

Kempen Alternative Investment Fund

**Annual Report, including the audited
financial statements**

31 December 2021



Kempen

Subscriptions cannot be received on the basis of financial statements. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the last annual report, including audited financial statements and the most recent unaudited semi-annual report, if published thereafter.

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¹Long/Short Equity Pool has been launched on 4 January 2021.

² Diversified Distressed Debt Pool has been launched on 4 January 2021.

Directors and Administration

Board of Directors

Chairman

Henry Kelly, Managing Director, KellyConsult Sàrl,
Grand Duchy of Luxembourg

Directors

Jacques Elvinger, Partner, Elvinger, Hoss & Prussen,
Grand Duchy of Luxembourg

Hendrik Luttenberg, Managing Director, LBGConsult,
The Netherlands

Richard Goddard, The Directors' Office S.A., Grand
Duchy of Luxembourg

John Vaartjes, Vice President, Kempen Capital
Management N.V., The Netherlands

Job de Kort, Executive Director, Kempen Capital
Management N.V., The Netherlands

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Global Distributor

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The Netherlands

Depositary and Paying Agent

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Grand Duchy of Luxembourg

Administrative, Transfer, Registrar and Domiciliary Agent

J.P. Morgan Bank Luxembourg S.A.,
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Grand Duchy of Luxembourg

Auditor

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Legal Advisor

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Kempen Alternative Investment Fund
6h, route de Trèves, L-2633 Senningerberg,
Grand Duchy of Luxembourg

Profile

Kempen Alternative Investment Fund (the "Fund"), a Luxembourg based umbrella fund, was incorporated on 16 July 2001 and consists of five Sub-Funds as per year end: Kempen Non-Directional Partnership (KNDP), Global Alternative Investment Partners (GAIP), Diversified Structured Credit Pool (DSCP), Long/Short Equity Pool (LSEP) and Diversified Distressed Debt Pool (DDDP).

Investment objective KNDP

The investment objective of KNDP is to generate a long-term return in excess of Euribor plus 3%. The investment vehicles of KNDP may be operating in various fields of the capital markets (e.g. stocks, bonds, commodities). The investment vehicles in which KNDP invests use a broad variety of investment strategies and styles to achieve attractive absolute returns. KNDP invests in investment vehicles which primarily follow non-directional strategies, including relative value strategies, non-directional arbitrage strategies, market neutral long/short investment strategies and event driven strategies. Non-directional strategies aim to achieve a relatively stable pattern of positive returns, whilst limiting potential losses. Managers pursuing these strategies seek to accomplish their risk/return goals by exploiting market inefficiencies with a minimal exposure to general market movements.

Investment objective GAIP

The investment objective of GAIP is to generate a long-term return in excess of Euribor plus 4%. The investment portfolio of GAIP will primarily consist of participations in Investment Vehicles managed by third-party investment managers. These Investment Vehicles may be operating in various fields of the capital markets, from (distressed) debt to equities, utilizing various investment strategies, from traditional ("long only") to so called "alternative" strategies.

Investment objective DSCP

The investment objective of DSCP is to provide long term capital growth. DSCP will primarily consist of a concentrated pool of participations in investment funds managed by third-party investment managers. These investment funds will operate as long-only funds and will focus on the global structured credit markets investing in a variety of market segments including but not limited to RMBS (residential mortgage-backed securities), CMBS (commercial mortgage-backed securities), CLOs (collateralised loan obligations), Consumer ABS (consumer asset-backed securities) and other types of ABS (asset-backed securities) both in the US as well as in Europe.

Investment objective LSEP

The investment objective of LSEP is to provide long term capital growth. LSEP will primarily consist of a concentrated pool of participations in Investment Vehicles managed by third-party investment managers. These Investment Vehicles will operate as long/short equity funds and will primarily focus on the global equity markets (and their derivative markets) with an emphasis on developed markets in the US, Europe and Asia. Albeit to a lesser extent, Managers also have the flexibility to invest in securities listed in emerging markets.

Investment objective DDDP

The investment objective of DDDP is to provide long term capital growth. DDDP will primarily consist of a concentrated pool of participations in Investment Vehicles managed by third-party investment managers. These Investment Vehicles will operate as opportunistic credit funds and will primarily focus on the (sub-investment grade) global credit markets (and their derivative markets) with an emphasis on developed markets in the US, Europe and Asia. Albeit to a lesser extent, the third-party investment managers of the target Investment Vehicles also have the flexibility to invest in credit markets in emerging markets.

Legal and fiscal aspects

No corporate tax, income or capital gains tax is currently levied in Luxembourg on the Fund.

Classes that are available to all types of investors are liable in Luxembourg to a subscription tax (taxe d'abonnement) of 0.05% per annum of their net asset value. Such tax being payable quarterly and calculated on the total net asset value of the Sub-Fund at the end of the relevant quarter.

Classes of Shares, which may be held exclusively by Institutional Investors, are liable in Luxembourg to a taxe d'abonnement of 0.01% per annum of their net assets. Such tax is payable quarterly and calculated on the total net asset value of such Classes at the end of the relevant quarter.

Investments in Luxembourg UCIs by the Fund enjoy full tax exemption so as to prevent double taxation. Under the current Dutch tax regime, investments by Dutch private investors in any of the Sub-Funds will in principle be taxed on the basis of an assumed income.

Dividend policy

Class B Shares of DSCP are distribution shares. All other share classes are capitalisation shares. The Board of Directors of the Fund has the option, in any given accounting year, to propose to the shareholders of any Sub-Fund at the Annual General Meeting of Shareholders, the payment of a dividend.

Subscriptions and redemptions of shares

For KNDP, GAIP, DSCP, LSEP and DDDP the shares are not listed on any stock exchange.

Shares in the different Sub-Funds of KAIF are issued and redeemed subject to any applicable commitment period and prior notice requirements as described in the prospectus.

Directors' Report

To our shareholders,

The Board of Directors of Kempen Alternative Investment Fund SICAV (the "Fund" or "KAIF") is pleased to present the Annual Report, including the audited financial statements, for the financial year from 1 January 2021 to 31 December 2021.

COVID-19

Beginning in January 2020, the global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

Ukraine

Since 24 February 2022, the Board of Directors of the Fund has been very attentive to the consequences of the conflict between Russia and Ukraine. The Board of Directors closely monitors developments in terms of market and financial risks in order to take all necessary measures in the interest of shareholders.

Activities and outlook

The Fund comprises five Sub-Funds as per year end: Kempen Non-Directional Partnership (KNDP), Global Alternative Investment Partners (GAIP), Diversified Structured Credit Pool (DSCP), Long/Short Equity Pool (LSEP) and Diversified Distressed Debt Pool (DDDP).

Two new Sub-Funds were launched on 4 January 2021: Long/Short Equity Pool and Diversified Distressed Debt Pool. Allocation Fund (AF) was liquidated on 12 November 2021.

As at 31 December 2021, the total Assets under Management of the Fund increased to a total of €919,186,259. The performance of the Sub-Funds is shown in the table immediately following this report.

As of 1 January 2022, BNP Paribas Securities Services S.C.A., Luxembourg Branch has been appointed to act as the depositary bank, administrative, registrar, transfer and domiciliary agent of the Fund.

Corporate Governance statement

The Board of Directors of the Fund is responsible for supervising the Fund and its delegates in accordance with the articles of incorporation, prospectus, and laws and regulations applicable to Luxembourg investment funds. The names and addresses of the Directors are listed with their principal occupations in the Directors and Administration section of the Annual Report.

The Board of Directors confirms the Fund's adherence to the ALFI Code of Conduct for Luxembourg Investment Funds, as published in July 2013.

The Board consists of six Directors, two of whom are employees of the Management Company and Distributor, Kempen Capital Management N.V. ("KCM"). The remaining four Directors are independent of KCM.

At the Board meetings, which generally number at least three per financial year, the Directors review the management of the Fund's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Fund's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Fund. The Directors are kept fully informed of investment and financial controls and other matters relevant to the business of the Fund.

The Directors are responsible for ensuring the Fund's annual report is prepared in accordance with Luxembourg GAAP and applicable legal and regulatory requirements.

Internal Controls

The Board is also ultimately responsible for the Fund's system of internal controls and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Fund.

Business of the Annual General Meeting

The annual general meeting of shareholders is held at the registered office of the Fund in Luxembourg. The notice and the agenda of the meeting will be sent to the shareholders prior to the meeting. The next annual general meeting will be held on 7 June 2022.

