

MEDIOLANUM FUND OF HEDGE FUNDS
ANNUAL REPORT
&
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

MEDIOLANUM FUND OF HEDGE FUNDS

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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)¹
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) (Effective 24 February 2020)³
Michael Hodson (Irish) (Effective 01 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 (Effective 01 January 2020)
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 incorporated in the Republic of Ireland.

¹Non-executive Directors

²Executive Directors

³Independent Non-executive Directors

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF MANAGER'S RESPONSIBILITIES For the financial year ended 31 December 2020

The Manager is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust and of the profit or loss of the Trust for that financial year. In preparing those financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Manager is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Trust and to enable it to ensure that the financial statements are prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and comply with the Trust Deed and the Unit Trusts Act, 1990. The Manager is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements may be available on the website of the Manager and/or any regulatory website as may be required by law and/or regulations. The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Manager's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Notwithstanding anything else contained in this report, the Manager is not responsible for the maintenance and integrity of the annual report and audited financial statements for the financial year ended 31 December 2020 which may be included on any regulatory authority website as may be required by law and/or regulations.

Going Concern

The financial statements are prepared using the going concern basis of accounting which is deemed appropriate by the Manager.

Corporate Governance Statement

The Directors of the Manager have adopted and are adhering to the Irish Funds ("IF") Code of Corporate Governance.

Connected Party Transactions

The Directors of the Manager are satisfied that transactions with connected parties entered into during the year 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 and that there are arrangements in place (evidenced by written procedures) to ensure such compliance.

On behalf of the Manager:

Director

Director

28 April 2021

MEDIOLANUM FUND OF HEDGE FUNDS

ANNUAL DEPOSITARY REPORT TO THE UNITHOLDERS MEDIOLANUM FUND OF HEDGE FUNDS For the financial year ended 31 December 2020

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Mediolanum Fund of Hedge Funds (the "Trust") provide this report solely in favour of the unitholders of the Trust for the year ended 31 December 2020 ("Annual Accounting Period"). This report is provided in accordance with current Depositary obligation under the Central Bank of Ireland AIF Rule Book, Chapter 5 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation under the AIF Rule Book, we have enquired into the conduct of the AIFM for this Annual Accounting Period and we hereby report thereon to the unitholders of the Trust as follows:

We are of the opinion that the Trust has been managed by the AIFM during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Trust by the constitutional document and by the Central Bank of Ireland under the powers granted to the Central Bank of Ireland by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

**For and behalf of
Northern Trust Fiduciary Services (Ireland) Limited**

28 April 2021

MEDIOLANUM FUND OF HEDGE FUNDS

MANAGER'S REPORT

For the financial year ended 31 December 2020

Alternative Strategy Collection

Performance Fund*	31/12/19 - 31/12/20	-0.32%
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**Performance is stated in euro, net of management fee, performance fee and costs.*

The strategy invests across a range of strategies with a focus on long/short equity, and exposure to a broader range of trading strategies including global macro and arbitrage strategies.

In January, the rally in risk assets suffered a setback around month end as fears mounted over the spread of the COVID-19, thereby reducing appetite for risk. The portfolio had a modest negative return with the largest detractor being the equity managers with exposure to emerging markets. The global macro exposure also suffered. With the COVID-19 pandemic increasingly threatening, risk assets underwent a tough correction in the final week of February. The portfolio suffered losses on the long short equity allocation and ended with a negative modest return in the month. The combined demand, supply and financial shock that hit global economies as a result of the containment measures taken to slow down the spread of COVID-19 had severe repercussions in March. The portfolio suffered across strategies, with the worst performance coming from fixed income funds, and closed the month with a sharper negative performance.

Despite the COVID-19 crisis pushing several economies into a deep recession, April and May saw a strong rebound in risk assets. The largest area of gains was from event driven managers with significant exposure to special situations. Significant gains also came from managers in the emerging markets space, which benefitted from a gradual improvement in investor sentiment in Latin America. Equity long short strategies with a mid to high market exposure and a focus on US consumer and telecommunication sectors, as well as equity market neutral strategies also posted solid performance. Equity markets edged up in June thanks to better than expected macro-economic data and the commitment from policymakers to help sustain the recovery. The portfolio had a good positive return in Q2.

During the summer, the portfolio was positive and had losses only in the month of September, when the NASDAQ index shed more than 10% in just three days. In the hedge fund universe, equity long short funds suffered mild losses.

After a difficult October, November was a stellar month for risky assets. Firstly, investors welcomed the outcome of the US election, quickly lifting hedges and adding to long positions. This wave of optimism was compounded by successful Phase 3 trials for the leading COVID-19 vaccines, with efficacy rates above 90%. The results focused investors on the "return to normal", largely ignoring the ongoing surge of contaminations in Europe and the United States. During the last two months of the year, the portfolio recovered further but not sufficiently to deliver a positive return for the year.

Key Risks

Given the unprecedented nature of the COVID-19 pandemic, the outlook is more uncertain than usual. Among other considerations, the key risks to the outlook we see are as follows:

- Vaccine roll-out taking longer than expected;
- COVID-19 variants make vaccines less effective;
- Excessive rise of inflationary pressure when economies open;
- Structural economic scarring from the pandemic lasts longer than expected;
- Central banks and government withdraw monetary and fiscal support too soon.

