

MEDIOLANUM FUND OF HEDGE FUNDS
ANNUAL REPORT
&
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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, D01 P2V6
Ireland

DEPOSITARY and TRUSTEE

Northern Trust Fiduciary Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2, D02 R156
Ireland

DIRECTORS of THE MANAGER

Karen Zachary (Irish) (Chairperson)³
Furio Pietribiasi (Italian) (Managing Director)²
Corrado Bocca (Italian)¹
Paul O'Faherty (Irish) (until July 20, 2023)³
Martin Nolan (Irish)³
Christophe Jaubert (French)²
John Corrigan (Irish)^{3*}
Michael Hodson (Irish)³
Edoardo Fontana Rava (Italian)¹
Carin Bryans (Irish) (effective May 24, 2023)³
Fiona Frick (Swiss) (effective February 21, 2024)³

ADMINISTRATOR, REGISTRAR and TRANSFER AGENT

Northern Trust International Fund Administration Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2, D02 R156
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, D02 XK09
Ireland

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1, D01 X9R7
Ireland

REGISTERED OFFICE

Mediolanum International Funds Limited
4th Floor
The Exchange
George's Dock
IFSC
Dublin 1, D01 P2V6
Ireland

The Trust is constituted in the Republic of Ireland.

¹Non-Executive Directors

²Executive Directors

³Independent Non-Executive Directors

*See Note 19 for further details

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF MANAGER'S RESPONSIBILITIES For the financial year ended 31 December 2023

The Manager is required to prepare financial statements for each financial year, which give a true and fair view of Mediolanum Fund of Hedge Funds (the "Trust") and 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 2023 which may be included on any regulatory authority website as may be required by law and/or regulations.

Going Concern

In preparing the financial statements, the Manager is responsible for assessing the Sub-Fund'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.

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

24 April 2024

MEDIOLANUM FUND OF HEDGE FUNDS

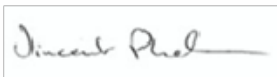
ANNUAL DEPOSITARY REPORT TO THE UNITHOLDERS MEDIOLANUM FUND OF HEDGE FUNDS For the financial year ended 31 December 2023

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 2023 ("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**

24 April 2024

MEDIOLANUM FUND OF HEDGE FUNDS

MANAGER'S REPORT

For the financial year ended 31 December 2023

Alternative Strategy Collection

Performance* **31/12/22 - 31/12/23** **-0.74%**

**Performance is stated in Euro, net of management fee, performance fee and costs*

Investment Universe

The management of the sub-fund is delegated to Tages Capital. The strategy seeks to capture returns available to hedge fund strategies with an emphasis on liquid investments, including long-short equity and macro-oriented strategies, and is implemented through a fund-of-funds structure diversified across different managers.

Reference Market review and background

2023 saw a rebound in the performance of risk assets following a difficult 2022. There was good performance in US, Europe, and Japan, however China lagged. Performance in the US was led by the mega cap technology stocks. The theme of generative AI was a key driver of exuberance in this sector.

Hedge funds had a mixed year. Equity long short strategies were the standout performers benefitting from strong trends in US equities. Event driven strategies were also able to capitalise on trends in merger arbitrage and special situations such as spinoffs. Macro strategies were disappointing and failed to capture enough of the strong asset class trends

Portfolio Performance

The Sub-Fund had a marginally negative return for the year. After a good start to 2023, hedge funds were negative in February and March ending the first quarter down marginally, impacted by volatility in the financial sector. Equity long short funds and Asian multi strategy managers had a positive contribution while macro strategies detracted during this period.

The second quarter was negative for the portfolio, with the best contribution coming from credit and event driven strategies, while equity market neutral strategies detracted. Asian funds also suffered because of weakness in the Chinese reopening. The summer was volatile with September being the worst month for global equity markets in 2023. The last quarter saw a strong rally across global equities and government bonds. Hedge funds posted positive returns across most strategies with the notable exception of the Asian focused funds, which continued to struggle given a weak Chinese backdrop.

Portfolio Activity

The portfolio held 19 underlying hedge fund strategies at year end. There were several portfolio changes with 7 strategies removed, the 3 largest of these were TT Mid Cap Europe, Aslan House, and AKO Global. 7 new strategies were added representing around 28% of the portfolio, the largest of these were Pentwater Merger Arbitrage, Melqart Event Driven and TCIM long short equity.

