



MINT TOWER

Mint Tower Arbitrage Fund

**Annual report for the year ended 31 December
2020**



Table of contents

GENERAL INFORMATION	2
PROFILE	3
KEY FIGURES	9
MANAGER’S REPORT	13
Summary of performance 2020	13
Risk management	14
In control statement	19
Remuneration	20
Developments & Outlook 2021	21
FINANCIAL STATEMENTS 2020	22
BALANCE SHEET AS AT 31 DECEMBER 2020	23
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020	24
CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2020	25
NOTES TO THE FINANCIAL STATEMENTS	26
OTHER INFORMATION	62



General Information

Mint Tower Arbitrage Fund (hereinafter: The Fund) was established on 6 September 2010 and has its registered office at the address of the Manager.

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 AG
Taunustor 1
60310 Frankfurt am Main
Germany

Middle Office Services

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

CACEIS Bank N.V. (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 Legal Owner

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 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 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. (from 1 March 2019) 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., J.P. Morgan AG, CACEIS Bank N.V. (KAS Bank N.V.) and Deutsche Bank AG (the Prime Brokers or Custodians).

Prime Brokers

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.



Mid Office Services

Northern Trust was contracted in 2016 for performing mid office services for the Fund. One of the main goals of the activities of Northern Trust was to perform independent portfolio reconciliations between the Prime Brokers and the Fund its trading positions and valuations. These positions and valuations are used to compile the periodic net asset valuations. With Northern Trust performing mid office services and IQEQ being the Administrator, the NAV calculation process was showing inefficiencies. Mint Tower Capital Management decided to rationalize this process and reduce the parties involved. As of March 2020, Mint Tower Capital Management is performing the mid office services. The independent portfolio reconciliations between the Prime Brokers and the Fund its trading positions and valuations is being performed by Apex. Due to this restructuring, the process for NAV calculations has improved. In addition, Apex is able to provide additional services regarding (regulatory) reporting which is of great benefit to Mint Tower Capital Management.

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 share. 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 taken 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 of the income generation by SFT's goes to the Fund.

Issue and receipt of collateral

The Fund has pledged all of its collateral to the Prime Broker as collateral 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 collateral of the Fund by a Prime Broker. Therefore, the Manager does not have a policy concerning the diversification of collateral, no correlation policy and no policy for the valuation of collateral.

Currency transactions

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

Currency transactions non-base unit category

As the base currency of the Fund is the euro, unit holders who hold non-base 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 unit category, the unit holder of the non-base 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 commingled 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	2020	2019	2018	2017	2016
Net Asset Value (€) EUR lead series					
Net Asset Value	42,634,416	30,817,456	35,363,156	51,159,862	39,613,633
Number of units outstanding	235,866	190,279	230,621	341,064	269,423
Net Asset Value per unit	180.76	161.96	153.34	150.00	147.03
Net Asset Value (€) USD Lead series					
Net Asset Value	20,941,341	15,691,371	12,285,159	7,587,002	1,430,864
Number of units outstanding	139,096	108,223	93,235	62,192	10,687
Net Asset Value per unit	150.55	144.99	131.77	121.99	133.89
Net asset value USD	184.05	162.75	150.66	146.45	140.85
Net Asset Value (€) GBP Lead series					
Net Asset Value	133,368	125,841	-	-	-
Number of units outstanding	1,043	1,043	-	-	-
Net Asset Value per unit	127.89	120.67	-	-	-
Net asset value GBP	114.54	102.28	-	-	-
Net Asset Value (€) ILS Lead series					
Net Asset Value	2,986,633	177,806	151,880	-	-
Number of units outstanding	98,249	6,472	6,472	-	-
Net Asset Value per unit	30.40	27.48	23.47	-	-
Net asset value ILS	119.49	106.53	100.31	-	-
Net Asset Value (€) EUR Institutional Class					
Net Asset Value	293,049,042	222,140,442	191,622,952	176,647,064	143,585,117
Number of units outstanding	1,550,525	1,323,542	1,213,964	1,149,523	960,773
Net Asset Value per unit	189.00	167.84	157.85	153.67	149.45
Net Asset Value (€) USD Institutional Class					
Net Asset Value	1,477,098	1,450,756	-	-	-
Number of units outstanding	15,544	15,997	-	-	-
Net Asset Value per unit	95.03	90.69	-	-	-
Net asset value USD	116.17	101.80	-	-	-
Net Asset Value (€) CHF Institutional Class					
Net Asset Value	1,024,056	193,060	-	-	-
Number of units outstanding	9,798	2,087	-	-	-
Net Asset Value per unit	104.52	92.50	-	-	-
Net asset value CHF	113.10	100.57	-	-	-
Net Asset Value (€) GBP Institutional Class					
Net Asset Value	125,656	-	-	-	-
Number of units outstanding	1,000	-	-	-	-
Net Asset Value per unit	125.66	-	-	-	-
Net asset value GBP	112.53	-	-	-	-

Mint Tower Arbitrage Fund	2020	2019	2018	2017	2016
Net Asset Value (€) EUR G-class Series					
Net Asset Value	110,001,349	43,689,917	21,845,351	38,087,671	37,136,430
Number of units outstanding	843,791	377,475	200,533	358,847	359,675
Net Asset Value per unit	130.37	115.74	108.94	106.14	103.25
Net Asset Value (€) USD G-class Series					
Net Asset Value	6,294,085	4,616,361	27,161,492	18,196,198	11,765,394
Number of units outstanding	54,443	41,881	273,144	198,803	117,763
Net Asset Value per unit	115.61	110.23	99.44	91.53	99.91
Net asset value USD	141.33	123.73	113.70	109.88	105.10
Net Asset Value (€) CHF G-class Series					
Net Asset Value	297,823	-	-	-	-
Number of units outstanding	2,956	-	-	-	-
Net Asset Value per unit	100.75	-	-	-	-
Net asset value CHF	109.02	-	-	-	-
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	-	-	-

Mint Tower Arbitrage Fund	2020	2019	2018	2017	2016
Net Asset Value (€) EUR November 2020 Series					
Net Asset Value	4,229,868	-	-	-	-
Number of units outstanding	39,875	-	-	-	-
Net Asset Value per unit	106.08	-	-	-	-
Net Asset Value (€) EUR G-Class November 2020 Series					
Net Asset Value	585,766	-	-	-	-
Number of units outstanding	5,500	-	-	-	-
Net Asset Value per unit	106.50	-	-	-	-
Net Asset Value (€) USD November 2020 Series					
Net Asset Value	476,845	-	-	-	-
Number of units outstanding	5,486	-	-	-	-
Net Asset Value per unit	86.92	-	-	-	-
Net asset value USD	106.26	-	-	-	-
Net Asset Value (€) ILS November 2020 Series					
Net Asset Value	943,223	-	-	-	-
Number of units outstanding	34,913	-	-	-	-
Net Asset Value per unit	27.02	-	-	-	-
Net asset value ILS	106.19	-	-	-	-
Net Asset Value (€) EUR December 2020 Series					
Net Asset Value	2,891,766	-	-	-	-
Number of units outstanding	28,229	-	-	-	-
Net Asset Value per unit	102.44	-	-	-	-
Net Asset Value (€) EUR G-Class December 2020 Series					
Net Asset Value	11,236,106	-	-	-	-
Number of units outstanding	109,500	-	-	-	-
Net Asset Value per unit	102.61	-	-	-	-
Net Asset Value (€) USD December 2020 Series					
Net Asset Value	443,347	-	-	-	-
Number of units outstanding	5,287	-	-	-	-
Net Asset Value per unit	83.86	-	-	-	-
Net asset value USD	102.52	-	-	-	-
Net Asset Value (€) CHF G-Class 10 December 2020 Series					
Net Asset Value	374,828	-	-	-	-
Number of units outstanding	4,000	-	-	-	-
Net Asset Value per unit	93.71	-	-	-	-
Net asset value CHF	101.40	-	-	-	-
Net Asset Value (€) CHF G-Class December 2020 Series					
Net Asset Value	161,171	-	-	-	-
Number of units outstanding	1,700	-	-	-	-
Net Asset Value per unit	94.81	-	-	-	-
Net asset value CHF	102.59	-	-	-	-

Mint Tower Arbitrage Fund	2020	2019	2018	2017	2016
Net Asset Value (€) ILS December 2020 Series					
Net Asset Value	975,505	-	-	-	-
Number of units outstanding	37,406	-	-	-	-
Net Asset Value per unit	26.08	-	-	-	-
Net asset value ILS	102.51	-	-	-	-
Income statement (€)					
Direct income from investments	16,484,419	32,063,617	20,098,470	20,338,139	9,348,400
Value changes	61,586,810	12,480,099	4,627,235	905,688	13,485,986
Other Income	595,403	402,666	431,156	296,790	248,410
(Expenses)	-30,396,059	-25,321,586	-15,943,890	-16,072,204	-12,268,742
Result	48,270,573	19,624,796	9,212,971	5,468,413	10,814,054
Result per unit					
Result per unit EUR lead series	18.80	8.62	3.34	2.97	7.60
Result per unit USD lead series	21.30	12.09	4.21	-11.90	4.54
Result per unit GBP lead series	12.26	2.28	-	-	-
Result per unit ILS lead series	12.96	6.23	0.31	-	-
Result per unit EUR Institutional lead series	21.16	9.99	4.18	4.22	8.38
Result per unit USD Institutional lead series	14.37	1.80	-	-	-
Result per unit CHF Institutional lead series	12.53	0.57	-	-	-
Result per unit GBP Institutional lead series	12.53	-	-	-	-
Result per unit EUR-G class series	14.63	6.81	2.80	2.89	3.25
Result per unit USD-G class series	17.60	10.03	3.82	4.78	5.10
Result per unit CHF-G-class series	9.02	-	-	-	-
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	-	-	-
Result per unit EUR November 2020 Series	6.08	-	-	-	-
Result per unit EUR G-Class November 2020 Series	6.50	-	-	-	-
Result per unit USD November 2020 Series	6.26	-	-	-	-
Result per unit ILS November 2020 Series	6.19	-	-	-	-
Result per unit EUR December 2020 Series	2.44	-	-	-	-
Result per unit EUR G-Class December 2020 Series	2.61	-	-	-	-
Result per unit USD December 2020 Series	2.52	-	-	-	-
Result per unit CHF G-Class 10 December 2020 Series	1.40	-	-	-	-
Result per unit CHF G-Class December 2020 Series	2.59	-	-	-	-
Result per unit ILS December 2020 Series	2.51	-	-	-	-

Manager's report

The Manager hereby submits its report for the year ended 31 December 2020. The build up of this report is as follows:

- Summary of Performance;
- Risk management;
- In control statement;
- Remuneration;
- Developments and outlook 2021.