Market Outlook

After a sharp bounce back from re-openings, the economic momentum has slowed with new lockdowns. Going into 2021, the vaccine roll-out offers greater confidence that the economy will bounce back, fueled by the recovery in consumer confidence and spending. Uncertainty lingers over the extent of scarring the COVID-19 shock will leave in its wake. The outlook for inflation is dependent on the size and duration of fiscal support and a potential return of supply-side constraints with re-shoring policies. The spike in money supply could lead to greater price pressures when the output gap closes but its relationship to inflation has been looser in recent decades. Policy response has been dramatic, in speed and scope, but questions over its effectiveness remain beyond a loosening in financial conditions. The transition from monetary to fiscal leadership is fraught with risks on different objectives and governance structures. This crisis and the policy response have not cured the financial imbalances that existed before the pandemic. The primary one is the elevated level of corporate debt that has worsened with recent issuance trends. This pressure to deliver could well limit CapEx (Capital expenditures) and risk slowing the recovery to a crawl in coming quarters. Notwithstanding this, there are several positives including significant monetary and fiscal stimulus, pent-up consumer demand, and a gradual re-opening of developed economies to support market sentiment. This backdrop should be supportive to the strategies in the portfolio.

Mediolanum International Funds Limited

April 2021

MEDIOLANUM FUND OF HEDGE FUNDS

ALTERNATIVE STRATEGY COLLECTION

SCHEDULE OF INVESTMENTS

As at 31 December 2020

Financial assets at fair value through profit or loss	Holdings	Currency	Fair Value EUR €	% of Net Assets
Collective Investment Schemes: 93.83% (2019: 96.14%)				
British Virgin Islands: 0.00% (2019: 0.00%)				
Kingate Global Fund - Vi*	10,750	USD	–	–
Total British Virgin Islands			–	–
Cayman Islands: 45.63% (2019: 41.24%)				
AlphaQuest UCITS Fund Class F EUR Series 01/2020	1,000	EUR	865,938	1.69
Alvento Long/Short Equity Fund Class F EUR 10/2015	3,699	EUR	5,059,358	9.87
EDL Global Opportunities Fund Class I-R EUR Series 1	2,497	EUR	3,125,711	6.10
EDL Global Opportunities Fund Class I-R EUR Series 3	500	EUR	512,470	1.00
Palmerston Credit Feeder Fund EUR V Series 05/2020	10,000	EUR	1,151,604	2.24
Palmerston Credit Feeder Fund EUR V Series 06/2020	10,000	EUR	1,127,420	2.20
Palmerston Credit Feeder Fund EUR V Series 07/2020	10,000	EUR	1,095,372	2.14
Palmerston Credit Feeder Fund EUR V Series 10/2020	5,000	EUR	530,013	1.03
Selwood Asset Management Class A EUR	34,717	EUR	4,983,951	9.72
TT Mid-Cap Europe Long/Short Fund Class A EUR	9,157	EUR	4,942,497	9.64
Total Cayman Islands			23,394,334	45.63
Ireland: 27.54% (2019: 29.97%)				
Ako UCITS Fund ICAV - Ako Global UCITS Class B2 Eur	23,786	EUR	3,810,529	7.44
Brilliance Asset China Core Long/Short	38,104	EUR	4,302,449	8.39
DMS UCITS Platform ICAV - Alkeon UCITS Fund	1,557	EUR	2,599,331	5.07
Ennismore Smaller Companies - Ennismore Global Equity Fund	278,998	EUR	2,399,384	4.68
Sector Healthcare Fund Class A EUR 02/2019	5,517	EUR	1,004,759	1.96
Total Ireland			14,116,452	27.54
Luxembourg: 20.66% (2019: 24.93%)				
DB Platinum Quantica Managed Futures	2,233	EUR	2,830,413	5.52
Global Evolution Funds - Frontier Markets Class I	17,123	EUR	2,823,605	5.51
Hellebore Credit Arbitrage Class B EUR	637	EUR	4,938,941	9.63
Total Luxembourg			10,592,959	20.66
Total Collective Investment Schemes			48,103,745	93.83

*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 31 December 2020

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	48,103,745	93.83
Cash (2019: 4.32%)	912,242	1.78
Other Net Assets (2019: (0.46%))	2,252,765	4.39
Net Assets Attributable to Holders of Redeemable Participating Units	<u>51,268,752</u>	<u>100.00</u>

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF MEDIOLANUM FUND OF HEDGE FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the audit of the financial statements

Opinion

In our opinion Mediolanum Fund of Hedge Funds' ("the Trust") financial statements:

- give a true and fair view of the Trust's assets, liabilities and financial position as at 31 December 2020 and of its results and cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report & Audited Financial Statements, which comprise:

- the Statement of Net Assets as at 31 December 2020;
- the Income Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units for the year then ended;
- the Schedule of Investments as at 31 December 2020; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report & Audited Financial Statements other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

MEDIOLANUM FUND OF HEDGE FUNDS

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF MEDIOLANUM FUND OF HEDGE FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities set out on page 3, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework giving a true and fair view.

