-	-
Result per unit ILS June 2020 Series	3.25	-	-	-	-

Balance sheet as at 30 June 2020

(Amounts in EUR, before appropriation of result)

Balance Sheet	Notes	HY 2020	2019
Investments Long	2.2		
Securities and derivatives			
Equity securities	2.2.1	317,998,903	455,828,104
Debt securities (bonds)	2.2.2	931,996,627	690,590,956
Options	2.2.4.1	329,648,153	158,440,123
Credit default Swap (CDSs)	2.2.4.3	1,811,493	592,033
Contracts for Difference (CFDs)	2.2.4.2	-	11
Futures	2.2.4	12,672,713	1,999,513
Forwards	2.2.4	164,553	12,223
Sum of investments long		1,594,292,442	1,307,462,963
Receivables	2.3		
Due from brokers		12,352,277	7,356,979
Other receivables and accrued income		3,746,713	6,934,667
		16,098,990	14,291,646
Other assets	2.4		
Intangible assets		13,987	27,973
Cash and cash equivalents		12,065,931	132,401,839
		12,079,918	132,429,812
Current liabilities	2.4		
Due to brokers		18,754,092	311,402,312
Other payables and accrued expenses		10,172,233	8,255,322
		28,926,325	319,657,634
Total of receivables, other assets minus current liabilities		-747,417	-172,936,176
Total assets minus current liabilities		1,593,545,025	1,134,526,787
Investments Short	2.2.5		
Securities and derivatives			
Equity securities	2.2.1	693,091,422	559,947,279
Debt securities (bonds)	2.2.2	29,811,615	27,772,549
Options	2.2.4.1	438,447,146	205,111,320
Credit default Swap (CDSs)	2.2.4.3	5,130,709	3,790,421
Contracts for Difference (CFDs)	2.2.4.2	3,855	-
Futures	2.2.4	24,304,493	4,200,512
Forwards	2.2.4	180,141	997,862
Sum of investments short		1,190,969,381	801,819,943
Total assets minus liabilities		402,575,644	332,706,844
Fund capital			
Paid in unit capital		331,099,232	275,614,319
Legal reserve		13,987	27,973
Other reserves		57,078,538	37,439,756
Result for the period		14,383,887	19,624,796
Total fund capital		402,575,644	332,706,844

Income statement for the period 1 January 2020 – 30 June 2020

(Amounts in EUR)

Income statement	Notes	HY 2020	HY 2019
Direct income from investments			
Dividends (on long positions including withholding tax)		882,804	4,312,393
Interest income		8,076,076	13,329,071
Direct result from investments		8,958,880	17,641,464
Indirect income from investments			
Realized result on equity securities		59,646,227	-20,601,375
Unrealized result equity securities		-88,547,430	-40,524,163
Realized result on debt securities		8,956,113	-16,188,306
Unrealized result on debt securities		84,122,467	181,024,526
Realized result on options		-7,910,599	2,502,364
Unrealized result on options		-9,424,726	-86,307,841
Realized result Contracts for Difference		-3,833,005	-14,165,353
Unrealized result Contracts for Difference		-3,866	2,096,867
Realized result Credit default Swap		4,917,700	-
Unrealized result Credit default Swap		1,578,155	-8,277
Realized result on futures		-24,804,115	13,561,162
Unrealized result on futures		-8,678,143	-5,317,249
Realized result on forwards		4,322,261	-
Unrealized result on forwards		970,051	-
Currency results cash and cash equivalents		-1,684,620	-13,218,916
Transaction costs	2.1.1.1	-480,000	-600,000
Indirect income from investments		19,146,470	2,253,439
Other Income			
Other income		342,898	183,484
Total investment result		28,448,248	20,078,387
Expenses			
Management fees		2,921,599	2,277,230
Performance fees		2,979,270	1,098,299
Administration fees		211,277	211,707
Other operating expenses		4,100,595	1,161,372
Amortisation intangible assets		13,986	13,986
Interest expenses (finance costs)		949,405	4,683,917
Dividends on short positions		2,888,229	3,869,049
Total operating expenses		14,064,361	13,315,560
Result for the period		14,383,887	6,762,827

Movement schedule fund capital for the period 1 January 2020 – 30 June 2020

(Amounts in EUR)