Summary of performance 2020

The Mint Tower Arbitrage Fund ended the year 2020 with a performance of +11.61% in the EUR Lead Participation Class.

In 2019 Mint Tower Arbitrage Fund demonstrated its added value as it ended the year with an annual return of +5.62% in a year with sharply rising equity markets and declining volatility. In 2020 Mint Tower achieved positive returns again in a year impacted heavily by the outbreak of a global pandemic and controversial US elections. The strong annual result of the Mint Tower Arbitrage Fund means a continuance of positive net results reported every year since its establishment in 2010.

The return of 2020 was exceptional and almost all of Mint Towers' trading strategies contributed positively. The combination of these factors resulted in an above-average return for the Mint Tower Arbitrage Fund in the hectic Corona year 2020.

The Fund finished 2020 with the following results for the fund in the EUR Lead Participation Class:

Net Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	LTD
2010													0.54%	0.54%
2011	1.68%	-0.20%	0.69%	0.65%	0.00%	-1.64%	0.71%	1.33%	-0.30%	0.24%	-0.83%	1.09%	3.42%	3.98%
2012	2.03%	1.01%	-0.91%	-1.29%	0.69%	0.66%	1.04%	0.09%	-1.88%	0.04%	0.47%	1.11%	3.04%	7.14%
2013	1.13%	0.90%	0.86%	1.16%	1.59%	-0.73%	1.22%	1.89%	0.44%	1.48%	-0.25%	0.50%	10.64%	18.54%
2014	1.42%	1.06%	0.51%	1.40%	0.70%	0.23%	1.09%	0.33%	-1.03%	2.11%	0.20%	-0.26%	8.01%	28.03%
2015	2.69%	0.68%	1.52%	1.50%	0.12%	-0.53%	0.22%	1.32%	0.58%	0.53%	0.95%	-1.16%	8.69%	39.16%
2016	0.04%	1.09%	-0.23%	0.87%	0.32%	-0.84%	1.32%	0.69%	0.00%	0.42%	0.87%	0.77%	5.45%	46.74%
2017	1.20%	0.20%	0.15%	-0.28%	0.37%	-0.17%	-1.27%	-0.84%	1.41%	1.77%	-0.23%	-0.10%	2.19%	49.96%
2018	2.99%	-0.46%	-1.35%	-0.20%	0.00%	-0.82%	0.50%	-0.33%	1.07%	0.82%	-0.81%	0.89%	2.25%	53.34%
2019	-0.49%	1.34%	0.40%	0.81%	-0.43%	0.21%	0.38%	1.24%	0.71%	0.72%	0.47%	0.13%	5.62%	61.96%
2020	0.32%	3.68%	-5.48%	1.14%	0.96%	3.25%	0.69%	0.62%	0.63%	-0.52%	3.64%	2.46%	11.61%	80.76%

Risk management

Framework of risk procedures and controls

Risk management is fully integrated in the investment process as all investment decisions are risk-return decisions. The risks outlined in this paragraph are managed, to the extent as deemed necessary, by means of investment restrictions and other measures. The risk management framework consists, amongst others, of the following elements:

- A risk management philosophy is determined by the Management Team. The philosophy is a guideline for diversification, stop losses, correlation and stress scenarios;
- The portfolio managers monitor the composition and the risks of the portfolio. These risks are measured by a risk management system that utilizes proven valuation models. The outcomes are then checked against limits by the Risk Manager and the Chief Risk Office (CRO).
- Risk limits are determined by the CRO and controlled by the Risk Manager.
 - The CRO is in charge of alignment of the portfolio with the Risk Management philosophy;
 - Risks are periodically reconciled with the risk modelling of the prime broker.
- Regular scenario analyses are performed. In these analyses, extreme market conditions are simulated. The results of these tests are then used to determine whether the risks still fall within the prescribed limits.
- The depositary monitors whether the Manager invests in line with the investment policy of the Fund.

Principle risks and uncertainties

The management deems the following risks as principal risks:

Nature of the investment

Investing in the Fund involves a significant degree of risk and is suitable only for Participants who do not immediately need the capital they invest, and who can bear the risk of losing their investments fully or partially. There is no assurance that the Fund achieves its objectives. Nor is it certain that the investments of the Fund will be successful. The contents of this document or other information of the Manager, acting on behalf of the Fund, do not give assurance, expressly or implied, that the Fund will achieve its investment objectives. Debt-financed investments are inherently susceptible to revenue declines and cost increases. The return on investment in Units for the period of time between purchase and sale is not certain before the time of sale. No assurance can be given that the desired returns are actually achieved. The value of Units is dependent on the financial instruments invested in and on the choices made in the implementation of the investment policy.

Risks of a general economic and political nature

The Fund's investments are subject to risks of a general economic nature, such as reduced economic activity, interest rate rises and increases in the price of commodities. The value of investments in the Fund may also be affected by political developments and terrorist activities.

Political risks and the potential impact of international crises and disasters cannot be predicted and can have a temporary or long-term negative impact on the price and yield. With sudden violent price movements, it is not possible for the Manager to inform the Unitholders beforehand. Newsletters and other periodic information come normally too late and do not predict violent market movements. The responsibility for obtaining updated information and any advice lies with the individual Unitholder.

Price risk

Investing in Units involves financial risks. Investors should be aware that the market price of the securities in which the Fund takes positions may fluctuate. Stock markets have generated good returns in the past (in certain periods). However, this provides no indication or guarantee for the future. The Fund's Net Asset Value may also be subject to fluctuations due to price fluctuations. As a result, Unitholders will possibly not be able to recover their entire investment on termination of their participation in the Fund.

Debtor risk

The risk that a debtor to the Fund, such as the issuer of a convertible bond, is unable to meet its obligations.

Concentration risk

Under certain circumstances, the Fund can take concentrated positions. In such case, this can lead to sharper fluctuations in the Net Asset Value of the Fund than if the investments would have had a broader spread.

The most important risks associated with financial instruments are described, and when deemed appropriate quantified in Note 4 to the financial statements.

Other risks and uncertainties

In addition to the aforementioned main risks we discuss below briefly the other risks to which the Fund is exposed.

Liquidity risk

The Fund applies complex strategies. There is a risk that, if positions taken must be settled early, that will not prove to be possible for a reasonable price as a result of limited demand or supply. Hence a low liquidity in a financial instrument has a risk of resulting in market prices which do not represent the fair value of that instrument or in a situation where a position cannot be settled at all.

Leverage effect

The Fund may invest borrowed money. This can generate higher profits, but also higher losses than in a situation where investments are not made with borrowed Funds (the 'leverage effect'). Interest charges also arise.

Counterparty risk

The risk that an issuer or counterparty (including the prime brokers) fails to meet its obligations.

Settlement risk

The risk that settlement through a payment system does not take place as expected because payment or delivery of financial instruments does not take place in time, or not as expected.

Model risk

The Manager uses theoretical valuation models for the valuation of derivative products such as options and convertible bonds. There is a risk that these models will prove to be insufficient or not sufficiently accurate.

Dependence on key personnel

The Fund's success is largely dependent on the skills and the knowledge of the directors and employees of the Manager. No assurance can be given that the directors and employees of the Management Company will remain active in the relevant Fund during the term of the Fund. The loss of key personnel could have a material adverse effect on the Fund.

Short Positions

In theory, the potential losses on short positions are unlimited, while the potential profits are limited to about the amount of the investment. By borrowing shares, the Fund will ensure that there is sufficient cover for the short positions taken at all times. The Fund issues surety for this, either in shares or in cash. This determines the maximum for which short positions can be taken.

Derivatives

The Fund may make use of listed and unlisted derivatives (OTCs). These products can be extremely volatile, as a result of which their use can have a major impact (both positive and negative) on the value of the Fund.

Currency risk of the Fund

The Fund does not always hedge currency positions. Investments in currencies other than the euro can consequently cause both positive and negative fluctuations in the Net Asset Value of the Fund.

Currency risk for Unit holders other than euro

As the administration of the Fund is in euro, an unit holder of a non-euro Class 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 non-euro 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 currency of the Class and the euro may occur which can result in differences in Net Asset Value of the euro and the non-euro Class.

Securities lending risk

With regard to the lending of shares in the Fund's securities portfolio, there is a risk that the prime broker/clearing will not comply with its obligation to return the shares (on time).

Risk of limited buying possibilities

Units can only be transferred to the Fund or to blood relatives in the direct line. In principle, the Fund is only required to buy back Units once a month, on a transaction day, and the Manager is authorized under exceptional circumstances to suspend buybacks or to honour only part of the buy-back requests.

For I–Units a Transaction Day may also occur on the 10th or the 20th of a calendar month. Because of the more frequent liquidity the I – Unit holders could have an advantage with respect to holders of Ordinary Unit and G – Unit. The risk for these Participants is that when several intermediate request for redemption or liquidation of I - Units a gate could be enabled at the moment a buy back requests is sent by a holder of Ordinary Units or G – Units.

Also, the Manager, who is able to participate through I – Units, has the opportunity of more frequent liquidity. If the Manager enters such a request the terms and conditions as in this Prospectus will apply (see Section 10 of this Prospectus).

No control over the activities of the Fund

Participants have no control over the activities of the Fund. Potential investments and relevant economic, financial, business and other data used by the Manager in his investment decisions, do not lie at the discretion of the Participants. Except to the extent the Fund Documents provide otherwise, are exclusively entitled to the Manager and authorized to manage the activities of the Fund. This means that participants must participate solely in the Fund when they are willing to leave all aspects of the management of the Fund to the Manager.

Compliance risk

This is the risk that Mint Tower fails to meet its regulatory obligations on behalf of the Fund.

AML risk

This is the risk that money invested by participants in the Fund comes from money laundering.

Service provider risk

The Manager deploys certain external service providers to perform some tasks. The default of a service provider can have a negative impact on the functioning of the Manager or the Fund, which can have a negative effect on the performance of the Fund.

ESG risk

An environmental, social or governance event or condition that, if it occurs, could cause an actual or potentially material adverse effect on the value of the investment.



Risk of amendments in tax law and other legislation

This is the risk that the fiscal treatment of the Fund will change in a negative sense or that other legislation will be enacted that has a negative impact on the Fund and its Unit holders. No assurance can be given that the structure of the Fund or of an investment for a Participant is (or remains) fiscally friendly. Potential Participants are advised strongly to seek advice from their tax advisor with regard to their particular tax situation.