The manager is also responsible for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the manager intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders as a body in accordance with the European Union (Alternative Investment Fund Managers) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Date: 28 April 2021

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF NET ASSETS as at 31 December 2020

		Alternative Strategy Collection 31 Dec 2020	Alternative Strategy Collection 31 Dec 2019
	Note	EUR €	EUR €
Assets			
Cash at bank	4	912,242	2,410,361
Financial assets at fair value through profit or loss	9	48,103,745	53,657,175
Sundry receivables and prepayments	6	2,488,144	11,275
Total assets		<u>51,504,131</u>	<u>56,078,811</u>
Liabilities			
Administration fee payable	3	12,000	18,200
Management fee payable	3	131,347	143,352
Investment manager fee payable	3	25,504	27,835
Depository fee payable	3	10,734	19,544
Auditors remuneration payable		19,449	20,400
Accrued interest payable		1,649	2,395
Sundry payables and accrued expenses	7	34,696	34,730
Total liabilities		<u>235,379</u>	<u>266,456</u>
Net assets attributable to holders of redeemable participating units		<u>51,268,752</u>	<u>55,812,355</u>

On behalf of the Manager

Director

Director

28 April 2021

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

INCOME STATEMENT

For the financial year ended 31 December 2020

		Alternative Strategy Collection 31 Dec 2020	Alternative Strategy Collection 31 Dec 2019
Income	Note	EUR €	EUR €
Interest income		2	–
Other income		62,015	35,191
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss and foreign exchange	16	(314,718)	1,017,227
Net realised (loss)/gain on forward foreign exchange contracts and currency exchange	16	(163)	604
Net change in unrealised gain: - financial assets and liabilities at fair value through profit or loss and foreign exchange	16	971,970	2,737,783
Total investment income		<u>719,106</u>	<u>3,790,805</u>
Expenses			
Management fee	3	793,822	867,488
Investment management fee	3	154,140	168,444
Administration fee	3	36,000	36,000
Depository fee	3	28,761	30,642
Interest expenses		21,870	16,548
Auditors remuneration		20,600	16,733
Other expenses		7,516	37,943
Total expenses		<u>1,062,709</u>	<u>1,173,798</u>
(Decrease)/increase in net assets from operations attributable to holders of redeemable participating units		<u>(343,603)</u>	<u>2,617,007</u>

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

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

On behalf of the Manager

Director

Director

28 April 2021

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 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Net assets attributable to holders of redeemable participating units at start of year	55,812,355	54,823,648
(Decrease)/increase in net assets from operations attributable to holders of redeemable participating units	(343,603)	2,617,007
Payments on the redemption of units	<u>(4,200,000)</u>	<u>(1,628,300)</u>
Net assets attributable to holders of redeemable participating units at end of year	<u>51,268,752</u>	<u>55,812,355</u>

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Cash flows from operating activities		
Change in net assets attributable to holders of redeemable participating units from operations	(343,603)	2,617,007
Adjustments to reconcile net cash generated by operating activities:		
Movement in financial assets and liabilities at fair value through profit or loss	5,553,430	(3,084,726)
Movement in receivables and prepaid investments	(2,476,869)	5,543,416
Movement in payables and accrued expenses	(31,077)	15,386
Net cash generated by operating activities	<u>2,701,881</u>	<u>5,091,083</u>
Cash flow from financing activities		
Payments on redemption of redeemable participating units	<u>(4,200,000)</u>	<u>(3,728,300)</u>
Net cash used in financing activities	<u>(4,200,000)</u>	<u>(3,728,300)</u>
Net (decrease)/increase in cash and cash equivalents	(1,498,119)	1,362,783
Opening cash and cash equivalents	<u>2,410,361</u>	<u>1,047,578</u>
Ending cash and cash equivalents	<u>912,242</u>	<u>2,410,361</u>
Supplementary information		
Interest paid	(22,616)	(15,219)
Interest received	2	–

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2020

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 incorporated 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 one 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 Asset Management Limited acted as Investment Manager to the Fund until 31 March 2019. From 1 April 2019 onwards, Mediolanum Asset Management Limited merged with Mediolanum International Funds Limited (the "Manager") and consequently the Manager took over investment management duties for the Sub-Fund.

2. Basis of Accounting

(a) Accounting Convention

The financial statements are prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Unit Trusts Act, 1990, AIFM Regulations - European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No 257 of 2013) and the Trust Deed.

(b) Financial Instruments

(i) Classification

The Trust classifies its investment securities as "financial assets and liabilities at fair value through profit or loss: held for trading", in accordance with IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39").

Investments are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category included equities and derivatives. These investments are acquired principally for the purpose of generating a profit from fluctuations in the price.

(ii) Measurement and Recognition

The Trust has elected to apply the recognition and measurement provisions of IAS 39 and the disclosures of Section 11 and 12 of FRS 102.

The Trust recognises financial assets held-for-trading on the trade date, being the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the Sub-Fund and Income Statement, where relevant. Other financial assets and liabilities are recognised on the date they are originated.

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being expensed immediately in the Income Statement, where relevant.

Financial assets and liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

2. Basis of Accounting (continued)

(b) Financial Instruments (continued)

(iii) Subsequent Measurement

After initial measurement, the Trust measures financial instruments, which are classified as at fair value through profit or loss, at their fair values.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty in the case of non exchange traded instruments, at the Statement of Net Assets date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their last traded value.