Luxembourg, 17 May 2022

The Board of Directors of Kempen Alternative Investment Fund

Investment Management Report

We hereby report to you on the financial year 2021 of the Fund, which covers the period from 1 January 2021 to 31 December 2021 inclusive. The report starts with a summary of the results of all Sub-Funds followed by a discussion of the investment policy & outlook of KNDP, GAIP, DSCP, LSEP and DDDP for 2021.

Results

For the year under review, the return of KNDP based on the net asset value was +6.0% for Class A, +6.2% for Class B, +6.0% for Class F, +6.0% for Class I and +6.8% for Class I-USD.

KNDP 31-12-2021 31-12-2020

Net asset value per share		
- Class A	€19.58	€18.48
- Class B	€20.04	€18.87
- Class F	€157.27	€148.40
- Class I	€136.04	–
- Class I-USD	\$120.75	\$113.04
Net assets	€181,511,520	€90,110,700

For the year under review, the return of GAIP based on the net asset value was +5.8% for Class I.

GAIP 31-12-2021 31-12-2020

Net asset value per share		
- Class I	€122.66	€115.89
Net assets	€48,679,186	€64,761,964

For the period under review (01-01-2021 – 12-11-2021), the return of AF based on the net asset value was +15.47% for Class IG.

AF¹ 31-12-2021 31-12-2020

Net asset value per share		
- Class IG	€–	€1,632.42
Net assets	€–	€223,599,951

¹ Allocation Fund was liquidated on 12 November 2021.

For the year under review, the return of DSCP based on the net asset value was +5.4% for Class A, +4.6% for Class A-EUR, +5.5% for Class I, +4.7% for Class I-EUR, +5.3% for Class I-GBP and +3.3% for Class B-EUR.

DSCP 31-12-2021 31-12-2020

Net asset value per share		
- Class A	\$1,219.76	\$1,156.76
- Class A-EUR	€1,105.69	€1,056.99
- Class B-EUR	€1,018.49	€1,011.33
- Class I	\$1,220.38	\$1,156.88
- Class I-EUR	€1,106.39	€1,057.09
- Class I-GBP	£1,044.93	£992.36
Net assets	\$445,967,800	\$307,217,319

For the year under review, the return of LSEP based on the net asset value was +1.6% for Class A and +7.5% for Class A (unhedged).

LSEP 31-12-2021 31-12-2020

Net asset value per share		
- Class A	€101.64	€–
- Class A (unhedged)	€107.54	€–
Net assets		
	€58,409,510	€–

For the year under review, the return of DDDP based on the net asset value was +0.6% for Class A, -0.3% for Class A-EUR, +0.6% for Class I, +0.4% for Class I-EUR, +0.0% for Class I-GBP, +16.5% for Class LA, +15.6% for Class LA-EUR, +16.6% for Class LI, +15.6% for Class LI-EUR and +16.2% for Class LI-GBP.

DDDP 31-12-2021 31-12-2020

Net asset value per share		
- Class A	\$100.58	\$–
- Class A-EUR	€99.70	€–
- Class I	\$100.58	\$–
- Class I-EUR	€100.42	€–
- Class I-GBP	£100.04	£–
- Class LA	\$116.52	\$–
- Class LA-EUR	€115.60	€–
- Class LI	\$116.57	\$–
- Class LI-EUR	€115.64	€–
- Class LI-GBP	£116.24	£–
Net assets		
	\$271,134,645	\$–

Investment policy & Outlook KNDP & GAIP

Calendar year 2021 returns were +6.2% (KNDP, Class B) and +5.8% (GAIP, Class I), versus +2.6% for the reference hedge fund index (HFRX Global Hedge Fund EUR Index).

Performance driven most by positive contributions from the alternative credit managers (Credit/Distressed and Structured Credit) and the Multi-Strategy/Arbitrage managers, while Macro/Systematic and Insurance Linked (ILS) managers detracted from performance.

Contribution to return per strategy in 2021

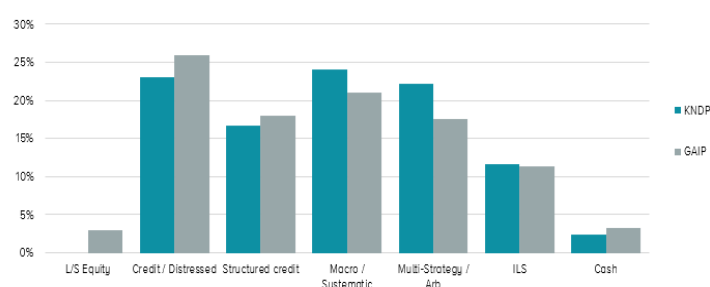


Credit/Distressed managers benefited from the combination of recovering economies, M&A interest and market price catch-up for the vintage distressed restructurings book, positive developments in recent restructurings and solid company performance in key portfolio holdings. With that, performance was strong across managers, ranging from +11% (Diameter) to +24% (Silver Point). Structured Credit managers contributed positively in each of the 12 months, helped by strong performance across sectors, security selection, and relative value bets. Within Multi-Strategy/Arbitrage, D.E. Shaw Composite was the star performer (+18%), helped by positive performance across sub-strategies, most notably in quantitative equity market neutral and systematic futures, and energy-related strategies. Performance within Macro/Systematic was mixed with global macro manager Bridgewater and trend follower Systematica SAM contributing positively, while EM macro manager Pharo Gaia struggled as EM rates and EM sovereign credit were facing headwinds. Finally, the environment was difficult for Insurance Linked (ILS) due to the combination of three major events: US winter storm Uri, the European flooding, and hurricane Ida and a plethora of smaller wind and

wildfire events. The selected manager Aeolus came out relatively well with a blended return of circa -8% helped by portfolio positioning and limited exposure to climate-change induced catastrophic events.

As we enter 2022, more than ever before KNDP and GAIP are tilted towards managers/strategies that are expected to generate returns which are uncorrelated to traditional markets. As much as circa 2/3rd of the respective portfolios can be classified as such, in an effort to insulate the fund for potential weakness in equities and bonds. This block includes a record high (~25%) allocation to Macro/Systematic managers that amongst others are equipped to do well should inflation continue to be elevated - an environment that's generally challenging for traditional assets. The fund's allocation to Insurance Linked (ILS) is also at its peak (~10%). Climate risks and historically high catastrophic damages in recent years have resulted in a substantial increase in premiums, such that even under conservative assumptions the strategy has the opportunity to generate double digit gains. This, in combination with zero correlation to traditional markets, makes it an interesting component in the portfolios. In the Multi-Strategy / Arbitrage part of the portfolio (~20%) amongst others one will find unique exposure to hard-closed manager D.E. Shaw that has a long track record of posting returns that have zero correlation to traditional markets. Within Credit/Distressed the portfolios increasingly are exposed to trading-oriented nimble L/S managers (~15%) that can generate gains in both spread tightening and spread widening environments. One example is hard-closed US-biased manager Diameter where we were a day one investor and in early 2022 we have added European-focused Tresidor on its last trading day before closing to new investors. The balancing circa 1/3rd of the portfolios is invested with three alternative credit managers (Silver Point, One William Street, Sculptor) that have a proven track record of generating substantial alpha on top of providing access to alternative beta.

Strategy mix



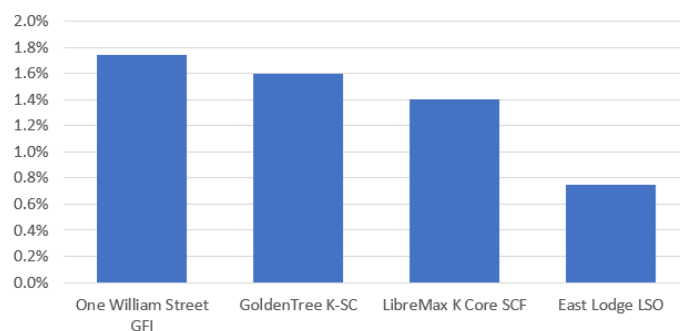
Investment policy & Outlook DSCP

DSCP finished 2021 with a relatively strong net return of +5.5% (Class I USD) versus +4.85% for the ICE BofAML 0-5 Year BB-B US High Yield Constrained Index (TR, USD). All managers delivered a positive performance contribution. The two largest positions in DSCP are GoldenTree K-SC and One William Street GFI. GoldenTree K-SC returned +6.0% in 2021, driven by its holdings in CLOs and Other ABS. GoldenTree actively traded CLO debt, emphasizing shorter-duration positions with attractive return potential and a high margin of safety. CLO performance was also driven by a record wave of accelerated refinancing activity in CLOs with several of GoldenTree's holdings called at par. Besides, its other ABS positions (mainly Puerto Rican secured municipal bonds) performed well as the country's economic situation improved further. GoldenTree K-SC performance contribution to DSCP in 2021 was +1.6%. One William Street GFI returned +6.0% in 2021, mainly driven by strong performance contributions from its US Legacy RMBS and US CMBS allocations. Its performance contribution to DSCP in 2021 was +1.7%. One William Street took the view that consumers used forbearance measures strategically and would continue to pay down their mortgage debt afterwards. As this unfolded the team made strong returns in their seasoned US Legacy RMBS holdings. In US CMBS, the team saw an attractive (but selective) opportunity in underwriting single properties (e.g. hotels) that have strong sponsor support and benefit from increased traffic amidst the gradual reopening after the Covid-19 lockdowns.