Inflation risk

This is the risk that the spending power of the amount invested in the Fund can diminish in the event of inflation.

Cyber Risk

Cyber Risk is the potential of loss or harm related to technical infrastructure or the use of technology within an organization. Events can be categorized in multiple ways. One is intent. Events may be the result of deliberately malicious acts, such as a hacker carrying out an attack with the aim of compromising sensitive information, but they may also be unintentional, such as user error that makes a system temporarily unavailable. Risk events may come from sources outside the organization, such as cybercriminals or supply chain partners, or sources inside the organization such as employees or contractors.

Risk of loss of assets in custody

In the event of insolvency, negligence or fraudulent action on the part of the Depositary, the legal owner or the prime broker/clearing, there is a risk of the loss of the assets given into custody.

Performance fee

The fact that the remuneration of the Manager is based partly on the rise of the Net Asset Value of a Unit Class and/or Series, can be an incentive for the Manager to make speculative Fund investment.

Conflicting interests

Participants should be aware that situations can arise where the Manager, key personnel and/or affiliates in connection with the investment activities of the Fund are faced with a potential conflict of interest

Indemnification

The Manager, the Legal Owner and their affiliates shall be indemnified by the Fund and indemnified for liability in connection with the Fund. Others may also be indemnified by the Fund. This liability can be substantial and have a negative impact on returns to investors in the Fund. The indemnification obligations of the Fund are borne by the assets of the Fund.

Market Making

For the execution of the investment policy, Mint Tower may enter into agreements with trading venues to perform market making activities. To enter into such an agreement usually a membership with the trading venue is required. These market making agreements include minimum obligations which Mint Tower should meet to perform these activities. The minimum obligations to be met by Mint Tower in terms of presence, size and spread shall require at least posting firm, simultaneous two-way quotes of comparable size and competitive prices in at least one financial instrument on the trading venue for at least 50% of daily hours of during which continuous trading takes place. A conflict of interest might occur between the Manager and the Fund as a result of the Manager's quoting obligations that could result in positions for the Fund. In certain market circumstances this could have a negative impact on the results of the fund. Further, these agreements contain certain obligations related to the resumption of trading after volatility interruptions. The Manager enters into the obligations for account and risk of the Fund. In extreme market circumstances, these obligations could have a negative impact on the results of the Fund. By only allocating a small percentage of the assets under management for market making activities the impact of these risks for the Fund will be limited.

Algorithmic Trading

Algorithmic trading means trading in financial instruments where a computer algorithm automatically determines individual parameters of orders. For the execution of the investment policy, the manager may use algorithmic trading. Unit holders should be aware that algorithmic trading contains risks related to the hardware and the software of the trading systems. Realisation of these risks could result in disorderly market conditions that could have a negative impact on the result of the Fund.

Limited Operating History

Although the listed directors and other key personnel of the Fund have extensive experience with the application of the investment strategies, the Fund and the Manager (both founded in 2010) do not have an extensive operational history. On that basis it is difficult to assess how the Fund will perform.

No dividend payments

Given the purpose of the Fund is not expected that there will be dividend payments. The realized capital gains are reinvested.

Forward-looking statements

All statements in this annual report constitute forward-looking statements except statements about historical facts. Where words such as believe, will, expect, assume, estimate, forecast and similar expressions are used, it is a forward-looking statement. These forward-looking statements are based on information available at this time to the Manager and which involve a number of risks, uncertainties and other factors that could cause actual results, performance, prospects or opportunities to differ materially from what is stated explicitly or implicitly in these forward-looking statements. When these risks, uncertainties and other factors should be considered for example to changes in economic, political and social climate, regulatory changes by the government, technological changes and the development of new technology, currency fluctuations, competition and the availability and use of capital and the associated conditions. When one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, projected or estimated results.

Risk appetite towards principal risks and uncertainties

The risk appetite of the Manager relating to the Fund is directly determined by both the investment objective and, secondly, the investment policy and the restrictions imposed. Within this framework, the Manager has a certain freedom.

The above-mentioned risks are deemed acceptable by the Manager. Mitigation of these risks is only desirable to an extent which is in line with the risk profile of the fund.

Expected impacts principal risks and uncertainties during the year and coming period

The risks which possibly impact the Fund can be separated in:

- Risks which influence the market prices of the financial instruments in which the Fund invests. The nature of the Fund is to take calculated risks in order to realize returns. The market prices of the financial instruments in which the Fund holds positions are constantly influenced by these risk factors. A change in market price of a financial asset can't be attributed to a single risk and as a result it is not feasible to report on the impact of a single or combination of risks;
- Risks which can impact the performance of the Fund but do not influence market prices of the financial instruments in which the Fund invests. These risks did not have an impact in the reporting period nor are expected to have an impact in the coming period.

As during the reporting period, the actual impact of these risks did not lead to exceeding the Fund's terms nor to a change in its risk profile, this did not trigger any changes in the risk management of the fund. Nevertheless, the CRO is constantly assessing and updating its risk measures in order to achieve continuous improvement.



In control statement

The Manager of the Fund has detailed the company processes and procedures with regard to the Fund operations in a so-called “company description”. These company processes and procedures meet the requirements of the financial supervision act as per 31 December 2020 (Wet op het financieel toezicht: Wft). The Manager has not observed any indication that actual performance of the processes and procedures have not been effective or not in accordance with the company description.

Remuneration

The Mint Tower Arbitrage Fund was the only Fund managed by the Manager in 2020. The Manager has a sound remuneration policy which is AIFMD compliant. The general purpose of the policy is to discourage taking excessive risks which are not in accordance with the risk profile of the Fund. The remuneration policy is aligned with the strategy, goals and values of the Fund and the Manager and includes measures to avoid conflicts of interests. The remuneration policy applies to all staff members of the company. The reward of variable remunerations is a discretionary power of the Board. The criteria applied by the Manager when determining remuneration comprise, amongst others, the following areas:

- Contribution to the overall fund result
- Risk awareness
- Integrity
- Compliance
- Teamwork
- Commitment

Any variable remuneration over EUR 25,000 is deferred for 3 years. The deferred remuneration is fully invested in the Fund. These measures ensure proper alignment of the interest of the unit holders in the Fund with the interests of the employees. Hold back and claw back procedures are in place for situations where new facts become known which would have influenced remuneration when known at the time of rewarding. At year-end 2020 the Fund Manager's headcount totalled 28 employees (2019: 29).

The below table shows the remuneration for the year 2020 and 2019.

2020	Fixed	Variable	Total
All members of the Managers Board	423,107	-	423,107
Staff members who have a managing role in asset management, administration, marketing and human resources	205,125	44,753	249,878
All staff members whose actions can influence the risk profile of the Fund in a considerable degree, e.g. portfolio managers.	906,429	198,305	1,104,734
Staff members who are responsible for risk management, compliance, internal control and similar functions	834,356	105,542	939,898
Total remuneration	2,369,017	348,600	2,717,617

2019	Fixed	Variable	Total
All members of the Managers Board	460,044	-	460,044
Staff members who have a managing role in asset management, administration, marketing and human resources	205,000	48,804	253,804
All staff members whose actions can influence the risk profile of the Fund in a considerable degree, e.g. portfolio managers.	781,369	142,480	923,849
Staff members who are responsible for risk management, compliance, internal control and similar functions	662,092	80,361	742,453
Total remuneration	2,108,505	271,645	2,380,150

With reference to article 1:120 lid 2a WFT we state the following: No staff member has received a remuneration which exceeds EUR 1,000,000.



Developments & Outlook 2021

December 31 denoted the end of an eventful year, dominated by the Covid-19 pandemic and the resulting lockdowns.

While Mint Tower celebrated its 10th anniversary and broke the EUR 500 million barrier in assets under management.

After the economy came to a standstill and stock markets took a nosedive at the end of Q1, resulting in sharp rise in volatility, the central banks intervened by means of various asset purchase programs, amongst others. The stimulus achieved the desired effect on the stock market, leading to a V-shaped recovery. In Europe, the ECB imposed a dividend ban on financial institutions, thereby putting pressure on the level of dividends priced in the respective derivatives.

Besides the pandemic, the year 2020 presented plenty of noteworthy events moving the markets. For example, the price action in crude oil futures around its expiry in April was striking as the buyers received USD 40 per contract, leading to the notion of the possibility of negative commodity prices. Other events included the US presidential election and the Corona vaccine news released by Pfizer.

Furthermore, the rotation from momentum to value stocks caused a lot of volatility in November. Until then, technology stocks (momentum), had performed better than, for example, bank stocks (value).

Mint Tower views the higher volatility combined with opportunities created by pricing discrepancies in the market as a positive for the various strategies in the fund.

Mint Tower expects the volatility to persist in the financial markets, be it driven by Brexit, roll-out of the Corona vaccine, the US shifting to Democratic leadership or other events, and is looking forward to tackling the year 2021 with full confidence.

During 2020 staff was stable around 26. The manage expects to bring in additional staff in 2021 due to the large inflow of new investors and strong results. In March 2020, Apex Fund Services (Netherlands) B.V. was appointed as new Administrator of the Fund. Switching to Apex has resulted in increased efficiency and optimized operational processes. In 2021 we will continue to optimize operational processes and focus on efficiencies to be gained. In terms of IT we will be looking at further rationalization of our landscape.

At the time of writing, the COVID-19 pandemic has had deep impact around the world for more than a year. There is no going concern uncertainty for the Fund following the COVID-19 assessment. The Manager activated the Business Continuity measures successfully resulting in zero downtime. As COVID-19 develops the Manager will follow the guidelines from the Government and Health Organizations and return to normal operations accordingly. There has been no impact on managing the Fund and there has been no heightened risk on brokers regarding positions and collateral. The Manager remains vigilant in this respect, throughout the months to come. The performance of the Fund at end of April is around 3.32 percent year to date.

The Manager

Amsterdam, May 31, 2021

Mint Tower Capital Management B.V.