If a quoted market price is not available on a recognised stock exchange or from broker/counterparty, the fair value of the financial instruments may be estimated by a competent person using valuation techniques, including use of recent arm's length market transactions and reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Income Statement, where relevant.

All investments in the Trust's portfolio as at 31 December 2020 were recorded at the fair value.

(iv) Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the Trust has transferred substantially all the risk and rewards of ownership and the transfer qualifies for derecognition in accordance with IAS 39. The Trust derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(v) Fair Value Measurement

FRS 102 requires a reporting entity in accounting for its financial instruments to apply either a) the full requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments. The Trust has chosen to implement the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

(c) Valuation of Investments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange at the Statement of Net Assets date without any deduction for estimated future selling costs.

Investments in Collective Investment Schemes are measured at fair value. Fair value is based on the underlying Fund Administrator's calculation of the Net Asset Value per Unit (fair value of the Sub-Fund's assets less liabilities divided by number of units) and adjusting this Net Asset Value per Unit appropriately for any factors that indicate that Net Asset Value per Unit may not be fair value. If, in any case, a Net Asset Value is not ascertainable then fair value is estimated using valuation techniques designed to provide a reliable estimate of prices obtained in actual market transactions.

The Manager is of the view that the most appropriate estimate of fair value of its investments in Collective Investment Schemes is the Net Asset Value as reported by the scheme or its agents. The Manager reviews the valuations using its knowledge of the market and the investments held.

The underlying Collective Investment Schemes may utilise a variety of financial instruments in their trading strategies, including equity and debt securities as well as a variety of derivative instruments. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each Collective Investment Schemes' Balance Sheet.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

2. Basis of Accounting (continued)

(d) Accounting for Investments

Investment transactions are accounted for on the trade date. Realised gains and losses on investment disposals are calculated using average cost method.

(e) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Trust's financial statements are measured using the Euro. As in the opinion of the Directors of the Manager, the Euro best represents the economic effects of the underlying transactions, events and conditions applicable to the Trust. The Trust has also adopted the Euro as its presentation currency.

(ii) Transactions and Balances

Monetary assets and liabilities denominated in currencies other than the presentation currency are translated to the presentation currency at the closing rates of exchange at year end. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in the Income Statement.

(f) Income

Income arising from investments is accounted for on an accruals basis and is shown gross of irrecoverable withholding taxes, where applicable.

(g) Forward Foreign Exchange Contracts

The unrealised gain or loss on open forward currency contracts is calculated as the difference between the original contracted rate and the rate to close out the contract. Realised gains or losses on currency as reflected in the Income Statement include net gains and losses on forward currency contracts that have not settled.

(h) Taxation

The Trust qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish Law and practice, it is not chargeable to Irish tax on its income and capital gains. Tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to Unitholders or any encashment, redemption or transfer of units. No tax will arise on the Trust in respect of chargeable events in respect of:

- i) a Unitholder who is not Irish resident and not ordinarily resident in Ireland for tax purposes at the time of the chargeable event;
or
- ii) certain exempted Irish resident investors who have provided the Trust with the necessary signed statutory declarations; or
- iii) units held in a recognised clearing system as designed by the order of the Irish Revenue Commissioners.

Distributions and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Trust may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and other countries. The Trust may not, therefore, be able to reclaim withholding tax suffered by it in particular countries.

To the extent that a chargeable event arises in respect of an Irish Unitholder, the Trust may be required to deduct tax in connection with that chargeable event and pay the tax to the Irish Revenue Commissioners. A chargeable event can include dividend payments to Unitholders, appropriation, cancellation, redemption, repurchase or transfer of units, or a deemed disposal of units every 8 years beginning from the date of acquisition of those units. Certain exemptions can apply to tax exempt Irish investors to the extent that these Unitholders have appropriate tax declarations in place with the Trust in which case there may be no requirement to deduct tax.

(i) Equalisation on Investments

Many investment funds operate an equalisation policy that applies to the purchase of units made on a dealing day during the accounting period. When the net asset value per unit is more than the value at the beginning of the accounting period ("peak net asset value"), the offering price of units in the Trust is the sum of the net asset value per unit and the "equalisation factor". The Trust does not operate an equalisation policy on the issue and redemption of units to its Unitholders.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

2. Basis of Accounting (continued)

(j) Redeemable Participating Units

Redeemable Participating Units are redeemable at the unitholder's option and are classified as financial liabilities. Any distributions on these participating units are recognised in the Income Statement.

(k) Classification of Redeemable Participating Units

The Trust provides Unitholders with the right to redeem their interest in the Sub-Fund at any dealing date for cash equal to their proportionate share of the net asset value of the Sub-Fund. Under FRS 102, this right represents in substance a liability of the Trusts to Unitholders.

(l) Significant Accounting Judgements and Estimates

The preparation of financial statements in accordance with FRS 102 requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the year. Actual results could differ from those estimates.

The areas of estimates which have the most significant effect on the amounts recognised in the financial statements are valuation of investments which are disclosed within note 9 'Derivatives and Other Financial Instruments'.

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 of the Sub-Fund. The Manager is also entitled to be repaid all of its Administration Expenses 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 €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 €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 €793,822 (2019: €867,488) for the financial year ended 31 December 2020, €131,347 was payable at 31 December 2020 (2019: €143,352).

