

MEDIOLANUM FUND OF HEDGE FUNDS
INTERIM REPORT
&
UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

MEDIOLANUM FUND OF HEDGE FUNDS

TABLE OF CONTENTS

Table of Contents	1
Trust Information	2
Schedule of Investments	3
Statement of Net Assets	5
Income Statement	6
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Fund of Funds Disclosure	19

MEDIOLANUM FUND OF HEDGE FUNDS

TRUST INFORMATION

MANAGER, AIFM and GLOBAL DISTRIBUTOR

Mediolanum International Funds Limited
4th Floor
The Exchange
George's Dock
IFSC
Dublin 1
Ireland

DEPOSITARY and TRUSTEE

Northern Trust Fiduciary Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

DIRECTORS of THE MANAGER

Andrew Bates (Irish) (Chairperson) (Resigned 28 April 2021)¹
Karen Zachary (Irish) (Chairperson) (Appointed 28 April 2021)³
Furio Pietribiasi (Italian) (Managing Director)²
Corrado Bocca (Italian)¹
Paul O'Faherty (Irish)³
Martin Nolan (Irish)³
Gianmarco Gessi (Italian)¹
Christophe Jaubert (French)²
John Corrigan (Irish)³
Michael Hodson (Irish) (Appointed 1 January 2021)³

ADMINISTRATOR, REGISTRAR and TRANSFER AGENT

Northern Trust International Fund Administration Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

DELEGATE INVESTMENT MANAGER

Tages Capital LLP
39 St James's Street
London SW1A1JD
United Kingdom

IRISH LEGAL ADVISORS

Dillon Eustace
33 Sir John Rogerson's Quay
Dublin 2
Ireland

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

REGISTERED OFFICE

Mediolanum International Funds Limited
4th Floor
The Exchange
George's Dock
IFSC
Dublin 1
Ireland

The Trust is constituted in the Republic of Ireland.

¹Non-Executive Directors

²Executive Directors

³Independent Non-Executive Directors

MEDIOLANUM FUND OF HEDGE FUNDS

ALTERNATIVE STRATEGY COLLECTION

SCHEDULE OF INVESTMENTS

As at 30 June 2021

Financial assets at fair value through profit or loss	Holdings	Currency	Fair Value EUR €	% of Net Assets
Collective Investment Schemes: 97.31% (31 Dec 2020: 93.83%)				
British Virgin Islands: 0.00% (31 Dec 2020: 0.00%)				
Kingate Global Fund - Vi*	10,750	USD	–	–
Total British Virgin Islands			–	–
Cayman Islands: 47.04% (31 Dec 2020: 45.63%)				
AlphaQuest UCITS Fund Class F EUR Series 01/2020	592	EUR	570,262	1.40
Alvento Long/Short Equity Fund Class F EUR 10/2015	1,502	EUR	2,046,119	5.02
Aslan House Fund Series Class A (Ot) Standard Series 03/2021	1,900	EUR	1,960,443	4.81
Aslan House Fund Series Class A (Ot) Standard Series 05/2021	500	EUR	499,272	1.22
EDL Global Opportunities Fund Class I-R EUR Series 1	2,342	EUR	3,262,154	8.00
Palmerston Credit Feeder Fund Class A EUR Series 07/2016	25,265	EUR	3,465,494	8.49
Palmerston Credit Feeder Fund EUR Series 02/2021	10,000	EUR	1,036,105	2.54
Selwood Asset Management Class A EUR	25,773	EUR	3,780,893	9.27
TT Mid-Cap Europe Long/Short Fund Class A EUR	4,612	EUR	2,564,972	6.29
Total Cayman Islands			19,185,714	47.04
Ireland: 19.10% (31 Dec 2020: 27.54%)				
AKO UCITS Fund ICAV - AKO Global UCITS Class B2 EUR	17,271	EUR	2,890,845	7.09
DMS UCITS Platform ICAV - Alkeon UCITS Fund	1,635	EUR	2,543,381	6.23
Ennismore Smaller Companies - Ennismore Global Equity Fund	264,187	EUR	2,356,545	5.78
Total Ireland			7,790,771	19.10
Luxembourg: 25.22% (31 Dec 2020: 20.66%)				
DB Platinum Quantica Managed Futures	850	EUR	1,164,320	2.86
Global Evolution Funds - Frontier Markets Class I	11,205	EUR	1,942,348	4.76
Helium Fund - Selection Class A	1,959	EUR	2,852,513	6.99
Hellebore Credit Arbitrage Class B EUR	560	EUR	4,326,556	10.61
Total Luxembourg			10,285,737	25.22
United States: 5.95% (31 Dec 2020: 0.00%)				
Maniyar Macro Fund Sub Class I Euro 02/2021	2,000	EUR	1,926,800	4.72
Maniyar Macro Fund Sub Class I Euro 03/2021	500	EUR	500,965	1.23
Total United States			2,427,765	5.95
Total Collective Investment Schemes			39,689,987	97.31