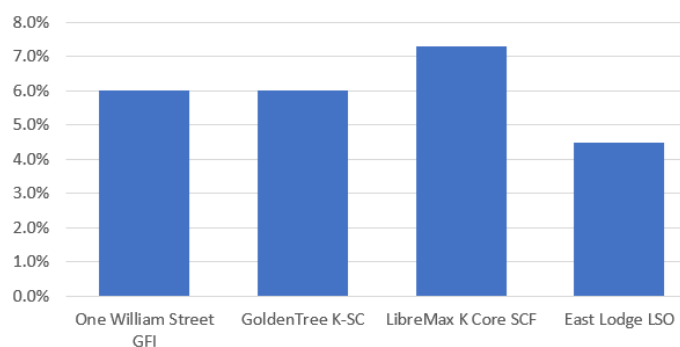
The smaller allocations within DSCP were to East Lodge and LibreMax. East Lodge LSO returned +4.5% in 2021, mainly driven by a strong performance contribution from UK RMBS and European BBB rated CLOs. In UK RMBS it benefited amongst others from recurring refinancing activity by one particular RMBS issuer and strong spread performance in UK Non-conforming and Buy-to-let sectors. Its performance contribution to DSCP in 2021 was +0.8%. Per 1st February 2021 the fund's LibreMax' exposure has been transferred from a commingled fund with several fund participants (Core) to a single-investor fund (K Core). The single-investor fund has tailored

investment guidelines, such as introduction of a minimum allocation to Green ABS, a cap on cash levels and unrated bonds while restricting some of the highest-risk bonds in the universe. This transfer to a single-investor fund also ensures that DSCP is no longer affected by other clients' investment preferences and redemption activity. The combined return of LibreMax funds was +7.3% in 2021, mainly driven by strong performance contributions from its US CMBS and US CLO allocations. Its performance contribution to DSCP in 2021 was +1.4%. Finally, DSCP makes use of Aegon European ABS fund as a daily liquid high grade structured credit fund for efficient portfolio management purposes: it wasn't part of the portfolio at year-end and did not deliver a meaningful performance contribution during 2021.

Manager net contributions to DSCP

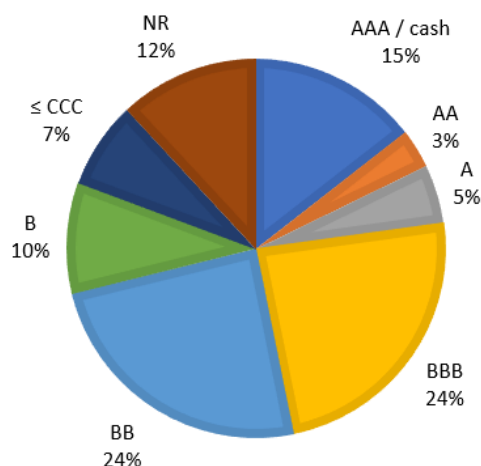


Manager performance

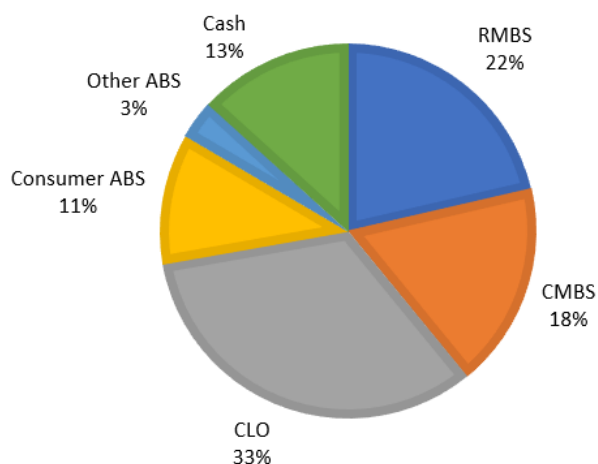


Per the start of 2022, on a look-through basis, DSCP has Sector allocations of 22% to RMBS, 18% to CMBS, 33% to CLO's, 11% to Consumer ABS and 3% to Other ABS. In terms of Rating allocation, roughly 47% of the portfolio is invested in bonds with an Investment Grade rating (BBB rating or higher) with another 24% of the portfolio invested in BB rated bonds and 12% in unrated bonds.

Sector mix DSCP (look-through) per Jan 1st, 2022



Rating mix DSCP (look-through) per Jan 1st, 2022



In terms of outlook for 2022, fundamentals are healthy for those sectors that face the (US) consumer, i.e. RMBS (bonds backed by residential mortgages) and Consumer ABS (bonds backed by consumer loans). Unprecedented global central bank support measures have led to loose financial conditions, low mortgage rates and strong rises in house prices. At the same time, unemployment rates remain very low while personal savings rates are high, leading to strong payment behavior. Even as central banks have started to unwind some of these support measures, the market environment is likely to remain very supportive for consumers. Rising inflation has a mixed effect as it may reduce consumers' purchasing power, but it also leads to increasing collateral values (e.g. housing prices, second-hand cars).

While very loose financial conditions have led to multi-year lows in corporate default rates, corporate fundamentals may weaken somewhat as relatively high balance sheet leverage reduces flexibility while profitability gets squeezed as GDP growth has peaked and inflation is rising (leading to higher wage and input cost). This is relevant for CLO's (bonds backed by senior secured corporate loans), although the focus of the managers in this segment is on securities that can sustain a dramatic rise in default rates before principal or coupon is impacted. Scenario analysis shows that even in case of default rates being 2-3 times the levels seen during the Global Financial Crisis, these bonds should be money good. In CMBS (bonds backed by commercial real estate), the situation is judged on a case-by-case basis, including thorough underwriting of the collateral. Generally speaking, delinquency rates have fallen across CMBS over 2021, while delinquency rates remain elevated in specific Covid-19 affected sectors such as Retail and Hotels. Detailed analysis highlights attractive risk/reward potential in select cases.

On an overall basis at the start of 2022, DSCP's relatively high carry and low interest rate sensitivity (0.8 years) combined with its relatively attractive portfolio metrics (yield to maturity of 4.4% and an average rating of BBB) make it well-placed for the current market environment, at the same time comparing favorably to corporate bonds with a similar credit profile.

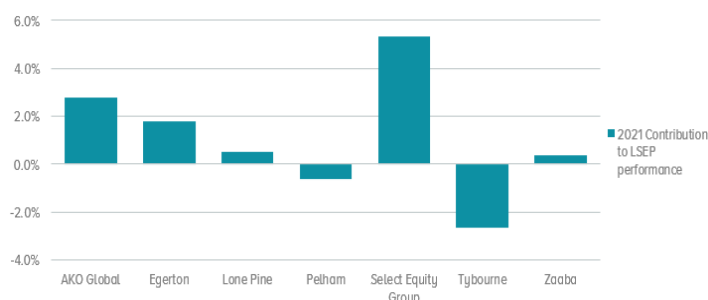
Investment Policy & Outlook LSEP

Calendar year 2021 returns were +7.5% (LSEP, Class A-EUR (unhedged), versus +11.0% and +31.1% for the reference indices HFRX Equity Hedge EUR Index and MSCI World (TR Net, EUR) respectively.

LSEP has had a choppy first year as the bull market continued, albeit with a few violent factor rotations which caught some of the managers off guard. This made it particularly challenging for managers with a high growth and/or Asia bias while managers with a quality bias posted more steady performance. With that, performance varied across all seven managers in LSEP, ranging from +24.3% (Select Equity Group) to

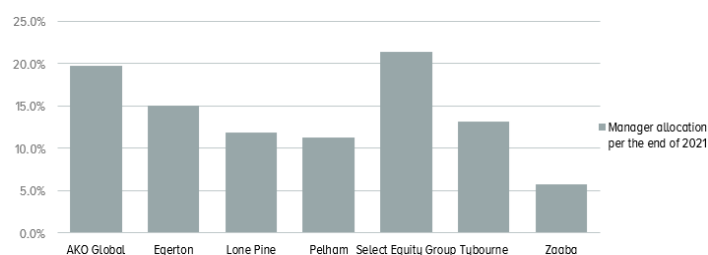
-21.6% (Tybourne). Lone Pine was added at the end of May 2021 and has since posted a return of -1.9%.