In line with the positive outlook on event driven strategies for 2023, there were additions made to the allocation through Wolf Hill and Melqart (European specials situations) and Pentwater (merger arbitrage). At year end, the exposure to event driven was around 16%. The macro discretionary bucket remained stable during the year at around 15% with exposure to two managers. Massar, a macro manager with a focus on commodities, and PinnBrook with a more diversified approach. The Credit allocation remained stable throughout the year with 3 managers making up the allocation (Palmerston, Selwood and Hellebore).

Mediolanum International Funds Limited

MEDIOLANUM FUND OF HEDGE FUNDS

ALTERNATIVE STRATEGY COLLECTION

SCHEDULE OF INVESTMENTS

As at 31 December 2023

Financial assets at fair value through Profit or Loss	Holdings	Currency	Fair Value EUR	% of Net Assets
Collective Investment Schemes: 98.17% (2022: 93.24%)				
British Virgin Islands: 0.00% (2022: 0.00%)				
Kingate Global Fund - Vi*	10,750	USD	–	–
Total British Virgin Islands			–	–
Cayman Islands: 81.19% (2022: 64.54%)				
AlphaQuest Original Class F EUR Series 070118	780	EUR	796,807	2.26
Am Asia Strategies Fund Class C EUR	3,038	EUR	3,017,489	8.56
BlackRock Emerging Frontiers Fund Class I	10,304	EUR	2,399,722	6.80
Broad Reach Explorer Class A KYD Series 02/2021	799	EUR	1,015,371	2.88
Broad Reach Explorer Class A KYD Series 10/2022	150	EUR	145,235	0.41
EDL Global Opportunities ALROSA Fund**	33,884	RUB	–	–
EDL Global Opportunities VTB Fund**	201,828,698	RUB	–	–
EDL Go Liquidation SPV Class A EUR Series 001	386	EUR	408,495	1.16
Greenvale Capital Fund Sub Class A EUR 07/2022	1,000	EUR	1,069,360	3.03
Greenvale Capital Fund Sub Class F EUR 07/2022	200	EUR	217,948	0.62
Greenvale Capital Fund Sub Class G EUR 02/2023	512	EUR	548,145	1.55
Keystone 12/2023	1,000	USD	875,196	2.48
Lasker Fund Class A EUR 11/2023	1,000	EUR	943,291	2.67
Lasker Fund Class A EUR 12/2023	500	EUR	468,097	1.33
Massar Macro Commodity Fund 01/2023	2,125	USD	2,095,118	5.94
Massar Macro Commodity Fund 05/2023	500	USD	470,881	1.34
Palmerston Credit Feeder Fund Class A EUR Series 07/2016	8,558	EUR	1,146,670	3.25
Palmerston Credit Feeder Fund EUR Series 02/2021	10,000	EUR	1,024,661	2.91
Pentwater Merger Arbitrage Master Fund Class A 10/2023	1,602	USD	1,550,353	4.40
Pentwater Merger Arbitrage Master Fund Class A 11/2023	636	USD	619,551	1.76
PinnBrook Offshore Class 5 09/2022	860	EUR	841,714	2.39
PinnBrook Offshore Class 5 10/2022	1,200	EUR	1,138,911	3.23
PinnBrook Offshore Class 5 11/2022	500	EUR	479,212	1.36
Selwood Asset Management Class A EUR	14,176	EUR	2,504,883	7.10
TCIM Offshore Fund Class S Series A-FR-88 11/2023	350	USD	336,835	0.95
TCIM Offshore Fund Series 05/2023	1,500	USD	1,413,131	4.01
Willing Partners Fund Class I 05/2023	879	USD	726,478	2.06
Willing Partners Fund Class I 06/2023	500	USD	437,523	1.24
Willing Partners Fund Class I 07/2023	500	USD	428,553	1.21
Wolf Hill Offshore Fund Class A	1,625	USD	1,514,738	4.29
Total Cayman Islands			28,634,368	81.19

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

**EDL Global Opportunities Fund restructured due to Russian exposure of approximately 10%, Russian sanctioned positions subsequently written down to zero by MIFL Investment Committee.