*Fair value of investments written down to zero on 30 November 2009

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

ALTERNATIVE STRATEGY COLLECTION

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2021

Financial assets at fair value through profit or loss	Fair Value EUR €	% of Net Assets
Total Net Assets at fair value through Profit or Loss	39,689,987	97.31
Cash (2020: 1.78%)	2,440,928	5.98
Other Net Liabilities (2020: 4.39%)	(1,342,240)	(3.29)
Net Assets Attributable to Holders of Redeemable Participating Units	<u>40,788,675</u>	<u>100.00</u>

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF NET ASSETS as at 30 June 2021

		Alternative Strategy Collection 30 Jun 2021	Alternative Strategy Collection 31 Dec 2020
	Note	EUR €	EUR €
Assets			
Cash at bank	4	2,440,928	912,242
Financial assets at fair value through profit or loss	9	39,689,987	48,103,745
Sundry receivables and prepayments	6	508,337	2,488,144
Total assets		<u>42,639,252</u>	<u>51,504,131</u>
Liabilities			
Administration fee payable	3	12,100	12,000
Management fee payable	3	52,602	131,347
Investment manager fee payable	3	10,214	25,504
Depository fee payable	3	10,425	10,734
Auditors remuneration payable		29,367	19,449
Accrued interest payable		1,907	1,649
Sundry payables and accrued expenses	7	1,733,962	34,696
Total liabilities		<u>1,850,577</u>	<u>235,379</u>
Net assets attributable to holders of redeemable participating units		<u>40,788,675</u>	<u>51,268,752</u>

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

INCOME STATEMENT

For the six months ended 30 June 2021

		Alternative Strategy Collection 30 Jun 2021	Alternative Strategy Collection 30 Jun 2020
	Note	EUR €	EUR €
Income			
Interest income		–	3
Other income		18,060	25,165
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign exchange	17	3,338,864	(564,805)
Net realised loss on forward foreign exchange contracts and currency exchange	17	(65)	(24)
Net change in unrealised loss: - financial assets and liabilities at fair value through profit or loss and foreign exchange	17	(2,447,969)	(709,530)
Total investment income/(expense)		<u>908,890</u>	<u>(1,249,191)</u>
Expenses			
Management fee	3	367,194	402,036
Investment management fee	3	71,300	78,065
Administration fee	3	18,000	18,000
Depositary fee	3	13,385	14,832
Interest expenses		14,287	14,326
Auditors remuneration		9,918	10,045
Other expenses		9,883	18,217
Total expenses		<u>503,967</u>	<u>555,521</u>
Increase/(decrease) in net assets from operations attributable to holders of redeemable participating units		<u>404,923</u>	<u>(1,804,712)</u>

All profit and loss account items arose from continuing operations for Alternative Strategy Collection during the period.

The Trust has no recognised gains and losses other than the results for the period above.

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING UNITS

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 30 Jun 2020 EUR €
Net assets attributable to holders of redeemable participating units at start of period	51,268,752	55,812,355
Increase/(decrease) in net assets from operations attributable to holders of redeemable participating units	404,923	(1,804,712)
Payments on the redemption of units	<u>(10,885,000)</u>	<u>(3,600,000)</u>
Net assets attributable to holders of redeemable participating units at end of period	<u><u>40,788,675</u></u>	<u><u>50,407,643</u></u>

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF CASH FLOWS For the six months ended 30 June 2021

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 30 Jun 2020 EUR €
Cash flows from operating activities		
Change in net assets attributable to holders of redeemable participating units from operations	404,923	(1,804,712)
Adjustments to reconcile net cash generated by operating activities:		
Movement in financial assets and liabilities at fair value through profit or loss	8,413,758	5,689,446
Movement in receivables and prepaid investments	1,979,807	(993,422)
Movement in payables and accrued expenses	1,615,198	(98,343)
Net cash generated by operating activities	<u>12,413,686</u>	<u>2,792,969</u>
Cash flow from financing activities		
Payments on redemption of redeemable participating units	<u>(10,885,000)</u>	<u>(3,400,000)</u>
Net cash used in financing activities	<u>(10,885,000)</u>	<u>(3,400,000)</u>
Net increase/(decrease) in cash and cash equivalents	1,528,686	(607,031)
Opening cash and cash equivalents	<u>912,242</u>	<u>2,410,361</u>
Ending cash and cash equivalents	<u>2,440,928</u>	<u>1,803,330</u>
Supplementary information		
Interest paid	(14,029)	(13,786)
Interest received	–	3

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS For the six months ended 30 June 2021

1. General

Mediolanum Fund of Hedge Funds (the "Trust"), constituted on 11 April 2005, is an open-ended umbrella unit trust and is authorised by the Central Bank of Ireland (the "Central Bank") pursuant to the provisions of the Unit Trusts Act, 1990. The Trust is constituted in the Republic of Ireland with a registered address of 4th Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland.