Contribution to LSEP performance by manager



Going into 2022, most capital in LSEP is allocated to Select Equity Group (21.4%; to be reduced because of a passive breach of the 20% threshold) and AKO Global (18.7%). Meanwhile Zaaba has the lowest allocation (5.7%) as a full redemption has been put in place per the end of March 2022 while Tybourne (13.1%) has announced that it will be closing down its Long/Short Equity fund per the end of June 2022. With that, one or two replacements will be selected to fill the gap from Zaaba and Tybourne. Coming off of a 2021 with strong fundamental results but difficult market performance in some segments, the various LSEP managers see great upside to their “long” holdings as these companies have become relatively cheap given the improved fundamentals. While 2021 was a difficult year for “shorts” with meme stocks, the unwinding of Archegos and a generally indiscriminatory market lifting all companies, the outlook for 2022 is a lot better as the withdrawal of liquidity should allow for more idiosyncratic stock performance.

LSEP Manager allocation

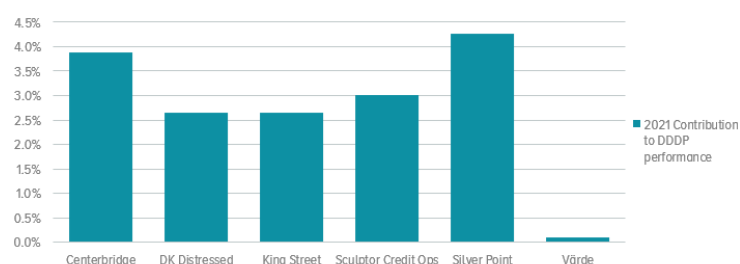


Investment Policy & Outlook DDDP

Calendar year 2021 returns were +16.6% (DDDP, Class LI-USD), versus +12.5% and +15.6% for the reference indexes Credit Suisse Event Driven Distressed Hedge Fund Index (USD) and HFRI ED: Distressed/Restructuring Index (USD) respectively.

DDDP benefited from the combination of recovering economies, M&A interest, market price catch-up for the vintage distressed restructurings book, positive developments in recent restructurings and solid company performance in key portfolio holdings. With that, performance was strong across all five day-one managers in DDDP, ranging from +14.4% (King Street) to +23.8% (Silver Point). The sixth manager (Värde) was added at the end of June 2021 and generated a return of +1.0% over the second half of 2021.

Contribution to DDDP performance by manager



Going into 2022, most capital in DDDP is allocated to Centerbridge (19.0%) and Silver Point (19.1%), while Värde has the lowest allocation (9.35%). With that the DDDP portfolio is positioned for 2022 to continue to profit from the distressed cycle that started in 2020. While material progress on many distressed restructuring investments was achieved in 2021, embedded value remains in the portfolio through (i) investments that have only just begun the restructuring process or (ii) situations that have been taken through a restructuring but for which DDDP’s managers still own attractive post reorg equity positions. Furthermore, after a major economic downturn, the later stages of a cycle often offer a tail of opportunities as financial institutions de-lever and continue to sell distressed assets. For 2022, more activity is also expected on the direct lending side in ‘private lending’ and ‘growth lending’ opportunities that are often too complex or risky for traditional lenders.

Lastly, a combination of record high corporate debt levels, cost price inflation pressure on profit margins, tight valuations in credit markets and normalizing monetary policy (rising rates) could lead to volatility in 2022 providing opportunities in stressed and opportunistic credit.

DDDP Manager allocation



Financial Statements

Statement of net assets as at 31 December 2021

	KNDP	GAIP	DSCP	LSEP ¹	DDDP ²	COMBINED
Currency	EUR	EUR	USD	EUR	USD	EUR
Assets						
Investments in securities at cost (note 2)	147,599,757	38,829,881	378,498,925	52,698,612	244,403,247	786,879,019
Unrealised gain/(loss)	25,350,831	7,130,686	41,291,762	4,006,045	13,056,489	84,278,849
Investments in securities at market value (note 2)	172,950,588	45,960,567	419,790,687	56,704,657	257,459,736	871,157,868
Cash at bank and at brokers	7,955,979	2,197,251	29,091,765	1,790,475	13,669,689	49,546,109
Receivables on investments sold	273,870	422,573	—	—	—	696,443
Unrealised gain on forward foreign exchange contracts (note 3)	590,552	169,389	804,343	574	1,621,027	2,893,271
Formation expenses, net of amortisation	—	—	25,383	7,741	8,964	37,944
Other assets	—	—	3,608	68	38,542	37,133
Total Assets	181,770,989	48,749,780	449,715,786	58,503,515	272,797,958	924,368,768
Liabilities						
Interest payable	4,746	1,895	635	1,006	25	8,227
Management fees payable (note 5)	200,647	60,978	259,772	74,956	172,658	716,840
Unrealised loss on forward foreign exchange contracts (note 3)	8,366	—	3,393,838	503	1,440,283	4,259,767
Other liabilities	45,710	7,721	93,741	17,540	50,347	197,675
Total Liabilities	259,469	70,594	3,747,986	94,005	1,663,313	5,182,509
Total net assets	181,511,520	48,679,186	445,967,800	58,409,510	271,134,645	919,186,259

¹ Long/Short Equity Pool has been launched on 4 January 2021.

² Diversified Distressed Debt Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

Statement of operations and changes in net assets for the year ended 31 December 2021

	KOIP ¹	KNDP	GAIP	AF ²	DSCP	LSEP ³
Currency	EUR	EUR	EUR	EUR	USD	EUR
Net assets at the beginning of the year/period	289,167,090	90,110,700	64,761,964	223,599,951	307,217,319	–
Income						
Bank interest	–	–	–	–	–	12
Other income	–	–	–	7,398	–	–
Total income	–	–	–	7,398	–	12
Expenses						
Management fees (note 5)	–	1,234,744	394,267	–	1,332,571	423,890
Taxe d'abonnement	–	90,319	5,887	–	49,044	29,159
Amortisation of formation expenses	–	–	–	–	6,332	1,935
Bank and other interest expenses	–	65,908	25,972	138,206	5,921	11,486
Other Operating expenses (note 10)	–	300,843	96,904	145,339	402,070	56,518
Less: Fee waiver	–	–	–	(111,198)	–	–
Total expenses	–	1,691,814	523,030	172,347	1,795,938	522,988
Net investment income/(loss)	–	(1,691,814)	(523,030)	(164,949)	(1,795,938)	(522,976)
Net realised gain/(loss) on:						
Sale of investments	–	14,471,041	8,529,119	(33,201)	4,518,449	527,035
Financial futures contracts (note 2)	–	–	–	25,849,927	–	–
Forward foreign exchange contracts (note 2)	–	(10,073,213)	(2,382,416)	–	735,808	(1,040)
Currency exchange (note 2)	–	(547,053)	(266,704)	222,274	(2,563,987)	(76,250)
Net realised gain/(loss) for the year/period	–	3,850,775	5,879,999	26,039,000	2,690,270	449,745
Net change in unrealised appreciation/(depreciation) on:						
Investments	–	10,368,311	(372,235)	(733,371)	15,725,308	4,006,045
Financial futures contracts (note 2)	–	–	–	(372,626)	–	–
Forward foreign exchange contracts (note 2)	–	(1,383,242)	(1,364,437)	–	(12,113,000)	71
Currency exchange (note 2)	–	20,003	18,184	61,156	547	727
Net change in unrealised appreciation/(depreciation) for the year/period	–	9,005,072	(1,718,488)	(1,044,841)	3,612,855	4,006,843
Increase/(decrease) in net assets as a result of operations	–	11,164,033	3,638,481	24,829,210	4,507,187	3,933,612
Subscriptions	–	110,521,682	4,316,100	14,227,770	162,433,263	61,756,875
Redemptions	(289,167,090)	(30,284,895)	(24,037,359)	(262,656,931)	(28,055,032)	(7,280,977)
Increase/(decrease) in net assets as a result of movements in share capital	(289,167,090)	80,236,787	(19,721,259)	(248,429,161)	134,378,231	54,475,898
Dividend distributions	–	–	–	–	(134,937)	–
Foreign currency translation difference	–	–	–	–	–	–
Net assets at the end of the year/period	–	181,511,520	48,679,186	–	445,967,800	58,409,510

¹ Kempen Orange Investment Partnership has been merged into Kempen Non-Directional Partnership on 4 January 2021.