(b) Investment Manager Fees

Mediolanum International Funds Limited (the "Manager") is entitled to receive out of the assets of 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 €75,000 per Sub-Fund. The Manager received management fees of €154,140 (2019: €168,444) for the financial year ended 31 December 2020, €25,504 was payable at 31 December 2020 (2019: €27,835).

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 Investment Manager shall not be entitled to be repaid for any out of pocket expenses out of the assets of the Sub-Fund.

(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 financial years ended 31 December 2020 and 31 December 2019 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 €0-200 million the fee shall be 0.04% per annum of the Net Asset Value of the Fund, €200-400 million the fee shall be 0.03% per annum of the Net Asset Value of the Sub-Fund, in excess of €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 €3,000 per Sub-Fund or, where the Sub-Fund has multiple Classes, a minimum monthly fee of €3,250 applies.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

3. Fees and Expenses (continued)

(d) Administration Fee (continued)

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

The Administrator is entitled to receive a termination fee of €2,500 for the termination of the Sub-Fund within the Trust and a monthly fee of €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 €36,000 (2019: €36,000) for the financial year ended 31 December 2020, €12,000 was payable at 31 December 2020 (2019: €18,200).

(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 €0-200 million and the fee shall be 0.04% per annum of the Net Asset Value of the Sub-Fund, in excess of €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 €150 per Sub-Fund Hedge Fund investment transaction and telegraphic transfer charge of €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 €28,761 (2019: €30,642) for the financial year ended 31 December 2020, €10,734 was payable at 31 December 2020 (2019: €19,544).

(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 28. 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.

4. Cash at Bank

The Depositary 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+ (2019: A+) from Standard & Poors. The Northern Trust Company ("TNTC") is also wholly owned by NTC. TNTC has a credit rating of AA- (2019: AA-) from Standard & Poor's and Aa2 (2019: Aa2) from Moodys.

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

As at 31 December 2020 and 31 December 2019, 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 31 Dec 2020	Alternative Strategy Collection 31 Dec 2019
<i>Participating units in issue</i>		
<u>Class S Unit A</u>		
At the beginning of the year	5,569,056	5,733,248
Units redeemed	(436,738)	(164,192)
Units at the end of the year	<u>5,132,318</u>	<u>5,569,056</u>

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

5. Redeemable Participating Units (continued)

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 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 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Management fee rebate from investments	31,753	11,275
Receivable for sale of investments	2,456,391	–
	<hr/> 2,488,144	<hr/> 11,275

7. Sundry Payables and Accrued Expenses

	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Legal fees payable	14,031	17,168
Other payables	20,665	17,562
	<hr/> 34,696	<hr/> 34,730

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.

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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

9. Derivatives and Other Financial Instruments (continued)

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.

If the price of each of the securities and derivatives to which the Mediolanum Alternative Strategy Collection had exposure to at 31 December 2020 had increased by 5%, with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating units of the Mediolanum Alternative Strategy Collection by approximately €2,405,187 (2019: €2,682,859) and on a per unit basis by €0.47 (2019: €0.48). Conversely, if the price of each of the securities and derivatives to which the Mediolanum Alternative Strategy Collection had exposure had decreased by 5%, this would have decreased net assets attributable to holders of redeemable participating units of the Mediolanum Alternative Strategy Collection by €2,405,187 (2019: €2,682,859) and on a per unit basis by €0.47 (2019: €0.48).

(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.

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 year end date 31 December 2020 NTC had a long term credit rating from Standard & Poor's of (A+) (2019: 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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

9. Derivatives and Other Financial Instruments (continued)

(b) Credit Risk (continued)

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.

The foreign currency risk listed below is substantially made up of foreign currency denominated securities. A positive balance represents a net asset foreign currency exposure while a negative balance represents a net liability foreign currency exposure. As at 31 December 2020 and 31 December 2019 the total exposure to foreign currency risk was as follows:

	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
USD	17,511	12,994
	<hr/> 17,511	<hr/> 12,994

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

9. Derivatives and Other Financial Instruments (continued)

(c) Foreign Currency Risk (continued)

The currency exposure of the Alternative Strategy Collection as at 31 December 2020 and 31 December 2019 is as follows:

Alternative Strategy Collection

	Foreign Currency Monetary Assets EUR €	Foreign Currency Monetary Liabilities EUR €	Net Foreign Currency Monetary Assets/ Liabilities EUR €	Sensitivity* EUR €
As at 31 December 2020				
USD	17,511	–	17,511	876
	<u>17,511</u>	<u>–</u>	<u>17,511</u>	<u>876</u>
As at 31 December 2019				
USD	12,994	–	12,994	650
	<u>12,994</u>	<u>–</u>	<u>12,994</u>	<u>650</u>

*The effect of a 5% increase/decrease in the exchange rate between the Euro and the other currencies to which the Sub-Fund is exposed with all other variables held constant.

(d) Foreign Currency Forward Exchange Contracts

As at 31 December 2020 and 31 December 2019, the Alternative Strategy Collection Fund held no forward foreign exchange contracts.

(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 31 December 2020 or 31 December 2019 except for Kingate which was written down to zero on 30 November 2009 (please see the Schedule of Investments on pages 6 and 7).