In accordance with Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I.257 of 2013) Mediolanum International Funds Limited has been authorised as the Alternative Investment Fund Manager ("AIFM") of the Trust effective 21 July 2014. In addition, Northern Trust Fiduciary Services (Ireland) Limited has been appointed as Depository of the Trust effective 21 July 2014.

The Trust is structured as an umbrella scheme and the following Sub-Fund has been authorised by the Central Bank:

Alternative Strategy Collection is currently the only Sub-Fund actively trading.

The investment objective of Alternative Strategy Collection is to seek to achieve medium to long term capital appreciation while attempting to limit investment risk and the year-on-year volatility rate to less than that of the global equity markets. The Sub-Fund will invest primarily in open-ended regulated and non-regulated Collective Investment Schemes which pursue a range of alternative investment strategies thus allowing diversification of financial assets held, with the aim of lowering overall risk.

Class S Unit A automatically reinvests all earnings, dividend and other distributions of whatever kind.

Mediolanum International Funds Limited (the "Manager") is investment manager effective 1 April 2019.

2. Basis of Accounting

Accounting Convention

The financial statements are prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' ('FRS 104'), Unit Trust Act, 1990, AIFM Regulations – European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No 257 of 2013) and the Trust Deed.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those financial statements.

3. Fees and Expenses

(a) Management Fees

Mediolanum International Funds Limited, the Manager, is entitled to an annual fee accrued and payable monthly in arrears of 1.50% of the Net Asset Value the Sub-Fund. The Manager is also entitled to be repaid all of its administration fee out of the assets of the Sub-Fund, which include an annual fee accrued at each valuation point and payable monthly in arrears of up to 0.045% of the Net Asset Value of the Sub-Fund. A fee of EUR € 10 is charged (gross of any relevant taxes) per Class in which a Unitholder holds less than 25 Units. The appropriate number of Units of each such Unitholder will be automatically redeemed to pay these administrative charges. If a Unitholder holds a number of Units in any Class with a value of less than EUR € 10 (gross of any relevant taxes), then his/her entire holding shall be automatically redeemed and paid to the Manager. This administrative charge shall be adjusted periodically in accordance with the Eurostat All Items Harmonised Index of Consumer Prices (HICP). This administrative charge is chargeable on the first Dealing Day in December of each year. The Manager received management fees of EUR € 367,194 (30 June 2020: EUR € 402,036) for the six months ended 30 June 2021, EUR € 52,602 was payable at 30 June 2021 (31 December 2020: EUR € 131,347).

(b) Investment Manager Fees

Mediolanum International Funds Limited (the "Manager") is entitled to receive out of the assets the Sub-Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears of 0.30% of the Net Asset Value of the Sub-Fund (plus VAT, if any), subject to a minimum annual fee of EUR € 75,000 per Sub-Fund. The Manager received investment management fees of EUR € 71,300 (30 June 2020: EUR € 78,065) for the six months ended 30 June 2021, EUR € 10,214 was payable at 30 June 2021 (31 December 2020: EUR € 25,504).

The Manager is not entitled to be repaid for any out-of-pocket expenses out of the assets of a Sub-Fund.

The fees relating to the Delegate Investment Manager appointed in respect of the Sub-Fund shall be borne by the Manager and shall not be charged to the Sub-Fund. A Delegate Manager shall not be entitled to be repaid for any out-of-pocket expenses out of the assets of the Sub-Fund.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2021

3. Fees and Expenses (continued)

(c) Performance Fees

The Manager is also entitled to a performance fee of up to 10% of the increase in the Net Asset Value of the Sub-Fund, calculated on a monthly basis. The calculation of the performance fee will be verified by the Depositary. No performance fees were received for the six months ended 30 June 2021 and 30 June 2020 in relation to the Alternative Strategy Collection.

(d) Administration Fee

Northern Trust International Fund Administration Services (Ireland) Limited, the Administrator, is entitled to receive out of the assets of the Sub-Fund an annual fee accrued at each Valuation Point at the following rates:

- EUR € 0-200 million the fee shall be 0.04% per annum of the Net Asset Value of the Sub-Fund;
- EUR € 200-400 million the fee shall be 0.03% per annum of the Net Asset Value of the Sub-Fund;
- in excess of EUR € 400 million the fee shall be 0.025% per annum of the Net Asset Value of the Sub-Fund and payable monthly in arrears.

Such a fee is subject to a minimum monthly fee of EUR € 3,000 per Sub-Fund or, where the Sub-Fund has multiple Classes, a minimum monthly fee of EUR € 3,250 applies.