² Allocation Fund was liquidated on 12 November 2021.

³ Long/Short Equity Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

Statement of operations and changes in net assets for the year ended 31 December 2021 (continued)

	DDDP ⁴	COMBINED
Currency	USD	EUR
Net assets at the beginning of the year/period	–	918,726,561
Income		
Bank interest	–	12
Other income	–	7,398
Total income	–	7,410
Expenses		
Management fees (note 5)	528,244	3,689,214
Taxe d'abonnement	25,251	190,697
Amortisation of formation expenses	2,233	9,467
Bank and other interest expenses	4,570	250,797
Other Operating expenses (note 10)	135,587	1,072,394
Less: Fee waiver	–	(111,198)
Total expenses	695,885	5,101,371
Net investment income/(loss)	(695,885)	(5,093,961)
Net realised gain/(loss) on:		
Sale of investments	(341,436)	27,167,062
Financial futures contracts (note 2)	–	25,849,927
Forward foreign exchange contracts (note 2)	(5,188,290)	(16,371,971)
Currency exchange (note 2)	(594,926)	(3,445,532)
Net realised gain/(loss) for the year/period	(6,124,652)	33,199,486
Net change in unrealised appreciation/(depreciation) on:		
Investments	13,056,489	38,578,104
Financial futures contracts (note 2)	–	(372,626)
Forward foreign exchange contracts (note 2)	180,744	(13,240,271)
Currency exchange (note 2)	(11)	100,541
Net change in unrealised appreciation/(depreciation) for the year/period	13,237,222	25,065,748
Increase/(decrease) in net assets as a result of operations	6,416,685	53,171,273
Subscriptions	265,320,433	566,968,837
Redemptions	(602,473)	(638,627,309)
Increase/(decrease) in net assets as a result of movements in share capital	264,717,960	(71,658,472)
Dividend distributions	–	(118,657)
Foreign currency translation difference	–	19,065,554
Net assets at the end of the year/period	271,134,645	919,186,259

⁴ Diversified Distressed Debt Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

Statistical information

	SHARES OUTSTANDING AS AT 31 DECEMBER 2021	CURRENCY	NAV PER SHARE AS AT 31 DECEMBER 2021	NAV PER SHARE AS AT 31 DECEMBER 2020	NAV PER SHARE AS AT 31 DECEMBER 2019
KOIP¹					
Class A	—	EUR	—	1,393.96	1,318.13
Class B	—	EUR	—	1,425.15	1,346.29
Class C	—	EUR	—	1,457.11	1,375.11
Class F	—	EUR	—	143.92	136.09
Class I	—	EUR	—	128.32	121.29
Class I-GBP	—	GBP	—	115.52	109.24
Class I-USD	—	USD	—	107.46	100.05
Total net assets in EUR			—	289,167,090	361,865,150
KNDP					
Class A	419,138	EUR	19.58	18.48	17.40
Class B	3,823,698	EUR	20.04	18.87	17.76
Class F	551,325	EUR	157.27	148.40	139.76
Class I ²	58,129	EUR	136.04	—	—
Class I-USD	19,506	USD	120.75	113.04	104.87
Total net assets in EUR			181,511,520	90,110,700	107,812,230
GAIP					
Class I	396,867	EUR	122.66	115.89	106.40
Total net assets in EUR			48,679,186	64,761,964	73,402,882
AF³					
Class IG	—	EUR	—	1,632.42	1,422.94
Total net assets in EUR			—	223,599,951	249,457,314
DSCP					
Class A	3,431	USD	1,219.76	1,156.76	—
Class A-EUR	13,123	EUR	1,105.69	1,056.99	—
Class B-EUR	5,213	EUR	1,018.49	1,011.33	—
Class I	78,650	USD	1,220.38	1,156.88	—
Class I-EUR	109,121	EUR	1,106.39	1,057.09	—
Class I-GBP	131,397	GBP	1,044.93	992.36	—
Total net assets in USD			445,967,800	307,217,319	—

¹ Kempen Orange Investment Partnership has been merged into Kempen Non-Directional Partnership on 4 January 2021.

² This share class has been launched during the year 2021.

³ Allocation Fund was liquidated on 12 November 2021.

Statistical information (continued)

	SHARES OUTSTANDING AS AT 31 DECEMBER 2021	CURRENCY	NAV PER SHARE AS AT 31 DECEMBER 2021	NAV PER SHARE AS AT 31 DECEMBER 2020	NAV PER SHARE AS AT 31 DECEMBER 2019
LSEP⁴					
Class A	1,300	EUR	101.64	—	—
Class A (unhedged)	541,891	EUR	107.54	—	—
			<hr/>	<hr/>	<hr/>
Total net assets in EUR			58,409,510	—	—
DDDP⁵					
Class A	10	USD	100.58	—	—
Class A-EUR	50,014	EUR	99.70	—	—
Class I	10	USD	100.58	—	—
Class I-EUR	10	EUR	100.42	—	—
Class I-GBP	362,561	GBP	100.04	—	—
Class LA	36,011	USD	116.52	—	—
Class LA-EUR	187,204	EUR	115.60	—	—
Class LI	90,201	USD	116.57	—	—
Class LI-EUR	298,901	EUR	115.64	—	—
Class LI-GBP	874,609	GBP	116.24	—	—
			<hr/>	<hr/>	<hr/>
Total net assets in USD			271,134,645	—	—

⁴ Long/Short Equity Pool has been launched on 4 January 2021.

⁵ Diversified Distressed Debt Pool has been launched on 4 January 2021.

Realised Gain/(Loss) and Change in Unrealised Appreciation/(Depreciation) on Investments and Derivatives

	KNDP	GAIP	AF ¹	DSCP	LSEP ²
Currency	EUR	EUR	EUR	USD	EUR
Realised gain on:					
Investments	14,471,041	8,589,470	2,230,507	4,518,793	527,138
Financial futures contracts	–	–	31,041,701	–	–
Forward foreign exchange contracts	8,349,359	1,026,620	–	11,335,687	52
Realised loss on:					
Investments	–	(60,351)	(2,263,708)	(344)	(103)
Financial futures contracts	–	–	(5,191,774)	–	–
Forward foreign exchange contracts	(18,422,572)	(3,409,036)	–	(10,599,879)	(1,092)
Net realised gain/(loss) for the year/period:	4,397,828	6,146,703	25,816,726	5,254,257	525,995
Change in unrealised appreciation on:					
Investments	12,526,410	(674,302)	(2,173,624)	15,470,124	5,818,210
Financial futures contracts	–	–	(1,782,203)	–	–
Forward foreign exchange contracts	(1,494,298)	(1,365,284)	–	(8,719,162)	574
Change in unrealised depreciation on:					
Investments	(2,158,099)	302,067	1,440,253	255,184	(1,812,165)
Financial futures contracts	–	–	1,409,577	–	–
Forward foreign exchange contracts	111,056	847	–	(3,393,838)	(503)
Net change in unrealised appreciation/(depreciation) for the year/period:	8,985,069	(1,736,672)	(1,105,997)	3,612,308	4,006,116

¹ Allocation Fund was liquidated on 12 November 2021.

² Long/Short Equity Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

Realised Gain/(Loss) and Change in Unrealised Appreciation/(Depreciation) on Investments and Derivatives (continued)

	DDDP ³	COMBINED
Currency	USD	EUR
Realised gain on:		
Investments	–	29,791,769
Financial futures contracts	–	31,041,701
Forward foreign exchange contracts	460,651	19,749,174
Realised loss on:		
Investments	(341,436)	(2,624,707)
Financial futures contracts	–	(5,191,774)
Forward foreign exchange contracts	(5,648,941)	(36,121,145)
Net realised gain/(loss) for the year/period:	(5,529,726)	36,645,018
Change in unrealised appreciation on:		
Investments	13,056,538	40,581,694
Financial futures contracts	–	(1,782,203)
Forward foreign exchange contracts	1,621,027	(9,100,773)
Change in unrealised depreciation on:		
Investments	(49)	(2,003,590)
Financial futures contracts	–	1,409,577
Forward foreign exchange contracts	(1,440,283)	(4,139,498)
Net change in unrealised appreciation/(depreciation) for the year/period:	13,237,233	24,965,207

³ Diversified Distressed Debt Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