Movement schedule fund capital	HY 2020	HY 2019
Paid in unit capital		
Balance at beginning of period	275,614,319	258,190,312
Issuance of units	102,258,355	46,928,416
Redemption of units	-46,773,442	-54,507,815
Balance at end of period	331,099,232	250,610,913
Legal reserve		
Balance at beginning of period	27,973	55,945
Formation of legal reserve intangibles assets	-	-
Release due to amortization charge	-13,986	-13,986
Balance at end of period	-13,986	41,959
Other reserves		
Balance at beginning of period	37,439,756	28,198,813
Formation of legal reserve intangibles assets	13,986	13,986
Addition of appropriated result previous period	19,624,796	9,212,971
Balance at end of period	57,078,538	37,425,770
Result for the period		
Balance at beginning of period	19,624,796	9,212,971
Subtraction of appropriated result previous period	-19,624,796	-9,212,971
Result for the period	14,383,887	6,762,827
Balance at the end of period	14,383,887	6,762,827
Total Fund Capital	402,575,644	294,841,469

Breakdown of Fund capital at 30 June

Breakdown NAV and issued units	€ HY 2020	# HY 2020	€ HY 2019	# HY 2019
EUR Class Lead Series	31,402,143	187,066	29,478,125	188,752
USD Class Lead Series	17,283,316	114,132	14,131,948	103,577
ILS Class Lead Series	288,209	10,123	163,215	6,472
GBP Class Lead Series	121,824	1,043	-	-
EUR Institutional Series	243,513,479	1,395,630	193,280,729	1,198,681
CHF Institutional Series	204,758	2,087	-	-
GBP Institutional Series	114,044	1,000	-	-
USD Institutional Series	851,345	8,953	-	-
EUR G-class Series	55,871,204	464,124	28,343,820	254,856
USD G-class Series	4,412,069	3,171	14,507,677	140,449
EUR Class May 2019 Series	-	-	298,449	2,993
EUR G-class May 2019 Series	-	-	1,531,532	15,649
EUR Class June 2019 Series	-	-	652,761	6,514
EUR G-class June 2019 Series	-	-	10,688,137	106,616
USD G-class June 2019 Series	-	-	1,765,076	20,000
CHF G-Class Series	2,838,461	30,000	-	-
EUR Class February 2020 Series	1,054,380	10,204	-	-
EUR G-Class February 2020 Series	29,153,591	281,287	-	-
USD Class February 2020 Series	646,708	6,983	-	-
ILS Class February 2020 Series	292,477	10,983	-	-
EUR Class March 2020 Series	1,465,026	14,713	-	-
EUR G-Class March 2020 Series	2,932,910	29,425	-	-
USD Class March 2020 Series	400,160	4,486	-	-
EUR Class April 2020 Series	670,854	6,384	-	-
EUR G-Class April 2020 Series	4,731,850	44,865	-	-
USD Class April 2020 Series	663,939	7,087	-	-
USD G-Class April 2020	1,880,752	20,000	-	-
EUR Class May 2020 Series	233,691	2,244	-	-
EUR G-Class May 2020 Series	678,762	6,500	-	-
USD Class May 2020 Series	92,513	998	-	-
EUR Class June 2020 Series	278,063	2,693	-	-
USD Class June 2020 Series	366,745	3,990	-	-
ILS Class June 2020 Series	132,371	4,988	-	-
Total	402,575,644	2,710,159	294,841,469	2,044,558

Notes to the financial statements

1 General

1.1 General information

The Fund is an investment institution (*beleggingsinstelling*) as defined in Article 1:1 of the Wft. The Fund is not a legal entity, but the aggregate of the assets less an amount equal to all accrued debts, liabilities and obligations of the Fund, in which monies or other assets are called or received for the purpose of collective investment by the unit holders, as governed by the prospectus.

The Fund was established on 6 September 2010, and shall continue to exist for an indefinite period of time. The Fund's office address is that of the Manager, being Beursplein 5, 1012 JW Amsterdam.

1.1.1 Outsourcing

The Fund's investment activities are performed by the Manager, with the administration outsourced to Apex Fund Services (Netherlands) B.V. as per 1 March 2020.