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 2023

Financial assets at fair value through Profit or Loss		Holdings	Currency	Fair Value EUR	% of Net Assets			
Collective Investment Schemes: 98.17% (2022: 93.24%) (continued)								
Ireland: 11.28% (2022: 13.38%)								
Tages International Funds ICAV - Melqart Event Driven UCITS Fund		19,957	EUR	2,052,462	5.82			
Tages International Funds ICAV - Selwood Equity Absolute Return UCITS Fund		16,872	EUR	1,928,274	5.46			
Total Ireland				3,980,736	11.28			
Luxembourg: 5.70% (2022: 15.32%)								
Hellebore Credit Arbitrage Class B EUR		226	EUR	2,009,485	5.70			
Total Luxembourg				2,009,485	5.70			
Total Collective Investment Schemes				34,624,589	98.17			
Warrants: 0.00% (2022: 3.39%)								
Germany: 0.00% (2022: 3.39%)								
Forward Foreign Exchange Contracts: 0.15% (2022: 0.00%)								
Counterparty	Currency Buys	Currency Amount	Currency Sells	Currency Amount	Currency Rate	Maturity Date	Unrealised Gain EUR	% of Net Assets
Northern Trust	EUR	10,004,249	USD	(11,006,775)	1.1002	31/01/2024	52,212	0.15
Total Fair Value Gains on Forward Foreign Exchange Contracts							52,212	0.15
Total Financial Assets at fair value through Profit or Loss				34,676,801	98.32			
Financial liabilities at fair value through profit or loss								
Forward Foreign Exchange Contracts: 0.00% (2022: 0.00%)								
Counterparty	Currency Buys	Currency Amount	Currency Sells	Currency Amount	Currency Rate	Maturity Date	Unrealised Gain EUR	% of Net Assets
Northern Trust	EUR	511,456	USD	(566,475)	1.1076	31/01/2024	(736)	0.00
Total Fair Value Losses on Forward Foreign Exchange Contracts							(736)	0.00
Total Financial Liabilities at fair value through Profit or Loss				(736)	0.00			

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 2023

	Fair Value EUR	% of Net Assets
Total Net Assets at fair value through Profit or Loss	34,676,065	98.32
Cash (2022: 4.00%)	1,024,027	2.90
Other Net Liabilities (2022: (0.63%))	(430,726)	(1.22)
Net Assets Attributable to Holders of Redeemable Participating Units	<u>35,269,366</u>	<u>100.00</u>

The accompanying notes form an integral part of the financial statements



Independent auditors' report to the unitholders of Mediolanum Fund of Hedge Funds

Report on the audit of the financial statements

Opinion

In our opinion, Mediolanum Fund of Hedge Funds' financial statements:

- give a true and fair view of the Trust's assets, liabilities and financial position as at 31 December 2023 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 2023;
- 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 2023; and
- the notes to the financial statements, which include a description of the 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.

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.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
24 April 2024

MEDIOLANUM FUND OF HEDGE FUNDS

STATEMENT OF NET ASSETS As at 31 December 2023

		Alternative Strategy Collection 31 Dec 2023	Alternative Strategy Collection 31 Dec 2022
	Note	EUR	EUR
Assets			
Cash at bank	4	1,024,027	1,498,923
Financial assets at fair value through profit or loss	9	34,676,801	34,184,710
Accrued interest receivable		1,986	606
Investments receivable		396,216	1,990,911
Sundry receivables and prepayments	6	4,883	2,574
Total assets		<u>36,103,913</u>	<u>37,677,724</u>
Liabilities			
Financial liabilities at fair value through profit or loss	9	736	–
Redemptions payable		600,000	–
Administration expense payable	3	5,883	11,994
Management fee payable	3	90,098	99,406
Investment manager fee payable	3	17,495	19,302
Depositary fee payable	3	4,206	10,065
Auditors remuneration payable		39,957	39,593
Accrued interest payable		66	284
Sundry payables and accrued expenses	7	76,106	61,448
Total liabilities		<u>834,547</u>	<u>242,092</u>
Net assets attributable to holders of redeemable participating units		<u>35,269,366</u>	<u>37,435,632</u>