If at any time during a calendar year there are ten or more Unitholders in the Sub-Fund, the following transfer agency fees will apply:

- i) an annual Unitholder register fee of EUR € 25 per Unitholder; and
- ii) a transaction fee of EUR € 25 for each subscription, conversion, redemption or transfer of Units.

The Administrator is entitled to receive a termination fee of EUR € 2,500 for the termination of the Sub-Fund within the Trust and a monthly fee of EUR € 1,000 for the establishment and maintenance of any Side Pocket within the Trust.

The Administrator is entitled to be repaid out of the assets of the Sub-Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Sub-Fund which shall include legal fees, couriers' fees and telecommunications costs and expenses. The Sub-Fund will bear its proportion of the fees and expenses of the Administrator. The Administrator received fees of EUR € 18,000 (30 June 2020: EUR € 18,000) for the six months ended 30 June 2021, EUR € 12,100 was payable at 30 June 2021 (31 December 2020: EUR € 12,000) and Administrator fee paid for six months ended 30 June 2021 was EUR € 17,900 (30 June 2020: EUR € 21,200).

(e) Depositary Fee

Northern Trust Fiduciary Services (Ireland) Limited, the Depositary, is entitled to receive out of the assets of the Sub-Fund an annual fee accrued at each Valuation Point at the following rates:

- EUR € 0-200 million and the fee shall be 0.04% per annum of the Net Asset Value of the Sub-Fund;
- in excess of EUR € 200 million the fee shall be 0.03% per annum of the Net Asset Value of the Sub-Fund as a whole and payable monthly in arrears.

The Depositary is entitled to a transaction charge of EUR € 150 per Sub-Fund investment transaction and electronic transfer charge of EUR € 25 per transaction.

The Sub-Fund is responsible for sub-custodian fees and charges (which will be charged at normal commercial rates).

The Depositary shall be entitled to be repaid all of its disbursements out of the assets of the Sub-Fund.

The Depositary received fees of EUR € 13,385 (30 June 2020: EUR € 14,832) for the six months ended 30 June 2021, EUR € 10,425 was payable at 30 June 2021 (31 December 2020: EUR € 10,734).

(f) Underlying Fund Fees

The Alternative Strategy Collection invests in underlying funds which incur their own fees. The details of the fees charged by the underlying funds are detailed in the Fund of Funds Disclosure on page 19. Where the Manager has negotiated a rebate on the management fee charged on its investment into other funds, this rebate is paid directly to the Sub-Fund.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

4. Cash at Bank

The Depository to the Trust is Northern Trust Fiduciary Services (Ireland) Limited, an indirect wholly-owned subsidiary of Northern Trust Corporation ("NTC"). NTC is publicly traded and a constituent of the S&P 500. NTC has a credit rating of A+ (31 December 2020: A+) from Standard & Poor's. The Northern Trust Company ("TNTC") is also wholly owned by NTC. TNTC has a credit rating of AA- (31 December 2020: AA-) from Standard & Poor's and Aa2 (31 December 2020: Aa2) from Moody's.

All of the cash assets are held with The Northern Trust Company.

As at 30 June 2021 and 31 December 2020, the Alternative Strategy Collection had a cash balance representing less than 10% of the Net Assets of the Sub-Fund.

5. Redeemable Participating Units

	Alternative Strategy Collection 30 Jun 2021	Alternative Strategy Collection 30 Jun 2020
<i>Participating units in issue</i>		
<u>Class S Unit A</u>		
At the beginning of the period	5,132,318	5,569,056
Units redeemed	<u>(1,083,315)</u>	<u>(375,840)</u>
Units at the end of the period	<u>4,049,003</u>	<u>5,193,216</u>

Units of the Sub-Fund are all freely transferable, designated as 'A' or 'B' units and, subject to such designation, are all entitled to participate equally in the profits and distributions (if any) of that Sub-Fund and in its assets in the event of termination. The Units, which are of no par value and which must be fully paid for upon issue, carry no preferential or pre-emptive rights. Fractions of Units may be issued up to three decimal places.

A Unit in a Sub-Fund represents the beneficial ownership of one undivided unit in the assets of the relevant Sub-Fund attributable to the relevant Class.

The Trust is made up of the one Sub-Fund, a Sub-Fund being a single pool of assets. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund to which different levels of subscription fees and expenses (including the management fee), minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy, minimum subscription and such other features as the Manager may determine may be applicable. Creation of further Classes in a Sub-Fund must be notified in advance to the Central Bank. A separate pool of assets will not be maintained for each Class. Units shall be issued to investors as Units in a Class.

The net assets attributable to holders of redeemable participating units are at all times equal to the net asset value of the Sub-Fund. The participating units are in substance a liability of the Sub-Fund to Unitholders under FRS 102 as they can be redeemed at the option of the Unitholder.