1.2 Unit classes, lead series and sub-series

1.2.1 Unit classes

The Fund comprises eleven unit classes:

- EUR Class;
- USD Class;
- GBP Class;
- ILS Class;
- Institutional Class GBP;
- Institutional Class EUR;
- Institutional Class USD;
- Institutional Class CHF;
- CHF G-Class;
- EUR G-Class; and
- USD G-Class.

All eleven unit classes have the same underlying investments, investment objective, strategy and risk profile. The USD Class, GBP Class, ILS Class, Institutional Class GBP, Institutional Class USD, Institutional Class CHF, CHF G-Class and USD G-Class however differ in currency denomination.

The EUR and USD G-class were introduced in 2016 for a specific group of investors, being institutional investors and Family Offices. The ILS Class was introduced in 2018 for a specific group of investors. The GBP and CHF Class were introduced in 2019 for a specific group of investors. The CHF G-Class was introduced in 2020. All G-Classes have the same operating costs profile as the Institutional class except for the facts that the G-classes have a quarterly high watermark instead of monthly, no subscription fees and under certain conditions no redemption fees.

1.2.2 Sub- and lead series accounting

Every redemption day the Depositary issues new series of units, which on the subsequent valuation day will have a different NAV per share and high-water mark.

Units of a new sub-series will be issued at a value of EUR 100. Each series of units will have its own performance fee accrual. On the first day of every new calendar quarter (being the end of the calculation period at which a performance fee is paid) when all series (sub and lead) which have a higher net asset value than the high water mark, the sub-series will be exchanged in units in the lead series (these were the first series issued in the euro and US-dollar Class). Consolidation of sub-series into a lead series will take place against the net asset values of the relevant sub-series and the lead series. This type of series accounting is not applicable for the I-class.

1.3 Net Asset Value

The Net Asset Value (and the Net Asset Value per Unit) will be expressed in euro and and currency of unit class and determined on a monthly basis based on the calculation per month end by the Administrator.

1.4 Financial reporting period

The financial reporting period for this semi-annual report is 1 January up to and including 30 June 2020.

1.5 Significant Accounting Judgements, Estimates and Assumptions

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 Group's accounting policies. If necessary for the purposes of providing the insight required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.6 Basis of Preparation

The financial statements of the Fund have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code, the Act on Financial Supervision (*Wet op het financieel toezicht*) and the firm pronouncements in the Guidelines (615) for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board.

1.7 Reporting currency

The Fund's financial statements have been drawn up in euro (EUR, €). The liquidity of the Fund is managed on a day-to-day basis in order to handle the issue, subscription and redemption of Fund's redeemable units. The Fund's performance is evaluated in euro. Therefore, the Manager considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

2 Valuation principles for preparing the balance sheet

2.1 Financial instruments

Financial instruments include investments in equity instruments (securities) and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: equity securities, debt securities (bonds and loans), receivables, payables and derivatives.

2.1.1 Fair value through profit or loss

The Fund recognizes all debt and equity investments and derivatives at fair value through profit or loss on initial recognition, because it manages these securities on a fair value basis in accordance with its documented investment strategy in the prospectus.

2.1.1.1 Transaction costs and transaction related expenses

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction and transaction related expenses. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction and transaction related expenses are directly recognised in the income statement.

2.1.1.2 Determination of fair value

Fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable parties in an orderly transaction in which the parties are independent of each other. The fair value for financial instruments is measured as follows:

- The fair value of financial instruments listed on a recognised stock exchange is determined on the basis of the latest available close price.
- The fair value of non-listed financial instruments is determined in most cases by taking the bids and offers in the instrument provided by professional counterparties such as banks and brokers. Otherwise the instrument can be valued by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges. For a loan asset, counterparty credit risk can be included in the fair value by using a current market credit spread in addition to the risk-free discount rate applied to the cash flows of the loan.

2.2 Investments

2.2.1 Investments in equity securities

Investments in equity securities are measured at fair value following their initial recognition. Changes in the fair value are recognised in the profit and loss account.

2.2.2 Investments in debt securities

If listed on a regulated market, debt securities are measured at fair value following their initial recognition. Changes in the fair value are recognised in the profit and loss account. The best evidence of the fair value of listed debt securities (bonds) are close prices of the primary markets on which these are traded. The close prices used are 'flat' prices (clean prices), which do not include accrued interest. The carrying amount of debt securities shall not include accrued interest. Accrued interest on debt securities is included in the balance sheet line "Other receivables and accrued income".