Schedule of investments and other net assets as at 31 December 2021

1. Kempen Non-Directional Partnership

Kempen Non-Directional Partnership

Investments	Currency	Quantity/ Nominal Value	Market Value EUR	% of Net Assets
Units of authorised UCITS or other collective investment undertakings				
Collective Investment Schemes - AIF				
Bermuda				
Aeolus Property Catastrophe Keystone PF Fund LP Hedge Fund	USD	931	632,596	0.35
Aeolus Property Catastrophe Keystone PF Fund LP Series J18	USD	212	372,618	0.20
Aeolus Property Catastrophe Keystone PF Fund LP Series J19	USD	19	149,580	0.08
Aeolus Property Catastrophe Keystone PF Fund LP Series J20	USD	3,888	2,881,530	1.59
Aeolus Property Catastrophe Keystone PF Fund LP Series J21	USD	9,613	7,256,690	4.00
Aeolus Property Catastrophe Keystone PF Fund LP Series MY18	USD	381	302,313	0.17
Aeolus Property Catastrophe Keystone PF Fund LP Series MY19	USD	188	170,950	0.09
Aeolus Property Catastrophe Keystone PF Fund LP Series MY21	USD	6,684	5,958,316	3.28
			17,724,593	9.76
Cayman Islands				
Anchorage Capital Partners Offshore Ltd.	USD	1,424	2,426,221	1.34
Brevan Howard Fund Limited - Class M EUR	EUR	7,500	760,910	0.42
Brevan Howard Fund Ltd. - Class I EUR	EUR	120,021	11,914,671	6.56
Bridgewater Pure Alpha Euro Fund Ltd. Series 8000-038 Class B	EUR	5,330	5,533,261	3.05
Bridgewater Pure Alpha Euro Fund Ltd. Series 8000-038A Class B	EUR	2,260	4,825,601	2.66
Caius Capital International Fund - Class A EUR Series NI Mar 2019	EUR	1,055	1,266,097	0.70
D.E. Shaw Composite International Fund Class B*	USD	6,153,642	19,585,530	10.79
D.E. Shaw Composite International Fund Side Pocket*	USD	26,158	787	—
Diameter Offshore Fund LP Series A-1 INT 01-18*	USD	3,423,662	3,026,941	1.67
Diameter Offshore Fund LP Series A-1 INT 02-18*	USD	10,384,196	9,180,913	5.06
Diameter Offshore Fund LP Series A-1 INT 11-17*	USD	8,139,079	7,105,302	3.91
FCOI II Holdings, LP*	USD	5,891,718	338,551	0.19
Harbinger Streamline Offshore Fund LLC - Class L*, **	USD	30,975	—	—
Harbinger Streamline Offshore Fund LLC - Class LS*, **	USD	1,000	—	—
Harbinger Streamline Offshore Fund LLC - Class PE*, **	USD	178,135	—	—
Magnetar Pra Fund Ltd - Series A117	USD	8,818	7,843,427	4.32
One William Street Capital Offshore Fund Ltd. Class DD - Initial Series	USD	6,257	18,171,304	10.01
Pharo Gaia Fund Ltd.- Class A1 Series 01 2021	USD	4,360	14,235,474	7.84
Sculptor Credit Opportunities Overseas Fund LP*	USD	3,772	12,142,851	6.69
Sculptor Overseas Fund II Ltd. Class H*	USD	103	12,602	0.01
Silver Point Capital Offshore Fund Ltd. Class H-160	USD	538	17,499,912	9.64
Systematica Alternative Markets Fund Limited - Class A EUR	EUR	39,369	6,379,673	3.51

Kempen Non-Directional Partnership (continued)

Investments	Currency	Quantity/ Nominal Value	Market Value EUR	% of Net Assets
Warwick European Distressed & Special Situations Credit Fund Inc - Realising Class B3 Non Fee Paying Follow On**	EUR	281	–	–
Warwick European Distressed & Special Situations Credit Fund Inc - Realising Class B3	EUR	47,144	506,990	0.28
			142,757,018	78.65
United States of America				
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 1 Unrestricted*, **	USD	679,770	–	–
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 2 Unrestricted*, **	USD	588,594	–	–
Shepherd Select Asset Ltd. Class A*	USD	23	9,289	0.01
			9,289	0.01
Virgin Islands, British				
Davidson Kempner International (BVI) Ltd. Tranche3 01 Jan 21	USD	103,815	12,459,688	6.86
			12,459,688	6.86
Total Collective Investment Schemes - AIF			172,950,588	95.28
Total Units of authorised UCITS or other collective investment undertakings			172,950,588	95.28
Total Investments			172,950,588	95.28
Cash			7,955,979	4.38
Other assets/(liabilities)			604,953	0.34
Total net assets			181,511,520	100.00

* These assets are classified as non-unitised assets.

** Security is fair valued as per Valuation of Investments in Securities accounting policy (note 2)

The accompanying notes form an integral part of these financial statements.

2. Global Alternative Investment Partners

Global Alternative Investment Partners

Investments	Currency	Quantity/ Nominal Value	Market Value EUR	% of Net Assets
Units of authorised UCITS or other collective investment undertakings				
Collective Investment Schemes - AIF				
Bermuda				
Aeolus Property Catastrophe Keystone PF Fund LP Hedge Fund	USD	137	93,846	0.19
Aeolus Property Catastrophe Keystone PF Fund LP Series J18	USD	29	50,812	0.11
Aeolus Property Catastrophe Keystone PF Fund LP Series J19	USD	3	20,396	0.04
Aeolus Property Catastrophe Keystone PF Fund LP Series J20	USD	584	425,420	0.87
Aeolus Property Catastrophe Keystone PF Fund LP Series J21	USD	3,700	2,793,186	5.74
Aeolus Property Catastrophe Keystone PF Fund LP Series MY18	USD	52	41,224	0.09
Aeolus Property Catastrophe Keystone PF Fund LP Series MY19	USD	21	19,242	0.04
Aeolus Property Catastrophe Keystone PF Fund LP Series MY21	USD	1,846	1,646,070	3.38
			5,090,196	10.46
Cayman Islands				
Anchorage Capital Partners Offshore Ltd.	USD	617	651,950	1.34
Anchorage Capital Partners Offshore Ltd. Series K	USD	870	1,050,360	2.16
Brevan Howard Fund Ltd. - Class I EUR	EUR	20,014	1,986,843	4.08
Caius Capital International Fund - Class A EUR Series NI Mar 2019	EUR	1,033	1,239,584	2.55
D.E. Shaw Composite International Fund*	USD	38,536	6,548,050	13.45
Diameter Offshore Fund LP Series A-1 INT 01-18*	USD	1,122,350	942,792	1.94
Diameter Offshore Fund LP Series A-1 INT 02-18*	USD	3,002,077	2,654,207	5.45
Diameter Offshore Fund LP Series A-1 INT 09-18*	USD	1,447,698	1,279,944	2.63
Magnetar Pra Fund Ltd - Series A120	USD	2,200	1,984,452	4.08
One William Street Capital Offshore Fund Ltd. Class DD Series 0920	USD	1,000	1,024,103	2.10
One William Street Capital Offshore Fund Ltd. Hedge Fund	USD	1,307	3,795,169	7.80
One William Street Capital Offshore Fund Ltd. Hedge Fund	USD	500	504,325	1.04
Pharo Gaia Fund Ltd - Class A-1 Series 14	USD	312	1,018,923	2.09
Pharo Gaia Fund Ltd.- Class A1 Series 01 2021	USD	802	2,618,149	5.38
Sculptor Credit Opportunities Overseas Fund*	USD	1,034	3,440,875	7.07
Silver Point Capital Offshore Fund Ltd. Class H-578	USD	276	4,125,708	8.47
Systematica Alternative Markets Fund Limited - Class A EUR	EUR	9,810	1,610,360	3.31
Zaaba Pan Asia Fund A Founders Benefit Shares Unrest Initial Series April 2016	USD	1,136	1,423,214	2.92
			37,899,008	77.86
United States of America				
Lyxor Bridgewater Fund Ltd. Class S	USD	32,790	2,971,363	6.10
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 1 Unrestricted*, **	USD	111,180	—	—
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 2 Unrestricted*, **	USD	96,268	—	—
			2,971,363	6.10

Global Alternative Investment Partners (continued)

Investments	Currency	Quantity/ Nominal Value	Market Value EUR	% of Net Assets
Total Collective Investment Schemes - AIF			45,960,567	94.42
Total Units of authorised UCITS or other collective investment undertakings			45,960,567	94.42
Total Investments			45,960,567	94.42
Cash			2,197,251	4.51
Other assets/(liabilities)			521,368	1.07
Total net assets			48,679,186	100.00

* These assets are classified as non-unitised assets.

** Security is fair valued as per Valuation of Investments in Securities accounting policy (note 2)

The accompanying notes form an integral part of these financial statements.