All redemption requests must be received by letter or by facsimile, by the Administrator no later than 12.00 noon (Irish time) 35 calendar days prior to the relevant Dealing Day. The Manager at its discretion may accept any redemption requests received after the time as referred to above but before the relevant Valuation Point, otherwise such redemption requests will be deemed to be made in respect of the Dealing Day next following the relevant Dealing Day.

6. Sundry Receivables and Prepayments

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 31 Dec 2020 EUR €
Management fee rebate from investments	8,337	31,753
Receivable for sale of investments	–	2,456,391
Prefunded trades	<u>500,000</u>	<u>–</u>
	<u>508,337</u>	<u>2,488,144</u>

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

7. Sundry Payables and Accrued Expenses

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 31 Dec 2020 EUR €
Legal fees payable	13,766	14,031
Purchase of investments	1,699,999	–
Other payables	20,197	20,665
	<hr/> 1,733,962	<hr/> 34,696

8. Distributions

The income and gains will be accumulated and reinvested in the Sub-Fund on behalf of Unitholders. The Manager may make distributions in respect of Class S Unit B out of that proportion of the Net Asset value of the Sub-Fund attributable to Class S Unit B (if any).

9. Derivatives and Other Financial Instruments

A Sub-Fund may invest in Collective Investment Schemes ("underlying schemes") which are unregulated and which will not provide a level of investor protection equivalent to funds authorised by the Central Bank of Ireland.

Risks for the Sub-Fund arise both directly from the investment in financial instruments and indirectly from investing in underlying schemes. Therefore all risks listed below may arise not only at Sub-Fund level but also at the underlying scheme level.

The Trust is exposed to a variety of financial risks in pursuing its stated investment objective and policy. These risks are defined in FRS 102 as market risk (which in turn includes price risk, foreign currency risk, and interest rate risk), liquidity risk and credit risk. The Trust takes exposure to these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction in the Trust's net assets. The Manager will use its best endeavors to minimise the potentially adverse effects of these risks on the Trust's performance where it can do so while still managing the investments of the Trust in a way that is consistent with the Trust's investment objective and policy.

The risks, and the measures adopted by the Trust for managing these risks, are detailed as follows:

(a) Market Price Risk

Market price risk is defined in FRS 102 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

Market Price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of price movements. The Manager and the Delegate Investment Manager consider the asset allocation of the portfolio of invested funds in order to minimise the risk associated with particular countries to follow the Sub-Fund's investment objective. The fair value of the non-listed Collective Investment Schemes in funds are valued on the basis of the latest available unaudited net asset value provided by the relevant fund manager or independent administrators. The diversification of the portfolio, with a large number of underlying positions in the Collective Investment Schemes, provides relevant risk mitigation within the Sub-Fund. 16 strategies are identified through the Sub-Fund to offer a low correlation between each Collective Investment Scheme. A correlation matrix is used to provide an overview over all the funds and help to highlight similar price impact. In addition to a list of risk metrics performed monthly to monitor mainly the volatility of the assets, stress tests are used on a regular basis. Some historical stress tests are performed to ensure the monitoring under a proactive management, all the main market events are used to cover a full range of possible evolution and highlight any significant evolution. Hypothetical stress tests related to Rate evolution, Volatility and Equity market are used to provide an insight on possible evolution of prices sensitivity.

(b) Credit Risk

Credit risk is defined in FRS 102 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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

9. Derivatives and Other Financial Instruments (continued)

(b) Credit Risk (continued)

Financial assets which potentially expose the Sub-Fund to credit risk consist principally of investments and cash balances held with the Depositary. The extent of the Sub-Fund's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Sub-Fund's Balance Sheet. The Sub-Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Credit risk exposure can also arise indirectly through the investment in financial instruments at the underlying fund level. Such risk is to a certain extent diversified away by investing in a number of underlying funds that can be diversified in terms of investment style, asset selection, geographic allocation etc.

It is important to note that by investing in underlying funds that can have brokerage and custody accounts that are not segregated; the Sub-Fund can be indirectly exposed to additional credit and custody risks.

Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") is the appointed Depositary of the Trust, responsible for the safe-keeping of assets. NTFSIL has appointed The Northern Trust Company ("TNTC") as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at period end date 30 June 2021 NTC had a long term credit rating from Standard & Poor's of (A+) (31 December 2020: A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada, Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depositary duties, verifies the Trust's ownership of Other Assets, (as defined under Other Assets, Art 21 (8)(b) of Directive 2011/61/EU), by assessing whether the Trust holds the ownership based on information or documents provided by the Sub-Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Trust, clearly identifiable as belonging to the Trust, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Trust on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Sub-Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Trust's rights with respect to its assets to be delayed.

The Manager manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

(c) Foreign Currency Risk

Currency risk is defined in FRS 102 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk as assets and liabilities of the Trust may be denominated in a currency other than the functional currency of the Trust, which is its functional and presentation currency, the Euro.