2.2.3 Derivative financial instruments

Derivative financial instruments are after their initial recognition carried at fair value and changes in the fair value are recognised in the profit and loss account.

Typically, derivative financial instruments serve as components of the Fund's investment strategy and are utilized primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund. The derivative contracts that the Fund holds include forward contracts and futures, (exchange-traded) options, Contracts for Difference (CFDs) and Credit Default Swaps (CDSs).

The Fund primarily uses derivative financial instruments to hedge its risks. Derivative financial instruments may also be used for trading purposes where the Manager believes this would be more effective than investing directly in the underlying financial instruments.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying value of a derivative contract may have a significant impact on the result of the Fund.

The Manager is instructed to closely monitor the Fund's exposure under derivative financial instruments as part of the overall management of the Fund's market risk.

2.2.4 Forwards and futures

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the OTC-market. The main differences in the risk associated with forward and futures contracts are credit risk and liquidity risk. The Fund has credit exposure to the counterparties of forward contracts. The credit risk related to futures contracts is considered minimal because the stock exchange ensures that these contracts are always honoured.

Forward contracts are settled gross and, therefore, considered to bear a higher liquidity risk than the future contracts which are settled on a net basis. Both types of contracts result in market risk exposure.

Changes in the market value of open and closed futures contracts are recorded as “indirect income from investments” in the income statement. The receivable or payable position to the Broker for the daily variation margin based on the changes in market value of open futures contracts is recorded in cash and cash equivalents.

2.2.4.1 Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Fund purchases and sells put and call options through regulated exchanges and on OTC-markets. Options purchased by the Fund provide the Fund with the opportunity to purchase (call options) or sell (put options) an underlying asset at an agreed-upon value either on or before the expiration of the option. The Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which equals their market/fair value.

Options written by the Fund provide the purchaser the opportunity to purchase from or sell to the Fund the underlying asset at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis.

Changes in the market value of open options positions are recorded as “indirect income from investments” in the income statement. Outstanding options traded on a regulated market are valued based on the closing price or the last available market price of the underlying instruments. OTC options are marked to market based upon daily prices obtained from third party pricing agents and verified against the value of the counterparty.

2.2.4.2 Contracts for Difference (CFD)

A Contract for Difference (CFD) is an agreement (CFD annex to the Master Clearing Agreement) with the Prime Brokers between the Depositary and the Prime Brokers to exchange the difference between the opening price and the closing price of the contract multiplied by the number of equity securities specified in the contract.

The daily changes in contract value are recorded as receivable or payable positions to the Broker and are recorded under “*Indirect income from investments*” in the income statement. The receivable or payable positions are settled in cash when the contract is closed.

2.2.4.3 Credit Default Swap (CDS)

A Credit Default Swap (CDS) is a financial contract in which one party agrees to make a payment to the other party in the event of a specified credit event, in exchange for one or more fixed payments.

The daily changes in contract value are recorded as asset or liability, depending of the nature of the CDS contract (buy or sell) and are recorded under “*Indirect income from investments*” in the income statement. The asset or liability position for each CDS contract is settled in cash when the contract is closed or expires.



2.2.5 Short positions in financial instruments

Short positions are valued against the latest available close price. Short positions are borrowed financial instruments which are directly sold. Each business day the short position is revalued at market (close) prices. The revaluation result is part of "Indirect income from investments". As long as the short position is open, the Fund incurs expenses, such as interest and if applicable dividend, which the Fund needs to accrue in order to pay to the legal owner of the 'borrowed' financial instruments. These expenses will be reflected in the corresponding account "dividends on short positions" in the income statement.

2.3 Other receivables and accrued income

Accrued income relates to accrued interest and dividends are included in this caption and are stated at nominal value. Interest accrues on the debt securities daily even though it is paid periodically as per the terms of the debt security. Dividends accrue as income past the ex-dividend date until they get paid on the payment date.

2.4 Other assets and current liabilities

Other assets (which consist of cash and cash equivalents) and current liabilities are stated at amortized cost which, due to their short-term nature, equals nominal value.