3. Diversified Structured Credit Pool

Diversified Structured Credit Pool

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Units of authorised UCITS or other collective investment undertakings				
Collective Investment Schemes - AIF				
<i>Cayman Islands</i>				
Goldentree 2017 K-SC Ltd. Class A Series A	USD	98,026	127,137,398	28.51
Libremax K Core Securitised Credit Fund Ltd. Class A Series 1 A	USD	79,772	83,870,058	18.80
OWS Global Fixed Income Fund (USD-hedged) Ltd.	USD	98,158	126,786,141	28.43
			337,793,597	75.74
<i>Ireland</i>				
East Lodge Long Structured Opportunities Fund Class A USD EB6AN Series 09 Jul 19	USD	2,700	2,787,161	0.63
East Lodge Long Structured Opportunities Fund Class A USD EB6AN Series 11 Sep 2020 A	USD	1,100	1,130,885	0.25
East Lodge Long Structured Opportunities Fund Class A USD EB6AN Series 12 Oct 2019 A	USD	1,800	1,840,036	0.41
East Lodge Long Structured Opportunities Fund Class A USD EB6AN Series 14 Dec 2019	USD	600	609,716	0.14
East Lodge Long Structured Opportunities Fund Class A USD EB6AN Series 15 Jan 2020	USD	800	806,870	0.18
East Lodge Long Structured Opportunities Fund Class A USD Series 01 Nov 2018 A	USD	23,000	24,390,071	5.47
East Lodge Long Structured Opportunities Fund Class A USD Series 03 02 Jun 2021	USD	1,500	1,521,013	0.34
East Lodge Long Structured Opportunities Fund Class A USD Series 03 03 Jul 2021 A	USD	2,000	2,023,247	0.45
East Lodge Long Structured Opportunities Fund Class A USD Series 03 04 Aug 2021	USD	7,500	7,559,996	1.70
East Lodge Long Structured Opportunities Fund Class A USD Series 03 05 Sept 2021	USD	8,500	8,553,141	1.92
East Lodge Long Structured Opportunities Fund Class A USD Series 03 Mar 2019 A	USD	1,500	1,589,641	0.36
East Lodge Long Structured Opportunities Fund Class A USD Series 06 Apr 2019	USD	900	945,585	0.21
East Lodge Long Structured Opportunities Fund Class A USD Series 17 Mar 2020 A	USD	3,000	2,991,530	0.67
East Lodge Long Structured Opportunities Fund Class A USD Series 20 Jun 2020 A	USD	4,000	4,414,157	0.99
East Lodge Long Structured Opportunities Fund Class A USD Series 21 Jul 2020 A	USD	14,000	15,250,316	3.42
East Lodge Long Structured Opportunities Fund Class A USD Series 22 Aug 2020	USD	3,300	3,579,347	0.80
East Lodge Long Structured Opportunities Fund Class A USD Series 25 Nov 2020 A	USD	500	532,334	0.12
East Lodge Long Structured Opportunities Fund Class A USD Series 26 Dec 2020	USD	1,400	1,472,044	0.33
			81,997,090	18.39
Total Collective Investment Schemes - AIF			419,790,687	94.13
Total Units of authorised UCITS or other collective investment undertakings			419,790,687	94.13
Total Investments			419,790,687	94.13
Cash			29,091,765	6.52
Other assets/(liabilities)			(2,914,652)	(0.65)
Total net assets			445,967,800	100.00

In order to comply with the Dutch law Art. 124 Bgfo (Artikel 124 Besluit Gedragstoezicht financiële ondernemingen Wft) we have added a note for investments > 20% of the Net Assets in DSCP which can be found under the 'Additional Information (unaudited)' section on page 47.

The accompanying notes form an integral part of these financial statements.

4. Long/Short Equity Pool¹

Long/Short Equity Pool

Investments	Currency	Quantity/ Nominal Value	Market Value EUR	% of Net Assets
Units of authorised UCITS or other collective investment undertakings				
Collective Investment Schemes - AIF				
Bermuda				
Pelham Long/Short Fund Ltd. - Class A USD	USD	28,049	6,598,837	11.30
			6,598,837	11.30
Cayman Islands				
Lone Cedar Ltd. - Class E Series PI A/71	USD	8,000	6,904,352	11.82
SEG Partners Offshore Ltd. Class C1 Series 41	USD	772	526,884	0.90
SEG Partners Offshore Ltd. Class C1 Series 42	USD	1,487	1,014,636	1.74
SEG Partners Offshore Ltd.	USD	15,996	10,934,968	18.72
Tybourne Equity (Offshore) Fund Class B Series 0612	USD	4,461	7,647,144	13.09
Zaaba Pan Asia Fund A Founders Benefit Shares Unrest Initial Series April 2016	USD	2,655	3,327,697	5.70
			30,355,681	51.97
Virgin Islands, British				
Egerton Long Short Fund (EUR GBP & NOK) Ltd. Class B Series Apr 21	EUR	100,000	1,074,991	1.84
Egerton Long Short Fund (EUR GBP & NOK) Ltd. Class B Series Feb 21	EUR	630,000	7,187,191	12.30
Egerton Long Short Fund (EUR GBP & NOK) Ltd. Class B Series Mar 21	EUR	50,000	548,221	0.94
			8,810,403	15.08
Total Collective Investment Schemes - AIF			45,764,921	78.35
Collective Investment Schemes - UCITS				
Ireland				
AKO Global UCITS Fund - Class B2 Hedged EUR Cap	EUR	61,383	10,939,736	18.73
			10,939,736	18.73
Total Collective Investment Schemes - UCITS			10,939,736	18.73
Total Units of authorised UCITS or other collective investment undertakings			56,704,657	97.08
Total Investments			56,704,657	97.08
Cash			1,790,475	3.07
Other assets/(liabilities)			(85,622)	(0.15)
Total net assets			58,409,510	100.00

¹ Long/Short Equity Pool has been launched on 4 January 2021.

The accompanying notes form an integral part of these financial statements.

5. Diversified Distressed Debt Pool¹

Diversified Distressed Debt Pool

Investments	Currency	Quantity/ Nominal Value	Market Value USD	% of Net Assets
Units of authorised UCITS or other collective investment undertakings				
Collective Investment Schemes - AIF				
<i>Cayman Islands</i>				
Centerbridge Credit Partners Offshore Ltd. Class E Series 2021-01	USD	42,374	51,400,000	18.96
Davidson Kempner Distressed Opp Intl Cayman Ltd. -Class A Tranche 01 01 Aug 2021	USD	16,000	16,375,883	6.04
Davidson Kempner Distressed Opp Intl Cayman Ltd. -Class A Tranche 01 01 Dec 2021	USD	6,000	6,049,200	2.23
Davidson Kempner Distressed Opp Intl Cayman Ltd. -Class A Tranche 01 01 July 2021	USD	750	769,540	0.28
Davidson Kempner Distressed Opp Intl Cayman Ltd. -Class A Tranche 01 01 Nov 2021	USD	1,000	1,007,111	0.37
Davidson Kempner Distressed Opp Intl Cayman Ltd. -Class A Tranche 01 01 Sept 2021	USD	1,250	1,262,383	0.47
Davidson Kempner Distressed Opportunities International Cayman Ltd. Class A Tranche 01 Feb 2021	USD	750	838,291	0.31
Davidson Kempner Distressed Opportunities International Cayman Ltd. Class A Tranche 01 Jan 2021	USD	10,582	15,398,759	5.68
Davidson Kempner Distressed Opportunities International Cayman Ltd. Class A Tranche 01 Jun 2021	USD	1,000	1,035,274	0.38
Sculptor Credit Opportunities Overseas Fund LP*	USD	12,206	43,358,307	15.99
Silver Point Capital Offshore Fund Ltd. Class H-723	USD	4,191	51,877,088	19.13
Varde Credit Partners (Offshore) Ltd. - Class A 01 Nov 2021	USD	1,000	1,010,156	0.37
Varde Credit Partners (Offshore) Ltd. - Class A Shares 02 July 2021	USD	10,000	10,104,117	3.73
Varde Credit Partners (Offshore) Ltd. -Class A Shares 01 Aug 2021	USD	10,000	10,201,915	3.76
Varde Credit Partners Offshore Ltd. - Class A Shares 01 Sept 2021	USD	1,000	1,000,652	0.37
Varde Credit Partners Offshore Ltd. - Class A Shares	USD	3,000	3,025,800	1.12
			214,714,476	79.19
<i>Virgin Islands, British</i>				
King Street Capital Ltd.	USD	186,267	42,745,260	15.77
			42,745,260	15.77
Total Collective Investment Schemes - AIF			257,459,736	94.96
Total Units of authorised UCITS or other collective investment undertakings			257,459,736	94.96
Total Investments			257,459,736	94.96
Cash			13,669,689	5.04
Other assets/(liabilities)			5,220	—
Total net assets			271,134,645	100.00

¹ Diversified Distressed Debt Pool has been launched on 4 January 2021.