On behalf of the Manager

Director



Director



24 April 2024

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 2023

		Alternative Strategy Collection 31 Dec 2023	Alternative Strategy Collection 31 Dec 2022
Income	Note	EUR	EUR
Interest income		20,500	9
Other income		17,615	24,680
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss and foreign exchange	16	(591,496)	468,785
Net realised gain on forward foreign exchange contracts and currency exchange	16	81,658	29,112
Net change in unrealised gain/(loss):			
- financial assets and liabilities at fair value through profit or loss and foreign exchange	16	929,238	(1,792,739)
- open forward foreign exchange contracts	16	50,048	1,427
Total investment income/(expense)		507,563	(1,268,726)
Expenses			
Management fee	3	562,790	582,632
Investment management fee	3	109,280	113,132
Administration expense	3	36,000	36,017
Depositary fee	3	24,132	24,006
Interest expenses		1,541	11,580
Auditors remuneration		24,488	21,190
Other expenses		35,598	31,347
Total expenses		793,829	819,904
Decrease in net assets from operations attributable to holders of redeemable participating units		(286,266)	(2,088,630)

All profit and loss account items arose from continuing operations for Alternative Strategy Collection during the financial year ended 31 December 2023.

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

The accompanying notes form an integral part of the financial statements

MEDIOLANUM FUND OF HEDGE FUNDS

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

For the financial year ended 31 December 2023

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
Net assets attributable to holders of redeemable participating units at start of year	37,435,632	40,499,262
Decrease in net assets from operations attributable to holders of redeemable participating units	(286,266)	(2,088,630)
Payments on the redemption of units	<u>(1,880,000)</u>	<u>(975,000)</u>
Net assets attributable to holders of redeemable participating units at end of year	<u>35,269,366</u>	<u>37,435,632</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 2023

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
Cash flows from operating activities		
Change in net assets attributable to holders of redeemable participating units from operations	(286,266)	(2,088,630)
Adjustments to reconcile net cash generated by operating activities:		
Movement in financial assets and liabilities at fair value through profit or loss	(491,355)	4,953,818
Movement in receivables and prepaid investments	1,591,006	(1,990,251)
Movement in payables and accrued expenses	(8,281)	24,860
Net cash generated by operating activities	<u>805,104</u>	<u>899,797</u>
Cash flow from financing activities		
Payments on redemption of redeemable participating units	<u>(1,280,000)</u>	<u>(975,000)</u>
Net cash used in financing activities	<u>(1,280,000)</u>	<u>(975,000)</u>
Net decrease in cash and cash equivalents	(474,896)	(75,203)
Opening cash and cash equivalents	<u>1,498,923</u>	<u>1,574,126</u>
Ending cash and cash equivalents	<u>1,024,027</u>	<u>1,498,923</u>
Supplementary information		
Interest received/(paid)	17,361	(12,695)

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 2023

1. General

Mediolanum Fund of Hedge Funds (the “Trust”), constituted on 11 April 2005, is an open-ended umbrella unit trust and is authorised by the Central Bank of Ireland (the “Central Bank”) pursuant to the provisions of the Unit Trusts Act, 1990. The Trust is constituted in the Republic of Ireland with a registered address of 4th Floor, The Exchange, George’s Dock, IFSC, Dublin 1, D01 P2V6, 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 (the “Sub-Fund”) is currently the only Sub-Fund actively trading.

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

Class S Unit A is the only active share class in issue and automatically reinvests all earnings, dividends and other distributions of whatever kind.

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 funds. 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.

(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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

2. Basis of Accounting (continued)

(b) Financial Instruments (continued)

(iii) Subsequent Measurement (continued)

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, for example using underlying Fund Administrator's calculation of the Net Asset Value per Unit 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 2023 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.

(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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

2. Basis of Accounting (continued)

(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 financial year ended 31 December 2023, 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.

(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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

2. Basis of Accounting (continued)

(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 paid all of its administration fee out of the assets of the Sub-Fund, which include an annual fee accrued at each valuation point and payable monthly in arrears of 0.045% of the Net Asset Value of the Sub-Fund. A fee of EUR 10 is charged (gross of any relevant taxes) per Class in which a Unitholder holds less than 25 Units. The appropriate number of Units of each such Unitholder will be automatically redeemed to pay these administrative charges. If a Unitholder holds a number of Units in any Class with a value of less than EUR 10 (gross of any relevant taxes), then his/her entire holding shall be automatically redeemed and paid to the Manager. This administrative charge shall be adjusted periodically in accordance with the Eurostat All Items Harmonised Index of Consumer Prices (HICP). This administrative charge is chargeable on the first Dealing Day in December of each year. The Manager earned management fees of EUR 562,790 (2022: EUR 582,632) for the financial year ended 31 December 2023, EUR 90,098 (2022: EUR 99,406) was payable at 31 December 2023.