2.5 Intangible assets (capitalized formation expenses)

Fund formation expenses and AIFMD license expenses are amortised on a straight-line basis over a period of five years.

2.6 Foreign Currency Translation

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date. Foreign currency transaction gains and losses on financial instruments at fair value are included in the income statement as part of the 'Value adjustments of investments and other assets'. The foreign exchange rates applied as at the balance sheet date were as follows (in equivalents of EUR):

FX rates	30/6/2020	31/12/2019
AUD	1.6318	1.5973
CAD	1.5308	1.4557
CHF	1.0648	1.0872
CNH	7.9482	7.8082
DKK	7.4522	7.4724
GBP	0.9083	0.8476
HKD	8.7142	8.7456
ILS	3.8902	4.0196
JPY	121.2300	122.0000
MXN	25.9149	21.1955
NOK	10.8384	9.8580
PLN	4.4461	4.2518
SEK	10.4658	10.4999
TWD	33.0890	33.5390
USD	1.1243	1.1225
ZAR	19.5313	15.6986

(source: Bloomberg)

3 Principles for determining the result

3.1 Investment transactions and revenue recognition

Investments transactions are accounted for on the trade date. Realized gains and losses as part of "Indirect income from investments in the income statement are reported on the basis of identified cost of investments sold and bought (or, in case of certain derivatives contracts, opening price and closing price).

3.2 Direct income from investments

3.2.1 Income from debt securities (interest)

Interest accrues on a day-to-day basis, the interest on bonds held by the investor from the date of the previous coupon date until the valuation date is recorded as "Interest Income" for the period. The accrued interest paid at the time of the purchase of the debt security is debited immediately to interest income and then credited when received. Accrued interest on debt securities is included in the balance sheet caption "Other receivables and accrued income".

3.2.2 Income and expenses from equity securities (dividends)

Long dividends, net of withholding tax deducted at source, are recorded for quoted securities on the ex-dividend date. Short dividends are recorded on the ex-dividend date gross of withholding tax. The short dividends are presented as part of the operating expenses.

3.3 Indirect income from investments

The indirect income from investments includes all realised gains and losses on disposal (or contract closing) of investments and unrealised changes in the market value of investments, foreign exchange gains and losses and revaluation changes.

The realised results from financial instruments represents the difference between the sale price and the historical cost price less recognised unrealised result previous years. The cost price is calculated on the basis of first-in-first-out (FIFO).

The unrealised result represents the difference between the cost price, or market value of a financial instrument at the beginning of the period, and its market value at the end of the period.

These results are divided by product and split in profits and losses in the notes of the income statement.

3.4 Other income

Other income includes entrance and exit charges on participants realized through subscriptions and redemptions flows during the period. A subscription fee with a maximum of 1% is deducted. A portion equal to 0.75% of the redemption charge (so called "cost surcharge") will be accrued to the Fund to cover the transaction and entry costs to be incurred by the Fund in connection with the entry). The remainder, to a maximum of 0.25%, is the fee due to the Manager for the issue (so called "entry fee"). The settlement of both cost surcharge and entry fee occurs with the payment performed by the unit holder.

3.5 Expenses

Expenses are accounted for in the income statement on the basis of the accrual method. Exceptions to these expenses, are transaction and transaction related expenses incurred when purchasing financial instruments. These expenses are included in the cost price of the financial instrument. Expenses incurred in the sale of financial instruments are deducted from the proceeds.

4 Financial risk management

The Fund's activities expose it to financial instrument risks and as a consequence liquidity risk:

- Market risk (including interest rate risk, currency risk, and other price risk);
- Credit risk; and
- Liquidity risk.

The Fund is also exposed to operational risks such as custody risk and other risks (refer to the Profile at page 2). The nature of the Fund's investments involves certain risks and the Fund may utilize investment techniques (such as leverage, short selling and the use of derivatives) which may carry additional risks. An investment in the Fund therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment.

The Fund's investment objective is to generate an average return of more than 5% per year over a period of 3 to 5 years. To achieve the objective the Fund's target is to use two arbitrage strategies which are convertible (bond) arbitrage and volatility arbitrage. It invests in corporate equity securities and credit and its derivatives, as well as a variety of securities for hedging purposes that serve to mitigate risk on the portfolio.