The underlying Collective Investment Schemes may invest in a variety of securities denominated in both USD and foreign currencies and accordingly the Sub-Fund may be indirectly exposed to currency risk. The underlying funds may not necessarily hedge such foreign currency.

The Sub-Fund invests in securities denominated in currencies other than its reporting currency (EUR €). Consequently, the Sub-Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner which has an adverse effect on the value of that portion of the Sub-Fund's assets or units which are denominated in currencies other than its own currency. The Manager and the Delegate Investment Manager may follow a policy of hedging its foreign currency exposure of the portfolio into Euro in order to limit the risk of this exposure.

(d) Foreign Currency Forward Exchange Contracts

As at 30 June 2021 and 31 December 2020, the Alternative Strategy Collection Fund held no forward foreign exchange contracts.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

9. Derivatives and Other Financial Instruments (continued)

(e) Liquidity Risk

Liquidity risk is defined in FRS 102 as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Under certain circumstances the markets in which the portfolio of the Sub-Fund will trade may become illiquid making it difficult to acquire or sell contracts at the price quoted on different markets. Many of the schemes in which the portfolios shall invest do not provide for frequent redemptions. Accordingly, the portfolios ability to respond to market movements may be impaired, and the portfolios may experience adverse price movements upon liquidation of its investments.

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Trust and the Sub-Fund. The liquidity management policy monitors the profile of investments held by the Sub-Fund and ensures that such investments are appropriate to the redemption policy as stated in the Prospectus and will facilitate compliance with the Trust's underlying obligations.

There were no suspended/gated redemptions or investments in side pockets in the Alternative Strategy Collection as at 30 June 2021 or 31 December 2020 except for Kingate which was written down to zero on 30 November 2009 (please see the Schedule of Investments on pages 3 and 4).

(f) Interest Rate Risk

Interest rate risk is defined in FRS 102 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk in the Sub-Fund arose from cash balances that were held in the Alternative Strategy Collection.

The majority of the Sub-Funds' financial assets and liabilities were non-interest bearing and as a result the Sub-Fund was not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

(g) Layering of Fees

The Sub-Fund's portfolio is subject to a level of fees payable both directly by the portfolio and by the portfolio as an investor in other schemes.

(h) Fair Value Hierarchy

FRS 102 requires the Trust to classify financial instruments at fair value into the following hierarchy:

Level 1 - The unadjusted quoted price in active markets for identical assets or liabilities that the entity can access at the measurement;

Level 2 - Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following is a summary of the inputs used to value the assets and liabilities carried at fair value as at 30 June 2021 and 31 December 2020:

Alternative Strategy Collection As at 30 June 2021	Level 1 EUR €	Level 2 EUR €	Level 3 EUR €	Total EUR €
Financial Assets at fair value through Profit or Loss				
Collective Investment Schemes	–	39,689,987	–	39,689,987
	–	39,689,987	–	39,689,987

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

9. Derivatives and Other Financial Instruments (continued)

(h) Fair Value Hierarchy (continued)

Alternative Strategy Collection As at 31 December 2020	Level 1 EUR €	Level 2 EUR €	Level 3 EUR €	Total EUR €
Financial Assets at fair value through Profit or Loss				
Collective Investment Schemes	–	48,103,745	–	48,103,745
	–	48,103,745	–	48,103,745

There were no Level 3 movements in the Alternative Strategy Collection during the six months ended 30 June 2021 and financial year ended 31 December 2020.

10. Related Party Transactions

The Trust is constituted by means of a Trust Deed to which Mediolanum International Funds Limited is party, as Manager. The fees paid to Mediolanum International Funds Limited are outlined in note 3.

Northern Trust Fiduciary Services (Ireland) Limited is the Depositary of the Trust and received the fees as outlined in note 3. Northern Trust International Fund Administration Services (Ireland) Limited is the Administrator of the Trust and received the fees as outlined in note 3.

The Directors, the AIFM, the Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and Unitholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Trust and/or their respective roles with respect to the Trust.

These activities may include managing or advising other funds (including other Collective Investment Schemes), purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Unit Trust may invest. In particular, the AIFM and other companies within the Mediolanum Group may be involved in advising or managing other investment funds (including other Collective Investment Schemes) or other real estate portfolios which have similar or overlapping investment objectives to or with the Unit Trust. Subject to the next succeeding paragraphs, each of the Parties will use its reasonable endeavors to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders.

The underlying Unitholder in the Sub-Fund, Mediolanum International Life DAC, is connected to the Manager. As at 30 June 2021 Mediolanum International Life DAC holds 100% (31 December 2020: 100%) of the Class S Unit A in the Alternative Strategy Collection.

Mr. Andrew Bates was a Non-Executive member of the Mediolanum International Funds Limited Board until 28 April 2021. He was also a Consultant in Dillon Eustace during this period. Total legal fees paid to Dillon Eustace until 28 April 2021 were EUR € 757 (30 June 2020: EUR € 969).