(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 EUR 75,000 per Sub-Fund. The Investment Manager earned management fees of EUR 109,280 (2022: EUR 113,132) for the financial year ended 31 December 2023, EUR 17,495 (2022: EUR 19,302) was payable at 31 December 2023.

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 earned for the financial years ended 31 December 2023 and 31 December 2022 in relation to the Alternative Strategy Collection.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

3. Fees and Expenses (continued)

(d) Administration Expense

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

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

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

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

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

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

The Administrator is entitled to be repaid out of the assets of the Sub-Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Sub-Fund which shall include legal fees, couriers' fees and telecommunications costs and expenses. The Sub-Fund will bear its proportion of the fees and expenses of the Administrator. The Administrator expenses charged was EUR 36,000 (2022: EUR 36,017) for the financial year ended 31 December 2023, EUR 5,883 (2022: EUR 11,994) was payable at 31 December 2023 and Administrator expense paid for the year ended 31 December 2023 was EUR 42,110 (2022: EUR 47,098).

(e) Depositary Fee

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

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

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

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

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

The Depositary received fees of EUR 24,132 (2022: EUR 24,006) for the financial year ended 31 December 2023, EUR 4,206 (2022: EUR 10,065) was payable at 31 December 2023.

(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 29. 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+ (2022: A+) from Standard & Poor's. The Northern Trust Company ("TNTC") is also wholly owned by NTC. TNTC has a credit rating of AA- (2022: AA-) from Standard & Poor's and A2 (2022: A2) from Moody's.

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

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

4. Cash at Bank (continued)

As at 31 December 2023 and 31 December 2022, 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 2023	Alternative Strategy Collection 31 Dec 2022
<i>Participating units in issue</i>		
<u>Class S Unit A</u>		
At the beginning of the year	3,925,282	4,026,376
Units redeemed	(199,497)	(101,094)
Units at the end of the year	<u>3,725,785</u>	<u>3,925,282</u>

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

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

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

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

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

6. Sundry Receivables and Prepayments

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
Management fee rebate from investments	4,883	2,574
	<u>4,883</u>	<u>2,574</u>

7. Sundry Payables and Accrued Expenses

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
Legal fees payable	19,145	19,079
Other payables	56,961	42,369
	<u>76,106</u>	<u>61,448</u>

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

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. Class S Unit B is currently not active within the Sub-Fund.

9. Derivatives and Other Financial Instruments

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

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

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

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

(a) Market Price Risk

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

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

If the price of each of the securities and derivatives to which the Mediolanum Alternative Strategy Collection had exposure to at 31 December 2023 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 EUR 1,753,651 (2022: EUR 1,808,781) and on a per unit basis by EUR 0.47 (2022: EUR 0.46). 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 EUR 1,753,651 (2022: EUR 1,808,781) and on a per unit basis by EUR 0.47 (2022: EUR 0.46).

(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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

9. Derivatives and Other Financial Instruments (continued)

(b) Credit Risk (continued)

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 2023, NTC had a long term credit rating from Standard & Poor’s of (A+) (2022: A+).

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

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

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

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

Where relevant please note the following currencies, Jordanian Dinar, Saudi Riyal, cash in the onshore China market (principally the currency of Chinese Yuan Renminbi, and any other currencies remitted into accounts in the onshore China market), are no longer held on the Balance Sheet of TNTC. For these off-book currencies, clients’ cash exposure is directly to the relevant local sub-custodian / financial institution in the market.