Financial Statements 2020

Balance sheet as at 31 December 2020

(Amounts in €, before appropriation of result)

Balance Sheet	Notes	2020	2019
Investments Long	6		
Securities and derivatives			
Equity securities	6.1	353,635,364	455,828,104
Debt securities (bonds)	6.2	1,243,340,075	690,590,956
Options	6.3	222,675,684	158,440,123
Credit default Swap (CDSs) and other OTC Derivatives	6.4	850,873	592,033
Contracts for Difference (CFDs)	6.5	-	11
Total return Swap (TRS)	6.6	239,875	-
Futures	6.7	7,722,801	1,999,513
Forwards	6.8	66,005	12,223
Sum of investments long		1,828,530,677	1,307,462,963
Receivables	7		
Due from brokers	7.1	-	7,356,979
Other receivables and accrued income	7.2	5,978,756	6,934,667
		5,978,756	14,291,646
Other assets	8		
Intangible assets	8.1	-	27,973
Cash and cash equivalents	8.2	297,669,364	132,401,839
		297,669,364	132,429,812
Current liabilities	9		
Bank overdrafts	8.2	262,523,918	311,402,312
Due to brokers	9.1	384,827	-
Other payables and accrued expenses	9.2	26,821,321	8,255,322
		289,730,066	319,657,634
Total of receivables, other assets minus current liabilities		13,918,054	-172,936,176
Total assets minus current liabilities		1,842,448,731	1,134,526,787
Investments Short			
Securities and derivatives			
Equity securities	6.1	964,563,782	559,947,279
Debt securities (bonds)	6.2	34,863,633	27,772,549
Options	6.3	295,169,441	205,111,320
Credit default Swap (CDSs) and other OTC Derivatives	6.4	11,278,558	3,790,421
Futures	6.7	35,190,894	4,200,512
Forwards	6.8	99,131	997,862
Sum of investments short		1,341,165,439	801,819,943
Total assets minus liabilities		501,283,292	332,706,844
Fund capital	10		
Paid in unit capital	10.4	395,920,194	275,614,319
Legal reserve	10.5	-	27,973
Other reserves	10.6	57,092,525	37,439,756
Result for the period	10.7	48,270,573	19,624,796
Total fund capital		501,283,292	332,706,844

Income statement for the year ended 31 December 2020

Income statement	Notes	2020	2019
Direct income from investments	12		
Dividends (on long positions excluding withholding tax)	12.1	2,142,844	7,224,422
Interest income	12.2	14,341,575	24,839,195
Direct result from investments		16,484,419	32,063,617
Indirect income from investments	13		
Realized result on equity securities		-88,962,971	124,958,847
Unrealized result equity securities		-72,217,046	36,201,782
Realized result on debt securities		219,589,374	-183,595,899
Unrealized result on debt securities		150,367,247	146,859,004
Realized result on options		-26,886,678	-20,504,203
Unrealized result on options		-127,879,661	-85,154,368
Realized result Contracts for Difference		-1,865,778	-11,642,703
Unrealized result Contracts for Difference		-11	1,247,364
Realized result Credit default Swap (CDSs) and other OTC Derivatives		6,199,442	285,177
Unrealized result Credit default Swap (CDSs) and other OTC Derivatives		-762,918	-270,182
Unrealized result Total return Swap		239,875	-
Realized result on futures		10,653,169	20,283,137
Unrealized result on futures		-24,514,457	-3,743,892
Realized result on forwards		14,343,889	4,812,567
Unrealized result on forwards		952,514	-1,006,669
Currency results cash and cash equivalents		4,933,021	-15,049,863
Transaction costs	2.1.1.1	-2,602,201	-1,200,000
Indirect income from investments		61,586,810	12,480,099
Other Income	14		
Other income		595,403	402,666
Total investment result		78,666,632	44,946,382
Expenses	15		
Management fees	15.1	6,333,421	4,676,107
Performance fees	15.2	9,664,965	3,348,588
Administration and other operating expenses	15.3.1	1,772,797	2,745,851
Depositary fees	15.3.4	85,833	75,080
Amortisation intangible assets	8.1	27,973	27,972
Interest expenses (finance costs)	15.4	8,833,231	7,943,825
Dividends on short positions	12.1	3,677,839	6,504,163
Total operating expenses		30,396,059	25,321,586
Result for the period		48,270,573	19,624,796

Cash flow statement for year ended 31 December 2020

Cash flow statement (indirect method)	Notes	2020	2019
Cash flows from investment activities			
Result for the period		48,270,573	19,624,796
Amortisation charge intangibles assets	8.1	27,973	27,972
Purchases of investments	6	-10,554,866,818	-8,444,962,721
Sales of investments	6	10,632,400,590	8,624,142,573
Changes in value of investments (excl, cash settled derivatives)		-59,255,990	-28,729,962
Currency results cash and cash equivalents		4,933,021	-15,049,863
		71,509,349	155,052,795
Changes in receivables, other assets and current liabilities:			
(Increase) / decrease receivables		955,911	-1,089,143
Increase / (decrease) current liabilities		3,426,119	1,696,376
		4,382,030	607,233
Net cash flows from investment activities		75,891,379	155,660,028
Cash flows from financing activities			
Issue of units	10.4	239,047,166	122,681,463
Redemption (purchase) of units	10.4	-118,741,291	-105,257,456
Net increase/decrease due to and from unit holders	7.2-9.2	15,139,880	3,308,244
Net increase/decrease due to and from brokers	7.1-9.1	7,741,806	-612,982,847
Net cash flows from financing activities		143,187,561	-592,250,596
Net cash flows reporting period		219,078,940	-436,590,568
Currency results cash and cash equivalents		-4,933,021	15,049,863
Cash and cash equivalents beginning of period		-179,000,473	242,540,232
Cash and cash equivalents ending of period	8.2	35,145,446	-179,000,473

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 the Administrator as per 1 January 2018.

1.2 Unit classes, lead series and sub-series

1.2.1 Unit classes

The Fund comprises eleven unit classes:

- EUR Class (introduced in 2010);
- USD Class (introduced in 2016);
- GBP Class (introduced in 2019);
- ILS Class (introduced in 2018);
- Institutional Class EUR (introduced in 2014);
- Institutional Class USD (introduced in 2019);
- Institutional Class GBP (introduced in 2020);
- Institutional Class CHF (introduced in 2019);
- EUR G-Class (introduced in 2016);
- USD G-Class (introduced in 2016);
- CHF G-Class (introduced in 2020).

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

The EUR Class, USD Class, GBP Class and ILS Class were introduced for a specific group of investors. The institutional classes were introduced for a specific group of investors, being institutional investors and Family Offices. 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 Legal Owner 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 those classes). 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 Participation) will be expressed in euro, US-dollar, pound sterling, israeli shekel and swiss franc 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 the Fund is 1 January until 31 December 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.

1.8 Reclassifications

The figures of 2019 have been amended because of reclassifications of some securities. There were differences between the reclassifications of IQEQ (former administrator) and the current administrator Apex Fund Services (Netherlands) BV. Also Apex and Northern Trust have a different way of treating future positions. The reclassification is an estimate adjustment, but has no impact on equity or result.

Reclassifications	31-12-2019 IQEQ	31-12-2019 Apex	31-12-2019 Reclassifications
Equity securities	-104,119,175	-62,052,954	42,066,221
Debt securities (bonds)	662,818,407	620,752,186	-42,066,221
Futures	-2,200,999	-2,953,636	-752,637
Due from brokers	7,356,979	8,109,616	752,637

1.9 Change in presentation

In 2020, the Fund has changed the presentation of the due to brokers. As of 2020, the due to brokers accounts are presented as part of cash and cash equivalents, where this was previously done under due to brokers. This change in presentation does not affect the result or net asset value of the Fund. The comparative figures for 2019 have been adjusted accordingly.

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.

After initial recognition, the various financial instruments are valued in the manner described below.

Allocation of investments	level 1	level 2	level 3	level 4	Totals
Cash & Cash equivalents and other receivables and payables	13,918,054	-	-	-	13,918,054
Equity securities	-610,928,418	-	-	-	-610,928,418
Interest bearing securities	1,208,476,442	-	-	-	1,208,476,442
Options	-72,697,737	-	-	203,980	-72,493,757
Credit default Swap (CDSs) and other OTC Derivatives	-11,228,702	801,017	-	-	-10,427,685
Total return swap (TRS)	-	239,875	-	-	239,875
Futures	-27,468,093	-	-	-	-27,468,093
Forwards	-33,126	-	-	-	-33,126
Totals	500,038,420	1,040,892	-	203,980	501,283,292

Level 1: the fair value is derived from listed market prices;

Level 2: the fair value is derived from independent appraisals;

Level 3: the fair value is derived based on a net present value calculation (NPV Hold);

Level 4: the fair value is determined using another suitable method.

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), Credit Default Swaps (CDS) and total return swaps (TRS).

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.

2.2.3.1 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. Futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are generally traded in standardized amounts on regulated exchanges and are subject to daily cash margin requirements. 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.

2.2.3.2 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 mark to market based upon daily prices obtained from third party pricing agents and verified against the value of the counterparty.

2.2.3.3 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 Fund 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.

2.2.3.4 Credit default Swap (CDSs) and other OTC Derivatives

A Credit default Swap (CDSs) and other OTC Derivatives are 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 contract (buy or sell) and are recorded under “*Indirect income from investments*” in the income statement. The asset or liability position for each contract is settled in cash when the contract is closed or expires.

2.2.3.5 Total return Swap (TRS)

A Total Return Swap (TRS) is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, a basket of loans, or bonds. The asset is owned by the party receiving the set rate payment.

2.2.4 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 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	31/12/2020	31/12/2019
AUD	1.5888	1.5973
CAD	1.5609	1.4557
CHF	1.0821	1.0872
CNH	7.9483	7.8196
DKK	7.4415	7.4724
GBP	0.8956	0.8476
HKD	9.4791	8.7456
ILS	3.9307	3,8770
JPY	126.2800	122.0000
MXN	24.385	21.1955
NLG	2.2037	2.2037
NOK	10.4969	9.8580
PLN	4.5678	4.2518
SEK	10.0463	10.4999
SGD	1.6153	1.5108
TWD	34.3532	33.5440
USD	1.2225	1.1225
ZAR	17.9359	15.6986

(source: Bloomberg)

3 Principles for determining the result

3.1 Investment transactions and revenue recognition

Investment 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 year, and its market value at the end of the year.

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 are exposed to a variety of financial risks, such as:

- 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 a net performance more than 5% per year between 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.

4.1.1 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 rank from 0% to 10.5%. Interest payments are, in general, payable on a quarterly, semi-annual or annual base. The following table shows the composition of the duration of the bond portfolio based on the number of securities in portfolio at year end:

% of the bond Portfolio		
Duration	2020	2019
6>	90%	89%
5-6	1%	0%
4-5	3%	1%
3-4	4%	3%
2-3	1%	1%
1-2	0%	3%
0-1	1%	3%
	100%	100%

(source: Bloomberg)

4.1.2 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.