The Manager provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyse exposures by degree and magnitude of risks.

4.1 Market risk

Market risk is defined as 'the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices', and includes 'interest rate risk', 'foreign currency risk' and 'other price risks', such as equity or commodity risk. The Manager monitors the risk on a day-to-day basis. There has been no change in the Fund's market risk types or the manner in which it manages and measures the risk.

4.2 Interest rate risk

Interest rate risk refers to fluctuations in the value of a fixed income security resulting from changes in the benchmark levels of interest rates. When these benchmark levels of interest rates go up, the prices of most fixed income securities will go down and vice versa. Financial assets and liabilities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The Fund's income and operating cash flows are dependent on changes in market interest rates. Fixed interest rates range from 0% to 10.5%. Interest payments are, in general, payable on a quarterly, semi-annual or annual base.

4.3 Currency risk

The Fund may invest in assets denominated in currencies other than its functional currency, the EUR. Consequently, the Fund is exposed to risks that the exchange rate of the EUR relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in currencies other than the EUR.

Currency risk for Unit holders US-dollar Class and USD G-Class

As the administration of the Fund is in euro, a US-dollar Class unit holder runs a currency risk. The Manager will, normally once per month, use its best efforts to hedge this currency risk as fully as possible. However, there is no guarantee that this will always succeed exactly as:

- i. the value at the end of the coming month of the US-dollar Class will have to be estimated at the time of hedging. The value can end up higher or lower than the estimated value.
- ii. the market for doing currency transactions can be (temporarily) closed or disrupted; and
- iii. differences in interest rates between the US-dollar and the euro may occur which can result in differences in Net Asset Value of the euro and the US-dollar class.

At the end of the reporting period the size of the USD Classes was USD 26.6 Million. The same amount was hedged. The USD currency result of the hedge will only be allocated to the USD classes.

4.4 Other price risks

Other price risk is the risk that the value of an 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 the Fund's financial assets and liabilities are carried at fair value with fair value changes recognized in income statement, all changes in market conditions will directly affect investment income. The Manager monitors the maximum risk on a day-to day basis. There has been no change in the Fund's market risk types or the manner in which it manages and measures the risk.

Price risk is mitigated by the Manager through constructing a diversified portfolio of financial instruments traded on various markets.

4.5 Credit risk

Credit risk is defined as 'the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation'. The Fund is subject to the risk of the inability of any counterparty (including the Prime Brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

All transactions in listed securities are settled/paid for upon delivery by using approved (prime) brokers. The risk of default is considered minimal, as delivery of securities is made once the broker has received payment. The trade will fail if either party fails to meet its obligation.

4.6 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund can be exposed periodically to cash redemptions of redeemable units in accordance with the prospectus. Redeemable units are redeemed on demand at the holder's option based on the Fund's Net Asset Value per unit at the time of the redemption. The Manager believes that it has sufficient resources to meet the present and foreseeable needs of its business operations. Management's guiding policies are to maintain conservative levels, as adequate reserves, banking facilities and reserve borrowing facilities, of liquidity to ensure that the Fund has the ability to meet its obligations. The financial assets and liabilities generally have daily liquidity.

Composition of the investment portfolio per 30 June 2020

(Amounts in EUR)

Portfolio composition	HY 2020	2019
Composition investment portfolio		
<i>Investments long</i>		
Equity securities	317,998,903	455,828,104
Debt securities (bonds)	931,996,627	690,590,956
Options	329,648,153	158,440,123
Contracts for Differences (CFDs)	-	11
Credit default Swap (CDSs)	1,811,493	592,033
Futures	12,672,713	1,999,513
Forwards	164,553	12,223
	1,594,292,442	1,307,462,963
<i>Investments short</i>		
Equity securities	693,091,422	559,947,279
Interest bearing securities (bonds)	29,811,615	27,772,549
Options	438,447,146	205,111,320
Credit default Swap (CDSs)	5,130,709	3,790,421
Contracts for Difference (CFDs)	3,855	-
Futures	24,304,493	4,200,512
Forwards	180,141	997,862
	1,190,969,381	801,819,943
Sub-total investment portfolio	403,323,061	505,643,020
Receivables, other assets and current liabilities	-747,417	-172,936,176
Total net asset value	402,575,644	332,706,844