At 30 June 2021, Alternative Strategy Collection did not invest into funds managed by Tages Capital LLP, the Delegate Investment Manager (31 December 2020: Nil).

11. Connected Party Transactions

The Directors of the Manager are satisfied that transactions with connected parties entered into during the period complied with the obligations set out in Chapter 1, Part 1, Section 1, xii of the AIF Rulebook, namely any such transactions be carried out at arm's length and in the best interest of the Unitholders. There are arrangements in place (evidenced by written procedures) to ensure such compliance.

12. Soft Commission Arrangements

The MiFID II delegated acts covering research payment accounts came into effect in January 2018. This delegated act sets out the final structure and rules concerning research consumption and payment to be used by EU member states when implementing MiFID II. For the six months ended 30 June 2021, these fees were paid directly by the Sub-Fund.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

13. Exchange Rates

The following exchange rates were used to translate assets and liabilities into the reporting currency (EUR €) at 30 June 2021 and 31 December 2020:

Currency	EUR € Rate 30 Jun 2021	EUR € Rate 31 Dec 2020
USD	0.843241	0.8173

14. Changes in the Portfolio

A list, specifying for each investment the total purchases and sales which took place during the period under review may be obtained, upon request, at the registered office of the Manager.

15. Contingent Liabilities

There were no significant contingent liabilities at the Statement of Net Assets date or as at 31 June 2021.

16. Net Asset Value

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Net assets attributable to holders of redeemable participating units:			
Class S Unit A Euro (€)	40,788,675	51,268,752	55,812,355
Number of redeemable participating units outstanding:			
Class S Unit A Euro	4,049,003	5,132,318	5,569,056
Net asset value per redeemable participating unit:			
Class S Unit A Euro (€)	€10.07	€9.99	€10.02

17. Realised and Unrealised Gains in Investments

	Alternative Strategy Collection 30 Jun 2021 EUR €	Alternative Strategy Collection 30 Jun 2020 EUR €
Realised gain/(loss) on investments		
Realised gain on investments	3,689,373	109,167
Realised loss on investments	(350,509)	(673,972)
Realised loss on forward foreign exchange contracts	(65)	(24)
Total realised gain/(loss) on investments	<u>3,338,799</u>	<u>(564,829)</u>
Unrealised gain/(loss) on investments		
Movement in unrealised gain on investments	1,101,765	1,028,633
Movement in unrealised loss on investments	(3,551,105)	(1,738,064)
Unrealised gain/(loss) on forward foreign exchange contracts	1,371	(99)
Total unrealised loss on investments	<u>(2,447,969)</u>	<u>(709,530)</u>

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

18. Efficient Portfolio Management Techniques

The Sub-Fund may employ investment techniques and instruments relating to its investments for the purpose of efficient portfolio management under the conditions and within the limits stipulated from time to time by the Central Bank. The Sub-Fund may use the various investment techniques and instruments for efficient portfolio management such as taking long or short positions in derivative instruments including forward foreign contracts so as to alter the interest rates, credit and or currency exposure of the portfolio. Derivative instruments may be purchased for the purpose of efficient portfolio management only and in accordance with the Central Bank's guidelines. As at 30 June 2021 the Sub-Fund held no forward foreign exchange contracts. The realised and unrealised gain/(loss) on forward foreign exchange contracts are disclosed in the Income Statement on page 6.

19. Significant Events During the Period

(a) COVID-19 Impact

Since the start of the year COVID-19 has continued to dominate the headlines, and at the mid-way point of the year the World Health Organisation ("WHO") are warning about the onset of a fourth wave due to the spread of the Delta variant. That said, financial markets have broadly looked past the risk of COVID-19 and have focused on the economic re-opening that is underway and the improvement in corporate profits. At the end of June, global equities (MSCI World Index) are up 16% in euro terms, while global sovereign bonds are down 2% (Bloomberg Barclays Global Agg Treasuries Index).

To deal with the fallout from the virus, central banks around the world have stepped in to provide unprecedented monetary support to their respective economies, while governments have put in place the necessary fiscal supports in terms of pandemic unemployment benefits to help support those hit hardest from the economic fallout of the pandemic. Financial markets responded favourably to the stimulus with most equity and bond markets now back above their pre-pandemic highs.

Vaccination rates continue to rise across the world and, while COVID-19 cases are rising again in some nations, hospitalisations and – more importantly – the death rate remain low compared to previous outbreaks. As a result, governments around the world are gradually re-opening their economies, and the economic backdrop continues to improve as economies open back up. This can be seen across a range of economic indicators from falling unemployment to improving business and consumer confidence surveys.