The following table shows a portfolio composition by currency:

Portfolio composition by currency	2020	2019
Investment Long		
EUR	33%	45%
CHF	9%	9%
USD	55%	42%
GBP	1%	1%
JPY	2%	2%
Other currency	0%	1%
	100%	100%
Investment Short		
EUR	27%	24%
CHF	11%	11%
USD	59%	59%
GBP	0%	1%
JPY	3%	3%
Other currency	0%	2%
	100%	100%

Currency risk for Unit holders other than euro

As the administration of the Fund is in euro, a unit holder of a non-euro Class 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:

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

At the end of the reporting period the size of the USD Classes was USD 36.7 Million (2019: USD 25.8 Million), ILS Classes ILS 19.6 Million (2019: ILS 0.7 Million), GBP Classes GBP 0.2 Million (2019: GBP 0.1 Million) and CHF Classes CHF 2.0 Million (2019: CHF 0.2 Million). The same amounts were hedged. The non-base currency result of the hedge will only be allocated to the non-euro Class.

4.1.3 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.

4.2 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.

The main concentration to which the Fund is exposed arises from the Fund’s investments in debt securities. The Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, amounts due from brokers and other receivable balances. The following table shows the composition of the credit rating of the bond portfolio based on the number of securities in portfolio at year end:

Rating	2020	2019
AA	1%	0%
AA-	0%	5%
A	1%	5%
A-	3%	10%
BBB+	3%	11%
BBB	1%	5%
BBB-	5%	5%
BB+	6%	5%
BB	5%	3%
BB-	4%	5%
B+	1%	2%
B	2%	0%
No rating	68%	44%
Total	100%	100%

(source: Bloomberg)

4.3 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.

5 Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated into euros using the exchange rates prevailing at the dates of the transactions. In the cash flow statement the cash flows from investment activities are adjusted for the effects of non-cash transactions and accruals.

Notes to specific items in the balance sheet

6 Investments

6.1 Equity securities

The following table shows a reconciliation of all movements related to investments in listed equity securities (long and short):

Movement schedule equity securities	2020	2019
Balance at beginning of period	-104,119,175	36,013,803
Reclassification	42,066,221	-
Reclassification Balance at beginning of period	-62,052,954	36,013,803
Purchases	5,104,480,882	5,165,079,365
Sales	-5,492,176,329	-5,466,372,972
Change in value	-161,180,017	161,160,629
Balance at end of period	-610,928,418	-104,119,175

The changes in value are detailed in note 13. The reclassification are detailed in note 1.8.

Equity securities positions	2020	2019
Long positions	353,635,364	455,828,104
Short positions	-964,563,782	-559,947,279
Net position against market value	-610,928,418	-104,119,175

As a guarantee for the liabilities towards the Prime Brokers (drawn under the credit facility securities borrowing and derivatives trading) the long equity securities position has been pledged.

As at 31 December 2020, the equity securities of the Fund related to the SPAC strategy amounts to EUR 116,940,297 (long positions) and EUR 1,572,893 (short positions).

6.2 Debt securities

The following table shows a reconciliation of all movements related to investments in listed debt securities (bonds):

Movement schedule bonds	2020	2019
Balance at beginning of period	662,818,407	678,784,238
Reclassification	-42,066,221	-
Reclassification Balance at beginning of period	620,752,186	678,784,238
Purchases	3,232,171,115	1,717,137,755
Sales	-3,014,403,481	-1,696,366,691
Change in value	369,956,622	-36,736,895
Balance at end of period	1,208,476,442	662,818,407

The changes in value are detailed in note 13. The reclassification are detailed in note 1.8.

Bond positions	2020	2019
Long positions	1,243,340,075	690,590,956
Short positions	-34,863,633	-27,772,549
Net position against market value	1,208,476,442	662,818,407

As a guarantee for the liabilities towards the Prime Brokers (drawn under the credit facility securities borrowing and derivatives trading) the long debt securities position has been pledged.

6.3 Options

The following table shows a reconciliation of all movements related to investments in listed (call- and put) options (long and short):

Movement schedule options	2020	2019
Balance at beginning of period	-46,671,197	-59,320,353
Reclassification	-	-
Reclassification Balance at beginning of period	-46,671,197	-59,320,353
Purchases	2,259,822,517	1,567,973,231
Sales	-2,130,878,737	-1,449,665,504
Change in value	-154,766,340	-105,658,571
Balance at end of period	-72,493,757	-46,671,197

The changes in value are detailed in note 13. The reclassification are detailed in note 1.8.

Option positions	2020	2019
Long positions	222,675,684	158,440,123
Short positions	-295,169,441	-205,111,320
Net position against market value	-72,493,757	-46,671,197

Option positions	2020	2019
Call options long	138,602,352	89,535,198
Call options short	-237,662,049	-157,256,956
Put options long	84,073,332	68,904,924
Put options short	-57,507,392	-47,854,363
Net position	-72,493,757	-46,671,197

The underlying assets of options consists of equity securities and indices on equities securities. The maturity of the options is between 1 month and 5 years.

6.4 Credit default Swap (CDSs) and other OTC Derivatives

This balance refers to a receivable from the Prime Brokers with respect to short and long positions in CDS's on listed equity Securities and reflects the difference between the opening prices of these securities at the time of the transaction and the closing prices at the balance sheet date. Please refer to note 11.1.4 for details.

6.5 Contracts for Difference (CFDs)

This balance refers to a receivable from the Prime Brokers with respect to short and long positions in CFD's on listed equity securities and reflects the difference between the opening prices of these securities at the time of the transaction and the closing prices at the balance sheet date. Please refer to note 11.1.2 for details.

6.6 Total return swap (TRS)

This balance refers to a receivable from the Prime Broker with respect to a long position in TRS on indices and reflects the difference between the opening prices of these indices at the time of the transaction and closing prices at the balance sheet date. Please refer to note 11.1.3 for details.

6.7 Futures

This balance refers to a receivable from the Prime Brokers or payable position to the Broker with respect to daily variation margin based on the change in market value of open futures contract. This balance is recorded in cash and cash equivalents. The underlying assets of the Futures in position consist of equity securities, indices on equity securities, dividends and interest rates. The maturity of the futures is between 1 month and 9 years. Please refer to note 11.1.1 for details.

6.8 Forwards

This balance refers to a receivable from the Prime Brokers or payable position to the Broker with respect to FX forward contracts. This balance is recorded in cash and cash equivalents. The underlying assets of the forwards in positions consist of cash and cash equivalents (in another currency). The maturity of the forwards is between 1 month and 6 months. Please refer to note 11.1.5 for details.

7 Receivables

7.1 Due from brokers

Due from brokers	2020	2019
Receivables for investments sold	-	7,356,979
Total	-	7,356,979

This receivable relates to investments which have not yet settled at the reporting date but have been accounted for from the trade date. All trades settle within 1 to 5 business days after the valuation date, following the regular settlement cycles of the respective security exchanges on which the trades are executed.

7.2 Other receivables and accrued income

As at 31 December 2020 and 2019, other receivables and accrued income consists of the following:

Other receivables and accrued income	2020	2019
Accrued dividend on equity securities	9,279	-
Accrued interest on debt securities	5,969,477	6,877,035
Other receivables	-	57,632
Total	5,978,756	6,934,667

7.2.1 Other receivables

This relates to expenses that have been prepaid by the Fund.

8 Other assets

8.1 Intangible assets (AIFMD license)

Intangible assets (AIFMD license)	2020	2019
Balance at beginning of period	27,973	55,945
Amortization	-27,973	-27,972
Balance at end of period	-	27,973

8.2 Cash and cash equivalents

Cash and cash equivalents	2020	2019
ABN AMRO Bank NV	217,170,097	129,180,167
Bank of America Merrill Lynch	541,087	2,494,432
J.P. Morgan Chase & Co.	63,809,823	216,081
Kasbank N.V.	135,212	168
Morgan Stanley	245,399	-
Velocity Trade	990,330	-
Deutsche Bank N.V.	14,777,416	510,991
Total	297,669,364	132,401,839
Bank overdrafts		
ABN AMRO Bank NV	169,551,706	280,628,610
J.P. Morgan Chase & Co.	90,244,329	30,773,596
Velocity Trade	15,857	-
Deutsche Bank N.V.	2,712,026	106
Total	262,523,918	311,402,312
Total Cash and cash equivalents	35,145,446	-179,000,473

As at 31 December 2020 and 31 December 2019, no restrictions in the use of cash and cash equivalents exist except for the margin amounts of EUR 18,363,753 held due to the derivatives in portfolio.

9 Current liabilities

9.1 Due to brokers

As at 31 December 2020 and 2019, due to brokers consist of the following:

Due to brokers	2020	2019
ABN AMRO Clearing Bank	372,188	-
J.P. Morgan Chase & Co.	12,639	-
Total	384,827	-

9.1.1 Credit facility agreements

As at 31 December 2020, the Fund has a committed securities credit and cash facility from the Prime Brokers amounting to EUR 1,000 million (both the securities borrowing and cash limit) (2019: EUR 1,000 million).

The Fund has provided the Prime Brokers with a pledge over all financial instruments held in the prime brokerage accounts in order to secure the financing (credit facility) to the Fund and to cover for services including financial instruments borrowing, short selling and derivatives trading on margin. The Prime Brokers have the right to use or rehypothecate all pledged assets.

9.1.2 Payable for securities purchased

Payable for securities purchased represents the cost of the securities purchased with a trade date before and a settlement date after the reporting date. All trades are entered into based on delivery versus payment. All trades settle within 1 to 5 business days after the valuation date, following the regular settlement cycles of the respective security exchanges on which the trades are executed.

9.2 Other payables and accrued expenses

As at 31 December 2020 and 2019, other payables accrued expenses consist of the following:

Other payables and accrued expenses	2020	2019
Subscription received in advance	20,880,687	5,740,807
Accrued management fees	638,418	428,394
Accrued performance fees	3,581,799	378,336
Interest payable	741,774	449,668
Dividend payable	8,105	35,989
Audit fee payable	35,000	20,656
Depository fee payable	7,493	-
Administration fee payable	33,107	143,223
Transaction fee payable	246,791	565,809
Market data fee payable	174,112	-
Financing cost payable	235,486	-
Accrued operating fees	238,549	492,439
Total	26,821,321	8,255,322

9.2.1 Accrued performance fees

Performance fees are determined and paid per unit in a series each calendar quarter. The fee amounts to 20% (15% for the Institutional Class and G- class) of the increase in the net asset value of that unit in the relevant quarter. The performance fee calculated will only be payable if and in as far as the net asset value of a unit in a particular series on the final day of the last calendar quarter exceeds the 'high water mark' (the highest net asset value of that Class/series attained in the past). Further details of costs charged by the Manager to the Fund can be found in the prospectus (Chapter 11).