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 and forward currency contracts. 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 2023 and 31 December 2022, the total exposure to foreign currency risk was as disclosed on the table in the following page:

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

9. Derivatives and Other Financial Instruments (continued)

(c) Foreign Currency Risk (continued)

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
USD	421,396	54,275
	<u>421,396</u>	<u>54,275</u>

The currency exposure of the Alternative Strategy Collection as at 31 December 2023 and 31 December 2022 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 2023				
USD	10,885,691	(10,464,295)	421,396	21,070
	<u>10,885,691</u>	<u>(10,464,295)</u>	<u>421,396</u>	<u>21,070</u>
As at 31 December 2022				
USD	2,013,023	(1,958,748)	54,275	2,714
	<u>2,013,023</u>	<u>(1,958,748)</u>	<u>54,275</u>	<u>2,714</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 2023, the Alternative Strategy Collection Fund held 2 (2022: 1) forward foreign exchange contract detailed in the Schedule of Investments page 6 to 8.

(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 2023 or 31 December 2022 except for Kingate Global Fund – Vi which was written down to zero on 30 November 2009, EDL Global Opportunities VTB Fund and EDL Global Opportunities ALROSA Fund which both were written down to zero on 6 July 2022 (please see the Schedule of Investments on pages 6 to 8).

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

9. Derivatives and Other Financial Instruments (continued)

(e) Liquidity Risk (continued)

The liquidity profile of the Sub-Fund's liabilities as at 31 December 2023 and 31 December 2022 was as follows:

As at 31 December 2023	Less than 1 month EUR	1 to 3 months EUR	3 months to 1 year EUR	Total EUR
Financial liabilities at fair value through profit or loss				–
Forward Foreign Exchange Contracts				
Inflow	–	(511,456)	–	(511,456)
Outflow	–	512,192	–	512,192
Redemptions payable	600,000	–	–	600,000
Administration expense payable	–	5,883	–	5,883
Management fee payable	51,128	38,970	–	90,098
Investment manager fee payable	–	17,495	–	17,495
Depository fee payable	–	4,206	–	4,206
Auditors remuneration payable	–	–	39,957	39,957
Accrued interest payable	–	66	–	66
Sundry payables and accrued expenses	–	76,106	–	76,106
Net assets attributable to holders of redeemable participating units	–	35,269,366	–	35,269,366
	651,128	35,412,828	39,957	36,103,913
As at 31 December 2022	Less than 1 month EUR	1 to 3 months EUR	3 months to 1 year EUR	Total EUR
Administration expense payable	–	11,994	–	11,994
Management fee payable	51,128	48,278	–	99,406
Investment manager fee payable	–	19,302	–	19,302
Depository fee payable	–	10,065	–	10,065
Auditors remuneration payable	–	–	39,593	39,593
Accrued interest payable	–	284	–	284
Sundry payables and accrued expenses	–	61,448	–	61,448
Net assets attributable to holders of redeemable participating units	–	37,435,632	–	37,435,632
	51,128	37,587,003	39,593	37,677,724

(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 2023

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 2023 and 31 December 2022:

Alternative Strategy Collection As at 31 December 2023	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial Assets at fair value through Profit or Loss				
Collective Investment Schemes	–	34,624,589	–	34,624,589
Open forward currency forward exchange contracts	–	52,212	–	52,212
	–	34,676,801	–	34,676,801
Financial Liabilities at fair value through Profit or Loss				
Open forward currency forward exchange contracts	–	(736)	–	(736)
	–	(736)	–	(736)
Alternative Strategy Collection As at 31 December 2022	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial Assets at fair value through Profit or Loss				
Collective Investment Schemes	–	34,906,739	–	34,906,739
Open forward currency forward exchange contracts	–	1,427	–	1,427
Warrants	1,267,455	–	–	1,267,455
	1,267,455	34,908,166	–	36,175,621

Alternative Strategy Collection holds three Level 3 investments which are priced at nil in accordance with fair value pricing.

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.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

10. Related Party Transactions (continued)

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

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

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

The underlying Unitholder in the Sub-Fund, Mediolanum International Life DAC, is connected to the Manager. As at 31 December 2023, Mediolanum International Life DAC holds 100% (2022: 100%) of the Class S Unit A in the Alternative Strategy Collection.

Mediolanum International Funds Limited has been authorised as the Alternative Investment Fund Manager (“AIFM”) of the Trust effective 21 July 2014.

At 31 December 2023, Alternative Strategy Collection did not invest into funds managed by Tages Capital LLP, the Delegate Investment Manager (2022: Nil).