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

9. Derivatives and Other Financial Instruments (continued)

(e) Liquidity Risk (continued)

The liquidity profile of the Sub-Fund's liabilities as at 31 December 2020 and 31 December 2019 was as follows:

As at 31 December 2020

	Less than 1 month EUR €	1 to 3 months EUR €	3 months to 1 year EUR €	Total EUR €
Administration fee payable	–	12,000	–	12,000
Management fee payable	65,230	66,117	–	131,347
Investment manager fee payable	–	25,504	–	25,504
Depository fee payable	–	10,734	–	10,734
Auditors remuneration payable	–	–	19,449	19,449
Accrued interest payable	–	1,649	–	1,649
Sundry payables and accrued expenses	–	34,696	–	34,696
Net assets attributable to holders of redeemable participating units	–	51,268,752	–	51,268,752
	65,230	51,419,452	19,449	51,504,131

As at 31 December 2019

	Less than 1 month EUR €	1 to 3 months EUR €	3 months to 1 year EUR €	Total EUR €
Administration fee payable	–	18,200	–	18,200
Management fee payable	68,973	74,379	–	143,352
Investment manager fee payable	–	27,835	–	27,835
Depository fee payable	–	19,544	–	19,544
Auditors remuneration payable	–	–	20,400	20,400
Accrued interest payable	–	2,395	–	2,395
Sundry payables and accrued expenses	–	34,730	–	34,730
Net assets attributable to holders of redeemable participating units	–	55,812,355	–	55,812,355
	68,973	55,989,438	20,400	56,078,811

(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-Fund's 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. Any excess cash and cash equivalents of the Sub-Fund were invested at short-term 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

Inputs are used in applying the various valuation techniques and broadly refer to the assumption that market participants use to make valuation decisions including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's levels with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement (lowest being level 3).

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

9. Derivatives and Other Financial Instruments (continued)

(h) Fair Value Hierarchy (continued)

Observable Inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the AIFM's assumptions, made in good faith about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The determination of what constitutes "observable" requires significant judgment by the AIFM. The AIFM considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the AIFM's perceived risk for this instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the AIFM's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The AIFM uses prices and inputs that are current as of the measurement date including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the 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 31 December 2020 and 31 December 2019:

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
Alternative Strategy Collection As at 31 December 2019	Level 1 EUR €	Level 2 EUR €	Level 3 EUR €	Total EUR €
Financial Assets at fair value through Profit or Loss				
Collective Investment Schemes	–	53,657,175	–	53,657,175
	–	53,657,175	–	53,657,175

There were no Level 3 investments in the Alternative Strategy Collection during the financial years ended 31 December 2020 and 31 December 2019.

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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

10. Related Party Transactions (continued)

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 31 December 2020 Mediolanum International Life DAC holds 100% (2019: 100%) of the Class S Unit A in the Alternative Strategy Collection.

Mr. Andrew Bates is a Consultant in and was, during the financial year ended December 31, 2020, a Partner in Dillon Eustace; he sits on the Board of Directors of Mediolanum International Funds Limited in a non-executive capacity. During the year total legal fees paid to Dillon Eustace were €1,715 (2019: €24,529).

At 31 December 2020, Alternative Strategy Collection did not invest into funds managed by Tages Capital LLP, the Delegate Investment Manager (2019: 6.37% of the Total Net Asset Value).

11. 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. Mediolanum International Funds Limited does not operate a research payment account for the discharge of research expenses. For the financial year ended 31 December 2020 all research was paid directly by the Sub-Fund.

12. Exchange Rates

The following exchange rates were used to translate assets and liabilities into the reporting currency (Euro) at 31 December 2020 and 31 December 2019:

Currency	EUR Rate 31 Dec 2020	EUR Rate 31 Dec 2019
USD	0.8173	0.8909

13. Changes in the Portfolio

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

14. Contingent Liabilities

There were no significant contingent liabilities at the Statement of Net Assets date or as at 31 December 2019.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

15. Net Asset Value

	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €	Alternative Strategy Collection 31 Dec 2018 EUR €
Net assets attributable to holders of redeemable participating units:			
Class S Unit A Euro (€)	51,268,752	55,812,355	54,823,648
Number of redeemable participating units outstanding:			
Class S Unit A Euro	5,132,318	5,569,056	5,733,248
Net asset value per redeemable participating unit:			
Class S Unit A Euro (€)	€9.99	€10.02	€9.56

16. Realised and Unrealised Gains in Investments

	Alternative Strategy Collection 31 Dec 2020 EUR €	Alternative Strategy Collection 31 Dec 2019 EUR €
Realised gain/(loss) on investments		
Realised gain on investments	451,652	1,344,704
Realised loss on investments	(766,370)	(327,477)
Realised (loss)/gain on forward foreign exchange contracts	(163)	604
Total realised (loss)/gain on investments	<u>(314,881)</u>	<u>1,017,831</u>
Unrealised gain/(loss) on investments		
Movement in unrealised gain on investments	3,088,334	3,421,715
Movement in unrealised loss on investments	(2,114,919)	(683,896)
Unrealised loss on forward foreign exchange contracts	(1,445)	(36)
Total unrealised gain on investments	<u>971,970</u>	<u>2,737,783</u>

17. 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 31 December 2020 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 11.

18. Significant Events During the Year

Effective 24 February 2020, John Corrigan was appointed as a Director of the Manager.