9.2.2 Subscriptions received in advance

Subscriptions received in advance represent the amounts received from (prospective) unitholders for subscriptions to units of the Fund at the next NAV date (which will be exactly on or after the balance sheet date). In principle it is required to deposit the amounts with the Fund prior to the issuance of units.

10 Fund Capital

10.1 General

The Fund's capital is represented by the redeemable units outstanding. The Fund aims at capital growth and preservation. It is envisaged that any income or gains derived will be reinvested and not distributed to the unit holders.

Fund capital	2020	2019
Paid in unit capital	395,920,194	275,614,319
Legal reserve fund formation expenses	-	27,973
Other reserves	57,092,525	37,439,756
Result for the period	48,270,573	19,624,796
Total fund capital	501,283,292	332,706,844

10.1.1 Pro rata share

Units give the unit holders a contractual claim against the Legal Owner for payment of an amount equal to the value of a pro rata share in the Fund subject to the prospectus including the terms and conditions. Unit holders have no proprietary rights with respect to the Funds' assets, but an economic interest in the Funds' assets (the Legal Owner holding legal title to the Funds' assets and obligations for the account and risk of the unit holders). Units will be issued in registered form.

10.2 Breakdown net asset value (€) and number of units issued per series (#)

Fund capital	€ 2020	# 2020	€ 2019	# 2019
EUR Class Lead Series	42,634,416	235,866	30,817,456	190,279
USD Class Lead Series	20,941,341	139,096	15,691,371	108,223
GBP Class Lead Series	133,368	1,043	125,841	1,043
ILS Class Lead Series	2,986,633	98,249	177,806	6,472
EUR Institutional Series	293,049,042	1,550,525	222,140,442	1,323,542
USD Institutional Series	1,477,098	15,544	1,450,756	15,997
CHF Institutional Series	1,024,056	9,798	193,060	2,087
GBP Institutional Series	125,656	1,000	-	-
EUR G-class Series	110,001,349	843,791	43,689,917	377,475
USD G-class Series	6,294,085	54,443	4,616,361	41,881
CHF G-class Series	297,823	2,956	-	-
EUR November 2019 Series	-	-	1,276,506	12,688
USD November 2019 Series	-	-	806,741	8,978
EUR G-Class November 2019 Series	-	-	5,477,977	54,406
EUR December 2019 Series	-	-	1,236,278	12,347
USD December 2019 Series	-	-	334,107	3,740
EUR G-Class December 2019 Series	-	-	4,672,225	46,647
EUR November 2020 Series	4,229,868	39,875	-	-
EUR G-Class November 2020 Series	585,766	5,500	-	-
USD November 2020 Series	476,845	5,486	-	-
ILS November 2020 Series	943,223	34,913	-	-
EUR December 2020 Series	2,891,766	28,229	-	-
EUR G-Class December 2020 Series	11,236,106	109,500	-	-
USD December 2020 Series	443,347	5,287	-	-
CHF G-Class 10 December 2020 Series	374,828	4,000	-	-
CHF G-Class December 2020 Series	161,171	1,700	-	-
ILS December 2020 Series	975,505	37,406	-	-
Total	501,283,292	3,224,207	332,706,844	2,205,805

10.3 Subscription and redemption policy

10.3.1 Minimum subscription price per class

As per 31 December 2020, the minimum total subscription price for each prospective unit holder per class amounted to:

- EUR-class EUR 100,000 or equivalent amount in USD for the USD-class, GBP for the GBP-Class and ILS for the ILS-Class;
- I-class EUR 2,500,000 or equivalent amount in USD for the USD I-Class, CHF for the CHF I-Class and GBP for the GBP I-Class;
- EUR G-Class EUR 5,000,000 or equivalent amount in USD for the USD G-Class and CHF for the CHF G-Class.

Existing unit holders can make further unit subscriptions in amounts of EUR 1,000 or more, unless the Manager in its absolute discretion deems it advisable to permit further applications for shares of a lesser amount.

10.4 Paid in unit capital

Movement schedule unit capital	2020	2019
Balance at beginning of period	275,614,319	258,190,312
Issuance of units	239,047,166	122,681,463
Redemption of units	-118,741,291	-105,257,456
Balance at end of period	395,920,194	275,614,319

10.5 Legal reserve fund formation expenses

Legal reserves	2020	2019
Balance at beginning of period	27,973	55,945
Release due to amortization charge	-27,973	-27,972
Balance at end of period	-	27,973

The additions of 2016 (EUR 139,861 including VAT) relate to AIFMD license. These costs are capitalized as an intangible asset and are depreciated over five years (60 months), charged to the income statement. Against the capitalized amount the Fund has formed - out of the other reserves - a legal reserve based upon the Guidelines (615) for Annual Reporting.

10.6 Other reserves

Movement schedule other reserves	2020	2019
Balance at beginning of period	37,439,756	28,198,813
Change in legal reserve fund formation expenses	27,973	27,972
Addition of appropriated result previous period	19,624,796	9,212,971
Balance at end of period	57,092,525	37,439,756

10.7 Result for the period

Movement schedule result for the period	2020	2019
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	48,270,573	19,624,796
Balance at end of period	48,270,573	19,624,796

11 Off-balance sheet assets and liabilities

11.1 Derivatives exposure

11.1.1 Futures exposure

2020 overview

The notional amounts and exposure values (gross market values) of open futures contracts are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
Futures (long)	30,657	270,457,439	278,180,240	7,722,801
Futures (short)	-31,401	-657,731,332	-687,932,338	-35,190,894
Total		-387,273,893	-409,752,098	-27,468,093

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. The underlying assets of the Futures in position consist of equity securities, Indices on equity securities, dividends and interest rates. The maturity of the futures is between 1 month and 7 years.

2019 overview

The notional amounts and exposure values (gross market values) of open futures contracts are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
Futures (long)	7,619	194,427,054	196,426,567	1,999,513
Futures (short)	-31,547	-474,863,998	-479,064,510	-4,200,512
Total		-280,436,944	-282,637,943	-2,200,999

11.1.2 CFD exposure

2020 overview

The notional amounts and exposure values (gross market values) of open CFD positions are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
CFDs on equity (long)	2,059,872	12,130,956	12,130,956	-
CFDs on equity (short)	-672,865	-15,901,710	-15,901,710	-
Total		-3,770,754	-3,770,754	-

2019 overview

The notional amounts and exposure values (gross market values) of open CFD positions are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
CFDs on equity (long)	658,843	4,483,231	4,483,231	-
CFDs on equity (short)	-138,191	-4,222,977	-4,222,988	-11
Total		260,254	260,243	-11

11.1.3 TRS exposure

2020 overview

The notional amounts and exposure values (gross market values) of open TRS positions are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
TRS on equity (long)	17,177	10,000,000	9,760,125	239,875
Total		10,000,000	9,760,125	239,875

The net exposure is separately presented on the balance sheet. Refer to note 6.6.

11.1.4 CDS and other OTC Derivatives exposure

2020 overview

The notional amounts and exposure values (gross market values) of open CDS and other OTC Derivatives positions are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
CDSs on equity (long)	15,000,000	563,101	-287,772	850,873
CDSs on equity (short)	443,500,000	-10,250,074	1,028,484	-11,278,558
Total		-9,686,973	740,712	-10,427,685

The net exposure is separately presented on the balance sheet. Refer to note 6.4.

2019 overview

The notional amounts and exposure values (gross market values) of open CDS positions are as follows:

Description	# contracts	Notional amount	Exposure value	Net exposure
CDSs on equity (long)	60,000,200	-3,486,834	303,587	-3,790,421
CDSs on equity (short)	-47,000,000	529,615	-62,418	592,033
Total		-2,957,219	241,169	-3,198,388

11.1.5 Forwards exposure

2020 overview

The notional amounts and exposure values (gross market values) of open forward positions are as follows:

Description	Notional amount	Exposure value	Net exposure
Long positions			
Sell CHF - Buy EUR maturity 8-Jan-21	5,000,000	4,989,986	10,014
Sell CHF - Buy EUR maturity 22-Jan-21	8,000,000	8,017,726	-17,726
Sell CHF - Buy EUR maturity 22-Jan-21	11,000,000	10,998,570	1,430
Sell CHF - Buy EUR maturity 29-Jan-21	7,000,000	6,959,636	40,364
Sell GBP - Buy EUR maturity 8-Jan-21	26,000,000	26,024,438	-24,438
Sell USD - Buy EUR maturity 4-Jan-21	8,000,000	8,016,380	-16,380
Sell USD - Buy EUR maturity 4-Jan-21	10,000,000	10,026,324	-26,324
Sell USD - Buy ILS maturity 29-Jan-21	4,599,075	4,602,976	-3,901
Sell USD - Buy KRW maturity 25-May-21	408,052	399,983	8,069
Sell USD - Buy SGD maturity 25-May-21	408,406	402,277	6,129
Sell TWD - Buy USD maturity 25-May-21	843,541	853,904	-10,363
Total	81,259,074	81,292,200	-33,126

The net exposure is separately presented on the balance sheet. Refer to note 6.8.

2019 overview

The notional amounts and exposure values (gross market values) of open forward positions are as follows:

Description	Notional amount	Exposure value	Net exposure
Long positions			
Sell CHF - Buy USD maturity 3-Jan-20	10,000,000	8,908,686	-141,330
Sell HKD - Buy USD maturity 30-Jul-20	2,500,000	2,229,698	-1,080
Short positions			
Sell EUR - Buy ILS maturity 31-Jan-20	-166,098	-166,163	80
Sell EUR - Buy USD maturity 3-Jan-20	-10,000,000	-10,000,000	-113,407
Sell EUR - Buy USD maturity 8-Jan-20	-10,000,000	-10,003,118	-79,644
Sell EUR - Buy USD maturity 8-Jan-20	-10,000,000	-10,003,118	-122,673
Sell EUR - Buy USD maturity 8-Jan-20	-10,000,000	-10,003,118	-105,746
Sell EUR - Buy USD maturity 8-Jan-20	-15,000,000	-15,004,677	-177,060
Sell EUR - Buy USD maturity 10-Jan-20	-22,000,000	-22,009,604	-145,327
Sell GBP - Buy USD maturity 8-Jan-20	-7,000,000	-8,260,312	-111,595
Sell USD - Buy HKD maturity 30-Jul-20	-2,500,000	-2,229,698	12,143
Total	-74,166,098	-76,541,424	-985,639

The net exposure is separately presented on the balance sheet. Refer to note 6.8.