11. Soft Commission Arrangements

For the financial year ended 31 December 2023, there were no investment research fees paid 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 2023 and 31 December 2022:

Currency	EUR Rate 31 Dec 2023	EUR Rate 31 Dec 2022
USD	0.9053	0.9370

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 as at 31 December 2023.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

15. Net Asset Value

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR	Alternative Strategy Collection 31 Dec 2021 EUR
Net assets attributable to holders of redeemable participating units:			
Class S Unit A Euro (EUR)	35,269,366	37,435,632	40,499,262
Number of redeemable participating units outstanding:			
Class S Unit A Euro (EUR)	3,725,785	3,925,282	4,026,376
Net asset value per redeemable participating unit:			
Class S Unit A Euro (EUR)	9.47	9.54	10.06

16. Realised and Unrealised Gains in Investments

	Alternative Strategy Collection 31 Dec 2023 EUR	Alternative Strategy Collection 31 Dec 2022 EUR
Realised gain/(loss) on investments		
Realised gain on investments	694,123	1,477,175
Realised loss on investments	(1,285,619)	(1,008,390)
Realised gain on forward foreign exchange contracts	81,658	29,112
Total realised (loss)/gain on investments	<u>(509,838)</u>	<u>497,897</u>
Unrealised gain/(loss) on investments		
Movement in unrealised gain on investments	2,568,772	1,329,713
Movement in unrealised loss on investments	(1,639,534)	(3,120,246)
Unrealised gain/(loss) on forward foreign exchange contracts	50,048	(779)
Total unrealised gain/(loss) on investments	<u>979,286</u>	<u>(1,791,312)</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 2023, the Sub-Fund held 2 forward foreign exchange contract detailed in the Schedule of Investments page 7. The realised and unrealised gain/(loss) on forward foreign exchange contracts are disclosed in the Income Statement on page 12 and note 16.

18. Significant Events During the Year

No events have occurred during the year end which impact the financial statements for the year ended 31 December 2023.

(a) Appointment/Resignation of Directors and Chairperson

It is with much regret that we must inform you of the untimely passing of our Non-Executive Director Mr John Corrigan on 30 March 2023. Mr Corrigan was a valued member of the Manager's Board having served from 24 February 2020. His contribution, skill and expertise are greatly missed by the Board of Directors.

Carin Bryans was appointed as Non-Executive Director effective 24 May 2023.

Non-Executive Director Paul O'Faherty retired from the Board of Directors effective 20 July 2023.

MEDIOLANUM FUND OF HEDGE FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial year ended 31 December 2023

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

No other events have occurred during the year end which impact the financial statements for the year ended 31 December 2023.

(b) Post Balance Sheet Events

Fiona Frick was appointed as Director effective 21 February 2024.

No other events have occurred subsequent to the year end which impact the financial statements for the financial year ended 31 December 2023.

(c) Approval of the Financial Statements

The financial statements were approved by the Directors of the Manager on 24 April 2024.

MEDIOLANUM FUND OF HEDGE FUNDS

FUND OF FUNDS DISCLOSURE (UNAUDITED)