2020 brought significant challenges from an operational risk perspective with the spread of COVID-19 and the subsequent restrictions on the movement of people. This had significant impacts on workforces and economies across the globe. Mediolanum International Funds Limited, its securities services providers and Delegate Investment Managers have responded quickly and effectively, implementing and transitioning to robust and secure remote working capabilities to mitigate these challenges. Face to face meetings became virtual meetings via video-based technology, long commutes replaced by long hours in the home office, all displaying remarkable resilience in transitioning to a sustained work from home environment.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2020

18. Significant Events During the Year (continued)

In March 2020, the World Health Organisation declared COVID-19 a pandemic. To deal with the virus, the majority of governments around the world closed large parts of their economies and enforced a lockdown of their citizens to contain the spread. The COVID-19 pandemic and subsequent shut down of large parts of the global economy not only had a large impact on global growth in 2020, but also on asset class volatility, particularly during the first quarter. The response to the pandemic has been unprecedented. To deal with 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. Looking ahead the trajectory of financial markets will mainly be driven by the speed at which economies can open-up which ultimately will depend on the vaccine rollout and the ability to deal with new variants of the virus. The approval of several vaccines late last year was a positive development. However, 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 immune to the current vaccines, it would 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 a 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 a Fund's investment policy. Funds' 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.

On 29 April 2020 the Board approved the appointment of PricewaterhouseCoopers, following the Mediolanum International Funds Limited Annual General Meeting dated 27 February 2020, in order to replace Deloitte Ireland LLP as independent auditor effective 01 January 2020.

Effective 01 August 2020, Mr. Andrew Bates resigned as Partner in Dillon Eustace. He is now a Consultant to Dillon Eustace.

19. Post Balance Sheet Events

Effective 01 January 2021, Michael Hodson was appointed as a Director of the Manager.

No other events have occurred subsequent to the year end which impact on the financial statements for the financial year ended 31 December 2020.

20. Approval of the Financial Statements

The financial statements were approved by the Directors of the Manager on 28 April 2021.

MEDIOLANUM FUND OF HEDGE FUNDS

FUND OF FUNDS DISCLOSURE (UNAUDITED)

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%
EDL Global Opportunities Fund Class I-R EUR Series 1	Cayman Islands	1.50%	15.00%
EDL Global Opportunities Fund Class I-R EUR Series 3	Cayman Islands	1.50%	15.00%
Palmerston Credit Feeder Fund EUR V Series 05/2020	Cayman Islands	1.50%	20.00%
Palmerston Credit Feeder Fund EUR V Series 06/2020	Cayman Islands	1.50%	20.00%
Palmerston Credit Feeder Fund EUR V Series 07/2020	Cayman Islands	1.50%	20.00%
Palmerston Credit Feeder Fund EUR V Series 10/2020	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%
Brilliance Asset China Core Long/Short	Ireland	1.50%	20.00%
Brilliance Asset China Core Long/Short EQS	Cayman Islands	1.50%	20.00%
DMS UCITS Platform ICAV - Alkeon UCITS Fund	Ireland	1.50%	20.00%
Ennismore Smaller Companies - Ennismore Global Equity Fund	Ireland	2.00%	20.00%
Sector Healthcare Fund Class A EUR 02/2019	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%
Hellebore Credit Arbitrage Class B EUR	Luxembourg	2.00%	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.

MEDIOLANUM FUND OF HEDGE FUNDS

APPENDIX OF ADDITIONAL INFORMATION (UNAUDITED)

Leverage

Leverage is considered in terms of the Sub-Fund's overall "exposure" and includes any method by which the exposure of the Sub-Fund is increased whether through borrowings of cash or securities, or leverage embedded in derivative positions or by any other means. The Manager as the AIFM is required to calculate and monitor the level of leverage by the Sub-Fund, expressed as a ratio between the total exposure of the Sub-Fund and its net value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the Gross Method basis are calculated as the absolute value of all positions of the Sub-Fund; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Sub-Fund requires the calculation to:

- Include the sums of all non-derivative assets held at market value, plus the absolute value of all such liabilities;
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Trust;
- Derivative instruments are converted into the equivalent position in their underlying assets;
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed, and include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- the Statement of Net Assets;
- the Income Statement;

Exposure values under the Commitment Method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalents items in line with regulatory requirements.

The table sets out the maximum leverage for the Alternative Strategy Collection in 2020 and its leverage at the end of the year.

Leverage as a Percent of Net Asset Value

	Gross Method	Commitment Method
Maximum leverage in 2020	100%	104.4%
Leverage at year end	95%	98.7%

Special Arrangements

There were no special arrangements in place during the year ended 31 December 2020.

Credit Facility

The Trust had a credit facility of up to €9m with the Northern Trust Company to fund short term liquidity requirements secured by a charge over the assets of the Alternative Strategy Collection. The facility was not used and terminated on 23 February 2018.