Notes to specific items in the income statement

12 Direct income from investments

12.1 Dividends excluding withholding taxes

Dividend income on long equity securities positions is recognized when the right to receive payment is established (the ex-dividend date) and is presented net of withholding tax.

Dividends	2020	2019
Dividend on long positions	2,142,844	7,224,422
Dividend on short positions	-3,677,839	-6,504,163
Total	-1,534,995	720,259

12.2 Interest income

Interest income from debt securities is recognized as it accrues on a time proportion basis, taking into account the principal amount outstanding and the coupon rate.

13 Indirect result from investments

2020 overview

Indirect income from investments	Profit	Loss	Total
Realized result on equity securities	728,328,009	-817,290,980	-88,962,971
Unrealized result on equity securities	206,543,078	-278,760,124	-72,217,046
Realized result on debt securities	431,213,305	-211,623,931	219,589,374
Unrealized result on debt securities	236,260,330	-85,893,083	150,367,247
Realized result on options	592,879,047	-619,765,725	-26,886,678
Unrealized result on options	155,144,605	-283,024,266	-127,879,661
Realized result on Contract for Difference	12,719,782	-14,585,560	-1,865,778
Unrealized result on Contract for Difference	-	-11	-11
Realized result on Credit default Swap (CDSs) and other OTC Derivatives	16,489,550	-10,290,108	6,199,442
Unrealized result on Credit default Swap (CDSs) and other OTC Derivatives	936,182	-1,699,100	-762,918
Realized result on Total return Swap	-	-	-
Unrealized result on Total return Swap	239,875	-	239,875
Realized result on futures	231,109,348	-220,456,179	10,653,169
Unrealized result on futures	13,567,264	-38,081,721	-24,514,457
Realized result on forwards	21,766,063	-7,422,174	14,343,889
Unrealized result on forwards	1,063,867	-111,353	952,514
Currency results cash and cash equivalents	15,551,107	-10,618,086	4,933,021
Total	2,663,811,412	-2,602,014,602	61,796,810

2019 overview

Indirect income from investments	Profit	Loss	Total
Realized result on equity securities	500,193,092	-375,234,245	124,958,847
Unrealized result equity securities	150,251,131	-114,049,349	36,201,782
Realized result on debt securities	76,866,498	-260,462,397	-183,595,899
Unrealized result on debt securities	162,043,676	-15,184,672	146,859,004
Realized result on options	332,930,288	-353,434,491	-20,504,203
Unrealized result on options	152,636,293	-237,790,661	-85,154,368
Realized result Contracts for Difference	60,563,069	-72,205,772	-11,642,703
Unrealized result Contracts for Difference	1,273,708	-26,344	1,247,364
Realized result Credit default Swap (CDSs) and other OTC Derivatives	285,177	-	285,177
Unrealized result Credit default Swap (CDSs) and other OTC Derivatives	116,049	-386,231	-270,182
Realized result on futures	77,122,015	-56,838,878	20,283,137
Unrealized result on futures	15,034,298	-18,778,190	-3,743,892
Realized result on forwards	8,030,044	-3,217,477	4,812,567
Unrealized result on forwards	126,957	-1,133,626	-1,006,669
Currency results cash and cash equivalents	9,357,975	-24,407,838	-15,049,863
Total	1,546,830,270	-1,533,150,171	13,680,099

13.1 Realized results on investments

The realized changes in value of investments represent the difference between the sales price and the cost price that has not yet been accounted for in the income statement as unrealized result.

13.2 Unrealized results on investments

The unrealized changes in value of investments are calculated on an individual basis as the difference between the market value at the balance sheet date and the cost price (paid consideration) of investments during the current financial year or as the difference between the market value per 31 December 2020 and 31 December 2019.

14 Other income

Other income	2020	2019
Subscription and redemption fees	595,403	402,666
Total	595,403	402,666

14.1.1 Subscription and redemption fees

A subscription fee of 1% is deducted from the subscription amount of which 25% is taken as income for the Fund and 75% is paid to the Manager.

A redemption fee with a maximum of 1% of the total redemption amount is deducted in respect of redeemed shares. Of this 75% is taken as income for the Fund and 25% is paid to the Manager. For redemptions within 1 year from issuance a maximum redemption fee of 3% is deducted. Of this 83.33% is taken as income for the Fund and 16.67% is paid to the Manager.

15 Expenses

Fund expenses	2020	2019
Management fees	6,333,421	4,676,107
Performance fees	9,664,965	3,348,588
Administration and other operating fees	1,772,797	2,745,851
Depository fees	85,833	75,080
Amortisation intangible assets	27,973	27,972
Interest expenses	8,833,231	7,943,825
Dividend on short positions	3,677,839	6,504,163
Total	30,396,059	25,321,586

15.1 Management fees

Management fees	2020	2019
Management fees EUR Class	691,604	626,264
Management fees USD Class	355,884	271,244
Management fees GBP Class	2,246	736
Management fees ILS Class	27,507	3,025
Management fees Institutional Class EUR	3,718,525	2,993,060
Management fees Institutional Class USD	17,534	4,159
Management fees Institutional Class CHF	6,918	442
Management fees Institutional Class GBP	1,603	-
Management fees EUR G-class Series	1,401,474	567,035
Management fees USD G-class Series	88,137	210,142
Management fees CHF G-class Series	21,989	-
Total	6,333,421	4,676,107

15.1.1 EUR Class, USD Class, GBP Class and ILS Class

The Manager charges a fixed monthly management fee of 0.15% of the net asset value of the Fund as at the last day of the relevant calendar month (annualized about 1.8%), payable monthly in arrears.

15.1.2 Institutional Class (I-Class) and G-class

The Manager charges a fixed monthly management fee of 0.125% of the net asset value of the Fund as at the last day of the relevant calendar month (annualized about 1.5%), payable monthly in arrears.

15.2 Performance fees and high-water mark

Fund expenses	2020	2019
Performance fees EUR Class	1,157,286	459,402
Performance fees USD Class	615,635	291,380
Performance fees GBP Class	3,544	690
Performance fees ILS Class	72,749	2,581
Performance fees Institutional Class EUR	5,473,381	1,967,787
Performance fees Institutional Class USD	30,423	3,482
Performance fees Institutional Class CHF	13,302	193
Performance fees Institutional Class GBP	2,501	-
Performance fees EUR G-class Series	2,134,243	413,850
Performance fees USD G-class Series	146,026	209,223
Performance fees CHF G-class Series	15,875	-
Total	9,664,965	3,348,588

15.2.1 EUR Class, USD Class, GBP Class and ILS Class

The performance fee is determined and paid per unit in a series each calendar quarter. The fee amounts to 20% of the increase in the net asset value of that unit in the relevant quarter. The performance fee calculated is only payable if and in as far as the net asset value of a unit in a particular series on the final day of the last calendar quarter exceeds the 'high water mark' (the highest net asset value of that series attained in the past). As at December 31st, 2020 the high watermark per share of the EUR, USD, GBP Class amounted to EUR 180.76 (2019: EUR 159.83), USD 184.05 (2019: USD 159.91), GBP 114.54 (2019: GBP 100.78) and ILS 119.49 (2019: ILS 104.97) respectively.

15.2.2 Institutional Class CHF, EUR and USD (I-Class)

The performance fee is determined and paid per unit in a series each calendar month. The fee amounts to 15% of the increase in the net asset value of that unit in the relevant month. The performance fee calculated is only payable if and in as far as the net asset value of a unit in a particular series on the final day of the last calendar month exceeds the 'high water mark' (the highest net asset value of that series attained in the past).

As at December 31st, 2020 the high watermark per share of the Institutional Class per share of the CHF, EUR, USD and GBP amounted to CHF 113.10 (2019: CHF 100.45), EUR 189.00 (2019: EUR 167.57), USD 116.17 (2019: USD 101.48) and GBP 112.53 (2019: no high watermark) respectively.

15.2.3 EUR G-Class, USD G-Class and CHF G-Class

The performance fee is determined and paid per unit in a series each calendar quarter. The fee amounts to 15% of the increase in the net asset value of that unit in the relevant quarter. The performance fee calculated is only payable if and in as far as the net asset value of a unit in a particular series on the final day of the last calendar quarter exceeds the 'high water mark' (the highest net asset value of that series attained in the past). As at December 31st, 2020 the high watermark per share of the EUR G-Class, USD G-Class and CHF G-Class amounted to EUR 130.37 (2019: EUR 114.06), USD 141.33 (2019: USD 121.35) and CHF 109.02 respectively.

15.3 Operating fees

15.3.1 Administration and other operating expenses

Administration and other expenses	2020	2019
Administration fees	299,944	362,268
Other operating fees	1,472,853	2,383,583
Total	1,772,797	2,745,851

Administration fees and other operating fees

There is a fee payable to the administrator based on the administrator's customary rates for such services based on the monthly Net Asset Value of the Fund at the relevant basis points per annum rate.

The other operating expenses include Risk and Service fees (0.27% of the Net Asset Value on a yearly basis) charged by the Manager.

The Market Data fees were in 2020 EUR 81,000 (2019: EUR 1,404,000). These relate to exchange membership, data and connectivity.

15.3.2 Audit fees

Audit fee charged for these annual accounts: EUR 64,235 excluding VAT (2019: EUR 54,398 ex VAT). The auditor does not provide any other audit or non-audit services to the Fund (2019: EUR 3,319).

15.3.3 Transaction Fees

Transactions Fees are related to trades executed by the fund and paid direct to the brokers.

15.3.4 Depositary fees

The depositary fee consists of an annual fee equal to 0.02% of the Net Asset Value (excluding V.A.T.) and is paid monthly.

15.4 Interest expenses (finance costs)

Interest expenses	2020	2019
Interest expenses (short stock and credit facility)	8,833,231	7,943,825
Total	8,833,231	7,943,825

15.4.1 Interest expenses (interest on borrowings and credit facilities)

This amount refers to interest expenses charged due to:

- Cash overdraft positions in EUR and foreign currencies under the credit facility agreement with the Prime Brokers; and
- Short financial instruments (borrowing) financing expenses.