One consequence, however, is that inflation, as measured by US Consumer Price Inflation (CPI) jumped to 5.4% in June compared to a year ago, while US core CPI (excluding volatile food and energy prices) hit 4.5%, the highest rate in 30 years, as the combination of supply chain bottlenecks and improving demand have caused prices to move higher. That said, it is evident that most price pressure is due to re-opening with the biggest drivers in areas like airfares, hotels and other leisure and hospitality sectors. Central banks have reiterated they are willing to let inflation move higher before they start to think about raising interest rates to ensure the recovery takes hold. It is not expected rate hikes until 2023 at the earliest, but central banks will need to signal the end to their extraordinary asset purchases ("QE") before the year end which may test the markets' nerves.

Ultimately, however the pace of the recovery is still largely dependent on the ability to control COVID-19 and given the unpredictable nature of the virus, there remains a high degree of risk. Should another wave or variant of COVID-19 emerge that proves resistant to the current vaccines, it could delay the re-opening of the global economy and in turn could lead to another period of high volatility.

In this environment it could potentially have an adverse impact on the value of the Fund's investments and the ability of the Manager to access markets or implement the Fund's investment policy in the manner originally contemplated. Government interventions or other limitations or bans introduced by regulatory authorities or exchanges and trading venues as temporary measures in light of significant market volatility, may also negatively impact on the Manager's ability to implement the Fund's investment policy. The Fund's access to liquidity could also be impaired in circumstances where the need for liquidity to meet redemption requests may rise significantly. Services required for the operation of the Fund may in certain circumstances be interrupted as a result of the pandemic.

(b) Changes to the Prospectus

On 3 March 2021, the Prospectus was updated with non-material changes related to SFDR Level 1 disclosure requirements via an Addendum on the Integration of Sustainability Risks.

(c) Appointment/Resignation of Directors and Chairperson

Michael Hodson was appointed as a Director of the Manager effective 1 January 2021.

Andrew Bates resigned as a Director and Chairperson of the Manager effective 28 April 2021.

Karen Zachary was appointed as a Director and Chairperson of the Manager effective 28 April 2021.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2021

19. Significant Events During the Period (continued)

(c) Appointment/Resignation of Directors and Chairperson (continued)

No other events have occurred subsequent to the period end which impact on the financial statements for the six months ended 30 June 2021.

20. Post Balance Sheet Events

No events have occurred subsequent to the period end which impact on the financial statements for the six months ended 30 June 2021.

21. Approval of the Financial Statements

The financial statements were approved by the Directors of the Manager on 30 August 2021.

MEDIOLANUM FUND OF HEDGE FUNDS

FUND OF FUNDS DISCLOSURE

1. Alternative Strategy Collection

Fund Name	Domicile	Management Fee %	Incentive Fee %
Kingate Global Fund – Vi*	British Virgin Islands	1.50%	0.00%
AlphaQuest UCITS Fund Class F EUR Series 01/2020	Cayman Islands	1.50%	20.00%
Alvento Long/Short Equity Fund Class F EUR 10/2015	Cayman Islands	1.50%	15.00%
Aslan House Fund Series Class A (Ot) Standard Series 03/2021	Cayman Islands	1.75%	20.00%
Aslan House Fund Series Class A (Ot) Standard Series 05/2021	Cayman Islands	1.75%	20.00%
EDL Global Opportunities Fund Class I-R EUR Series 1	Cayman Islands	1.50%	15.00%
Palmerston Credit Feeder Fund Class A EUR Series 07/2016	Cayman Islands	1.50%	15.00%
Palmerston Credit Feeder Fund EUR Series 02/2021	Cayman Islands	1.50%	20.00%
Selwood Asset Management Class A EUR	Cayman Islands	1.00%	15.00%
TT Mid-Cap Europe Long/Short Fund Class A EUR	Cayman Islands	1.50%	20.00%
AKO UCITS Fund ICAV – AKO Global UCITS Class B2 EUR	Ireland	1.50%	15.00%
DMS UCITS Platform ICAV - Alkeon UCITS Fund	Ireland	1.50%	20.00%
Ennismore Smaller Companies - Ennismore Global Equity Fund	Ireland	2.00%	20.00%
DB Platinum Quantica Managed Futures	Luxembourg	0.50%	15.00%
Global Evolution Funds - Frontier Markets Class I	Luxembourg	0.75%	8.00%
Helium Fund - Selection Class A	Luxembourg	1.46%	20.00%
Hellebore Credit Arbitrage Class B EUR	Luxembourg	2.00%	20.00%
Maniyar Macro Fund Sub Class I Euro 02/2021	United States	1.75%	20.00%
Maniyar Macro Fund Sub Class I Euro 03/2021	United States	1.75%	20.00%

*Fair value of investment written down to zero on 30 November 2009.

Where the Manager has negotiated a rebate on the management fee charged on its investment into other funds, this rebate is paid directly to the Sub-Fund.