Remuneration Details for the AIFM's Staff

The information provided below relates to the AIFM which has implemented a Remuneration Policy consistent with ESMA's remuneration guidelines and in particular the provisions of Annex II of Directive 2011/61/EU. The Remuneration Policy applies to all forms of benefits paid by the AIFM to Identified Staff, including senior management, staff whose professional activities have a material impact on the Trust's risk profile, staff in control functions or any employees in same remuneration bracket of those whose professional activities have a material impact on the Trust's risk profile or of the AIF it manages, in exchange for professional services and is intended to promote sound and effective risk management and does not encourage risk-taking inconsistent with the risk profile, rules or instruments of incorporation of the AIFs under management.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant member of staff's rank and professional activity as well as best market practice. The AIFM may provide the opportunity to certain identified staff to receive variable remuneration based on the performance of the individual, of the AIFM and of the AIF's under management. Assessment of performance will consider both financial and non-financial factors. Particular consideration will be given to risk-related factors. The above will be considered in a multi-year framework.

No variable remuneration will be paid to any non-executive member of the Board of the AIFM. The fixed fee of the non-executive and independent Directors of the AIFM will be commercially negotiated. The non-executive directors from the Mediolanum Group do not receive a fee for their role as Directors on the MIFL ("Mediolanum International Funds Limited") Board of Directors.

MEDIOLANUM FUND OF HEDGE FUNDS

APPENDIX OF ADDITIONAL INFORMATION (UNAUDITED) (continued)

Remuneration Details for the AIFM's Staff (continued)

The remuneration of the Managing Director is determined by the Managing Director of Banca Mediolanum S.p.A. having consulted with the Chairman of the AIFM. The fixed and variable elements of remuneration are in line with the principles listed above. In addition the Managing Director may receive other benefits such as those of an equity based nature provided by the Group subject to the appropriate approvals as set out in this policy and the deferral arrangements set out in the Group policy.

The Remuneration Policy is compliant with the relevant provisions of the Rules, including Schedule 2 of the Regulations, and the guidelines on sound remuneration policies under the AIFMD issued by the European Securities and Markets Authority (the "ESMA Guidelines").

Application of the Principle of Proportionality

Taking into account its size, nature, the scope of its activities and its business model, the AIFM has disapplied the following requirements of the ESMA Guidelines:

- Variable remuneration in instruments and related retention guidelines;
- Deferral of Variable Remuneration;
- Requirement to establish a remuneration committee.

Total remuneration paid to the staff of the AIFM fully or partly involved in the activities of the AIF that have a material impact on the risk profile of the Trust during the financial year to 31 December 2020 and 31 December 2019.

Fixed Remuneration	31 Dec 2020	31 Dec 2019
Senior Management	€1,843,011	€1,541,965

It should be noted that the above amounts have been estimated with care and in good faith giving due consideration to the cross-functional activities carried out by employees of the AIFM, the proportional activities related to the AIF in relation to the overall activities of the AIFM and the proportion of AIF assets managed by the AIFM in relation to the overall Assets Managed by the AIFM.

Mediolanum International Funds Limited is an investment firm authorised by the Central Bank pursuant to the European Communities (Markets and Financial Instruments Regulations 2007). The Manager has remuneration policies and practices which apply to its staff whose professional activities might have a material impact on the Trust's risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Trust's ("Identified Staff") which it believes are: (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the investment objectives and policies and the investment restrictions and (ii) appropriate to the size, internal organisation and the nature, scope and complexity of the Manager's activities.

The current remuneration practices of the Manager provide that variable remuneration is paid to the Identified Staff of the Manager based, among other things, on the overall performance of the Manager's group, the overall performance of the Manager and the relevant individual's overall contributions to that performance. When assessing individual performance, financial as well as non-financial criteria are taken into account and, upon such assessment, the performance attributed to an individual may be adjusted when determined to be appropriate having regard to a variety of factors including where it is believed by the Manager that such adjustment does not encourage risk-taking which is inconsistent with the investment objectives and policies and the investment restrictions of the Trust. The discretionary process for allocating variable remuneration takes a variety of factors into account. For investment professionals at a senior level, the performance (both overall and year to year) of the funds for which they have responsibility is a key consideration.

The Manager (i) does not pay guaranteed variable remuneration to the staff responsible for managing the assets of the Trust (ii) no payments will be made related to the termination of an employment contract that are exclusively based on the relevant individual's performance in relation to the Trust. The total number of Identified Staff of the Manager as at 31 December 2020 is 8 (2019: 8).

The Manager's pay to Identified Staff relates to all funds which the Identified Staff currently manage. The assets under management of the Manager as at 31 December 2020: was €43 billion (2019: €39.2 billion) of which the Trust represents €51.3 million (2019: €55.8 million) or 0.12% of total assets managed by the Identified Staff (2019: 0.14%).

Cybersecurity Risk

Cybersecurity breaches may occur allowing an unauthorised party to gain access to assets of the Sub-Fund, Unitholder data, or proprietary information, or may cause the Trust, the Manager, the Distributor, the Administrator or the Depositary to suffer data corruption or lose operational functionality.

MEDIOLANUM FUND OF HEDGE FUNDS

APPENDIX OF ADDITIONAL INFORMATION (UNAUDITED) (continued)

Cybersecurity Risk (continued)

The Sub-Fund may be affected by intentional cybersecurity breaches which include unauthorised access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Unitholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Manager, the Distributor, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Unitholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which a Sub-Fund invests, and thereby cause a Sub-Fund’s investments to lose value, as a result of which investors, including the relevant Sub-Fund and its Unitholders, could potentially lose all or a portion of their investment with that issuer.