15.5 Income and withholding taxes

The Fund is organized as an open-ended investment fund (“Fonds voor Gemene Rekening”) and is transparent for corporate income tax purposes in The Netherlands. As a consequence, the Fund is not subject to corporate income tax in The Netherlands. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year the withholding tax rate deducted at the source was between 10 - 35 percent.

15.6 Ongoing Charges Ratio (OCR) and performance fee ratio (PFR)

The ongoing charges reflect the total expenses (disregarding performance fees and any costs of securities transactions and interest charges) charged to the result, divided by the average net asset value. For the calculation of the average monthly Net Asset Value, each monthly calculated Net Asset Value is taken into account. Although the performance fees are not taken into account for the purpose of the ongoing charges ratio, they are shown separate in relation to the average monthly Net Asset Value, as a performance fee ratio.

Fund expenses	2020	2019
Total ongoing charges per year	8,220,024	7,525,010
Average NAV	411,725,811	302,094,276
Ongoing charges ratio	2.00%	2.49%
Performance fee	9,664,965	3,348,588
Average NAV	411,725,811	302,094,276
Performance fee ratio	2.35%	1.11%

2020

OCR and PFR per class	EUR Class	USD Class	GBP Class	ILS Class	I Class	G-Class EUR	G-Class USD	G-Class CHF
Total ongoing charges per year	869,454	448,320	2,842	33,048	4,905,117	1,818,475	114,770	27,998
Average NAV	38,448,792	19,734,558	125,019	1,533,241	250,906,455	93,563,083	5,863,946	1,550,717
Ongoing charges ratio Prospectus	2.26%	2.27%	2.27%	2.16%	1.95%	1.94%	1.96%	1.81%
Performance fee	1,157,286	615,635	3,544	72,749	5,519,607	2,134,243	146,026	15,875
Average NAV	38,448,792	19,734,558	125,019	1,533,241	250,906,455	93,563,083	5,863,946	1,550,717
Performance fee ratio	3.01%	3.12%	2.83%	4.74%	2.20%	2.28%	2.49%	1.02%



2019

OCR and PFR per class	EUR Class	USD Class	GBP Class	ILS Class	I Class	EUR G-Class	USD G-Class
Total ongoing charges per year	903,868	405,062	1,446	4,503	4,935,495	977,230	297,406
Average NAV	35,100,910	15,010,240	123,074	167,193	200,783,992	36,740,711	15,056,607
Ongoing charges ratio	2.58%	2.70%	1.17%	2.69%	2.46%	2.66%	1.98%
Prospectus	2.25%	2.25%	2.25%	2.25%	1.95%	1.95%	1.95%
Performance fee	459,402	291,380	690	2,581	1,971,462	413,850	209,223
Average NAV	35,100,910	15,010,240	123,074	167,193	200,783,992	36,740,711	15,056,607
Performance fee ratio	1.31%	1.94%	0.56%	1.54%	0.98%	1.13%	1.39%

15.7 Portfolio Turnover Ratio (PTR)

Transaction costs are incurred when the Fund purchases and sells financial instruments through the Prime Brokers. The PTR formula reflects the volume of trading within the Fund other than investing or disposing of securities due to subscriptions or redemptions in the Fund. It is calculated using a prescribed formula: Purchases of securities plus Sales of securities and realized result of derivatives minus Subscriptions of units plus Redemptions of units divided by the average monthly Net Asset Value.

Portfolio turnover rate	2020	2019
Purchases	10,555,619,453	8,444,962,721
Sales	10,632,400,590	8,624,142,573
Total 1	21,188,020,043	17,069,105,294
Subscriptions	239,047,166	122,681,463
Redemptions	118,741,291	105,257,456
Total 2	357,788,457	227,938,919
Total 1 - Total 2	20,830,231,586	16,841,166,375
Average NAV	411,725,811	302,094,276
Portfolio Turnover Ratio	50.59	55.75

A PTR of one means that the average monthly Net Asset Value has been traded one time during the period under review.

Other notes

16 Rebates

The Manager does not receive any rebates from third parties for securities held and/or traded via external parties.

17 Related parties and key contracts

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 making financial or operational decisions. All services rendered by the Manager therefore qualify as related party transactions. During the period, the Fund paid management fees (refer to note 15.1), risk- and service fees and performance fees (refer to note 15.2) to the Manager, as disclosed above.

Directors have positions and transactions in the Fund.

17.1 Transaction with related parties

During the year there have been no transactions which were outside the ordinary course of business or which were not in line with normal commercial (arms length) terms.

18 Personnel

The Fund just like prior year has no employees.

19 Profit appropriation

In accordance with the terms and conditions of the Fund, the annual report is composed by the Manager. The result of the financial year will be transferred to the other reserves. This has not been incorporated in the balance sheet.

20 Dividend policy

Dividends and interest received by the Fund, as well as capital gains realised, will not be distributed but will be reinvested.

21 Voting policy

The policy of the Fund is to refrain from exercising any active voting rights on the equity shares as held by the Fund, unless this is in investors' interests. In 2020 and 2019, the Fund did not exercise any of its voting rights.



22 Provision of Information

This annual report and the current prospectus of the Fund are available free of charge from the Manager or can be downloaded free of charge from the Manager's website: <https://minttowercapital.com/>.

23 Subsequent events

No significant events have occurred since the balance sheet date that could affect the financial statements.

Amsterdam, May 31, 2021

Mint Tower Capital Management B.V.

Other Information

24 Personal interests of directors

In accordance with article 122 paragraph 2 Bgfo the Fund is required to list the total holdings in securities by the directors of the Manager in investments, which are also held by the Fund as of the beginning and the end of the period.

The personal interests of directors of the Manager in securities, which were also held by the Fund as per of 31 December 2020 and 31 December 2019 are listed below:

Name	Quantity of shares 2020	Nominal value bonds 2020	Quantity of shares 2019	Nominal value bonds 2019
2MX	15,000	-	-	-
ABN AMRO Group NV	4,094	-	1,094	-
Ace Convergence	6,000	-	-	-
AEGON 1.506 PERP	-	25,000	-	25,000
AEGON 4.26 PERP	-	50,000	-	50,000
AHOLD DELHAIZE	4,000	-	-	-
AJAX I	25,000	-	-	-
AKZO NOBEL	90	-	90	-
Alphabet Inc	25	-	25	-
Alphabet Inc	25	-	-	-
Apple Inc	350	-	350	-
Arcelor Mittal	113	-	113	-
ASML Holding NV	1,000	-	1,000	-
ASR Nederland NV	-	-	651	-
Axa	1,000	-	1,000	-
BAYER ON AAB	2,000	-	-	-
BAM Groep	-	-	7,000	-
Bayer	-	-	100	-
BESEMICONDUCTOR IND	500	-	500	-
Binckbank NV	1,000	-	1,000	-
BMW	200	-	200	-
Boskalis Westminster	1,584	-	684	-
Breeze	4,478	-	-	-
Breeze rights	4,478	-	-	-
Breeze warrants	4,478	-	-	-
Carney Technology	44,022	-	-	-
CMZB 0 PERP	-	-	-	15,000
D.POSTBANK FDG TR.04/UND. DE000A0DEN7	-	125,000	-	-
Danone	77	-	77	-
Delta Lloyd	-	10,000	-	-
Delwind	5,000	-	-	-
Desktop Metals	5,000	-	-	-
DEVOBA 0 01/26/35	-	18,000	-	18,000
Disney	750	-	-	-
DPOSTB FT3 FRNPL DE000A0D24Z1 25000	-	25,000	-	-
E.ON SE	300	-	300	-
Emerge Technology	6,000	-	-	-
EURONAV	3,000	-	-	-
FLOW TRADERS	2,600	-	-	-
Forest Road	40,000	-	-	-
FUGRO EUR 0.05	9,806	-	-	-
GALAPAGOS	750	-	-	-
Good Works warrants	100,000	-	-	-
Google	-	-	25	-
Heijmans NV	2,111	-	2,111	-
HEINEKEN NV	300	-	-	-
ING Groep NV	1,800	-	1,800	-
ISH EURO VALUE LARGE	5,000	-	-	-
ISHARES DIVERSIFIED COMMODITY S...	5,000	-	-	-
Caseis	-	-	200	-

Name	Quantity of shares 2020	Nominal value bonds 2020	Quantity of shares 2019	Nominal value bonds 2019
Koninklijke BAM Groep NV	7,000	-	-	-
Koninklijke KPN NV	6,000	-	6,400	-
KONINKLIJKE PHILIPS NV	360	-	360	-
LUFTHANSA AG SUB.ANL15/75	-	60,000	-	-
MUFJIN 0 1 2/15/20	-	100,000	-	100,000
MULTI LY COMMO CRB	5,000	-	-	-
NATWEST	4	-	-	-
NIBCAPO PERP	-	120,000	-	120,000
NIBCAPO PERP	-	30,000	-	30,000
NN Group NV	200	-	200	-
NOKIA OYJ	10,000	-	-	-
Novo Banco 0 09/04/2052	-	500,000	-	250,000
Periphas	1,015	-	-	-
PostNL NV	1,680	-	1,681	-
RABOBK 6 1/2 PERP	-	593,050	-	920,200
Royal Dutch Shell PLC	6,735	-	3,004	-
SBM Offshore NV	660	-	660	-
Social Capital F	10,000	-	-	-
Subversive	15,000	-	-	-
Tetragon Financial Group Ltd	50,302	-	16,868	-
Tiga	16,000	-	-	-
TOMTOM	4,062	-	562	-
TOTAL SA	100	-	100	-
TPG Pace	5,000	-	-	-
UNIB ROD-WESTFIELD	900	-	-	-
UNILEVER PLC	2,000	-	-	-
VALE SA-SP	800	-	800	-
VAR ING GRP PERP AO	-	1,000	-	-
Vesper	5,000	-	-	-
VOLKSWAGEN PA	750	-	-	-

25 Independent auditors' report on the financial statements

Auditors' report is stated on the next pages.

Independent auditor's report

To: The shareholders and directors of Mint Tower Arbitrage Fund

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Mint Tower Arbitrage Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Mint Tower Arbitrage Fund as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2020
- The following statements for 2020: Income statement and Cashflow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Mint Tower Arbitrage Fund in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Fund managers report (the management board's report)
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Other information, comprising the general information

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager of the investment entity is responsible for the preparation of the other information, including the report of the Management Company in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the manager for the financial statements

The board of directors of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other procedures:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager

- Concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, 31 May 2021

Ernst & Young Accountants LLP

Signed by R.J. Bleijs