1. Alternative Strategy Collection

Fund Name	Domicile	Management Fee %	Incentive Fee %
Kingate Global Fund – Vi*	British Virgin Islands	1.50%	0.00%
AlphaQuest Original Class F EUR Series 070118	Cayman Islands	1.50%	20.00%
Am Asia Strategies Fund Class C EUR	Cayman Islands	1.50%	20.00%
Am Asia Strategies Fund Class C SDR Series 02/2022	Cayman Islands	1.50%	20.00%
BlackRock Emerging Frontiers Fund Class I	Cayman Islands	1.00%	20.00%
Broad Reach Explorer Class A KYD Series 02/2021	Cayman Islands	1.00%	15.00%
Broad Reach Explorer Class A KYD Series 10/2022	Cayman Islands	1.00%	15.00%
EDL Global Opportunities ALROSA Fund**	Cayman Islands	15.00%	0.00%
EDL Global Opportunities VTB Fund**	Cayman Islands	15.00%	0.00%
EDL Go Liquidation SPV Class A EUR Series 001	Cayman Islands	15.00%	0.00%
Greenvale Capital Fund Sub Class A EUR 07/2022	Cayman Islands	1.75%	20.00%
Greenvale Capital Fund Sub Class F EUR 07/2022	Cayman Islands	1.00%	15.00%
Greenvale Capital Fund Sub Class G EUR 02/2023	Cayman Islands	1.25%	30.00%
Keystone 12/2023	Cayman Islands	2.00%	20.0%
Lasker Fund Class A EUR 11/2023	Cayman Islands	1.50%	20.0%
Lasker Fund Class A EUR 12/2023	Cayman Islands	1.50%	20.0%
Massar Macro Commodity Fund 01/2023	Cayman Islands	2.00%	20.00%
Massar Macro Commodity Fund 05/2023	Cayman Islands	2.00%	20.00%
Palmerston Credit Feeder Fund Class A EUR Series 07/2016	Cayman Islands	1.50%	20.00%
Palmerston Credit Feeder Fund EUR Series 02/2021	Cayman Islands	1.00%	15.00%
Pentwater Merger Arbitrage Master Fund Class A 10/2023	Cayman Islands	0.20%	0.0%
Pentwater Merger Arbitrage Master Fund Class A 11/2023	Cayman Islands	1.50%	20.00%
PinnBrook Offshore Class 5 09/2022	Cayman Islands	1.50%	17.50%
PinnBrook Offshore Class 5 10/2022	Cayman Islands	1.50%	17.50%
PinnBrook Offshore Class 5 11/2022	Cayman Islands	1.50%	17.50%
Selwood Asset Management Class A EUR	Cayman Islands	1.00%	15.00%
TCIM Offshore Fund Class S Series A-FR-88 11/2023	Cayman Islands	1.50%	20.00%
TCIM Offshore Fund Series 05/2023	Cayman Islands	1.50%	20.00%
Willing Partners Fund Class I 05/2023	Cayman Islands	1.50%	20.00%
Willing Partners Fund Class I 06/2023	Cayman Islands	1.50%	20.00%
Willing Partners Fund Class I 07/2023	Cayman Islands	1.50%	20.00%
Wolf Hill Offshore Fund Class A Series 04/2023	Cayman Islands	1.50%	20.00%
Tages International Funds ICAV - Melqart Event Driven UCITS Fund	Ireland	1.00%	15.00%
Tages International Funds ICAV - Selwood Equity Absolute Return UCITS Fund	Ireland	1.00%	10.00%
Hellebore Credit Arbitrage Class B EUR	Luxembourg	2.00%	20.00%

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

**EDL Global Opportunities Fund restructured due to Russian exposure of approximately 10%, Russian sanctioned positions subsequently written down to zero by MIFL Investment Committee.

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; and
- 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 2023 and its leverage at the end of the year.

Leverage as a Percent of Net Asset Value

	Gross Method	Commitment Method
Maximum leverage in 2023	128.89%	102.10%
Leverage at year end	128.89%	102.10%

Special Arrangements

There were no special arrangements in place during the year ended 31 December 2023.

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.

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.

MEDIOLANUM FUND OF HEDGE FUNDS

APPENDIX OF ADDITIONAL INFORMATION (UNAUDITED) (continued)

Remuneration Details for the AIFM's Staff (continued)

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 2023 and 31 December 2022.

Remuneration	31 Dec 2023	31 Dec 2022
Senior Management Fixed	EUR 1,973,633	EUR 1,840,296
Senior Management Variable	EUR 918,300	EUR 617,500

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 2023 is 8 (2022: 9).

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 2023: was EUR 59.7 billion (2022: EUR 47.3 billion) of which the Trust represents EUR 37.4 million (2022: EUR 36.2 million) or 0.59% (2022: 0.69%) of total assets.

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.

Taxonomy Regulation Disclosure

Unless a Sub-Fund promotes environmental or social characteristics, or have as its objective sustainable investment, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

If a Sub-Fund promotes environmental or social characteristics, or have as its objective sustainable investment, it may invest/gain exposure to issuers who engage in economic activities which contribute to climate change mitigation/climate change adaptation under the Taxonomy Regulation. In such cases, additional information in relation to Taxonomy Regulations can be found in the Sub-Funds’ Annex disclosures.

Accordingly, the minimum share of investments in environmentally sustainable economic activities aligned with the EU Taxonomy including in transitional and/or enabling activities shall be 0%.