* These assets are classified as non-unitised assets.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General

Kempen Alternative Investment Fund (the Fund) was incorporated in Luxembourg on 16 July 2001 for an indefinite period as a '*Société d'Investissement à Capital Variable*' (SICAV) in accordance with Part II of the law of 30 March 1988 relating to collective investment undertakings. The Fund is organised as an alternative investment fund in accordance with the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011. The Fund is governed by the part II of the law of 17 December 2010 as amended relating to collective investment undertakings. The Fund is registered with the *Registre du Commerce et des Sociétés*, Luxembourg, under number R.C.S. B 82.955.

The Fund consists of five Sub-Funds as per year end: Kempen Non-Directional Partnership (KNDP), Global Alternative Investment Partners (GAIP), Diversified Structured Credit Pool (DSCP), Long/Short Equity Pool (LSEP) and Diversified Distressed Debt Pool (DDDP).

Shares in the Sub-Fund KNDP may be issued in the following share classes: Class A; Class B; Class F; Class I, Class I-GBP and Class I-USD. Class I, Class I-GBP and Class I-USD shares may only be subscribed to by institutional investors. The other classes can be issued to any investor.

Shares in the Sub-Fund GAIP may be issued in the following share class: Class I. Class I shares may only be subscribed to by institutional investors.

Shares in the Sub-Fund DSCP may be issued in the following share classes: Class A; Class A-GBP; Class A-EUR; Class B; Class B-GBP; Class B-EUR; Class I, Class I-GBP, Class I-EUR, Class J, Class J-GBP and Class J-EUR. Class I, Class I-GBP, Class I-EUR, Class J, Class J-GBP and Class J-EUR may only be subscribed to by institutional investors. The other classes can be issued to any investor.

Shares in the Sub-Fund LSEP may be issued in the following share classes: Class A; Class A (unhedged); Class A-GBP; Class A-GBP (unhedged); Class A-USD; Class A-USD (unhedged); Class B; Class B (unhedged); Class B-GBP; Class B-GBP (unhedged); Class B-USD; Class B-USD (unhedged); Class I, Class I (unhedged), Class I-GBP, Class I-GBP (unhedged), Class I-USD, Class I-USD (unhedged), Class J, Class J (unhedged), Class J-GBP, Class J-GBP (unhedged), Class J-USD and Class J-USD (unhedged). Class I, Class I (unhedged), Class I-GBP, Class I-GBP (unhedged), Class I-USD, Class I-USD (unhedged), Class J, Class J (unhedged), Class J-GBP, Class J-GBP (unhedged), Class J-USD and Class J-USD (unhedged) may only be subscribed to by institutional investors. The other classes can be issued to any investor.

Shares in the Sub-Fund DDDP may be issued in the following share classes: Class A; Class A-GBP; Class A-EUR; Class LA; Class LA-EUR; Class B; Class B-GBP; Class B-EUR; Class I, Class I-GBP, Class I-EUR, Class LI, Class LI-EUR, Class LI-GBP, Class J, Class J-GBP and Class J-EUR. Class I, Class I-GBP, Class I-EUR, Class LI, Class LI-EUR, Class LI-GBP, Class J, Class J-GBP and Class J-EUR may only be subscribed to by institutional investors. The other classes can be issued to any investor. Class LA, Class LA-EUR, Class LI, Class LI-EUR and Class LI-GBP are designed to launch and/or accelerate the initial growth of the Sub-Fund. The Shares are no longer available for subscription.

The entry into force of the Alternative Investment Fund Managers Directive (AIFMD) on July 22, 2014 has had the effect of reinforcing management and administration requirements for the Fund. As a consequence, as from 22 July 2014, Kempen Capital Management N.V. (previously the Investment Manager) has been appointed as the Management Company and external alternative investment fund manager of the Fund.

2. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles and legal and regulatory requirements in the Grand Duchy of Luxembourg.

Combined Financial Statements

The Combined Financial Statements are expressed in Euro and correspond to the sum of items in the financial statements of each Sub-fund, converted into Euro at the exchange rate prevailing at the closing date.

Valuation of Investments in Securities

Investments are comprised of funds in the case of KNDP, GAIP, DSCP, LSEP and DDDP. The valuation dates of the underlying funds may differ from those of the Sub-Funds. Market quotations may not be available and the latest audited financial statements of the underlying investment vehicles may not be available within a reasonable time period before or after the reporting date of the Sub-Funds.

Investments are thus valued in the statement of net assets at their fair value which is the latest available net asset value as determined by the Board of Directors, in good faith and in accordance with generally accepted accounting principles, based on estimates received from the different administrators or investment managers of the underlying investments.

As the calculation of the net asset value of the Sub-Funds on a valuation day may be based on estimates of the net asset values for the funds, redemptions and subscriptions of shares may represent a discount (or premium) on the actual value of net assets.

Shares to Issue / Shares to Redeem

Subscriptions per the Dealing Day falling on the business day following the last calendar day of the reporting period are reflected in the statement of net assets as 'Receivables on subscriptions'. The investments or disinvestments resulting from the subscriptions or redemptions are reflected as 'Receivable on advanced purchase of investments' and 'Receivables on investments sold', respectively. Any shareholder may apply for redemption of his Shares in part or in whole on any Dealing Day.

Realised and Unrealised Gains and Losses on Sales of Investments

Realised and unrealised gains and losses on sales of investments are calculated on the average book cost.

Security Transactions and Investment Income

Security transactions are accounted for on the trade date. Interest income and retrocession commission are recognised on an accrual basis. Dividend income is recognised on the 'ex-dividend' date.

Swing Pricing

Swing Pricing only applies to the Sub-Fund Allocation Fund. Investment and/or disinvestment costs may have an adverse effect on the shareholders' interests in a Sub-Fund. In order to prevent this effect, called "dilution", the Board of Directors has the authority to allow for the net asset value per Share to be adjusted (by no more than 1.50%) by effective dealing and other costs and fiscal charges which would be payable on the effective acquisition or disposal of assets in the Sub-Fund. The maximum effective factor applied (up/down) during this financial year is 0.05%.

If the net capital activity on a given Valuation Day leads to a net inflow of assets in the Sub-Fund, the net asset value used to process all subscriptions, redemptions or conversions in the Sub-Fund is adjusted upwards by the swing factor that shall be determined from time to time by the Board of Directors.

If the net capital activity on a given Valuation Day leads to a net outflow of assets in the Sub-Fund, the net asset value used to process all subscriptions, redemptions or conversions in the Sub-Fund is adjusted downwards by the swing factor that shall be determined from time to time by the Board of Directors.

No Swing Pricing was applied as at 31 December 2021.

Foreign Currencies

The books and records of Kempen Non-Directional Partnership (KNDP), Global Alternative Investment Partners (GAIP) and Long/Short Equity Pool (LSEP) are denominated in Euro (€), the base currency of the Fund. The books and records of Diversified Structured Credit Pool (DSCP) and Diversified Distressed Debt Pool (DDDP) are denominated in USD (\$).

The value of assets and liabilities denominated in a currency other than the reference currency of a Sub-Fund is determined by taking into account the rate of exchange prevailing at the time of the determination of the net asset value. Assets and liabilities are translated into Euro at the rate of exchange ruling at the statement of net assets date. Purchases and sales of foreign investments, income and expenses are converted into the base currency using currency exchange rates prevailing on the respective dates of such transactions. Resulting realised and net change in unrealised currency exchange appreciation/(depreciation), if any, are included in the statement of operations and changes in net assets.

The exchange rates applied as at 31 December 2021 were as follows:

1	EUR	=	1.1372	USD	1	EUR	=	0.8396	GBP
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Allocation Share Classes

The income and expenses of the Sub-Funds are allocated on a monthly basis to the different share classes based on the total net asset value per share class at the beginning of the month.

Futures contracts

Unsettled futures contracts are valued at the last available price at the relevant valuation date. All unrealised gains and losses are recognised in the statement of net assets, net change in unrealised gains and losses are recognised in the statement of operations and statement of changes in net assets in determining the increase or decrease in the net assets as a result of operations.

Forward Foreign Exchange Contracts

Unsettled forward foreign exchange contracts are valued by reference to the forward rate of exchange applicable to the outstanding life of the contract. All unrealised gains and losses are recognised in the statement of net assets, realised gains and losses and net change in unrealised appreciation/(depreciation) are recognised in the statement of operations and changes in net assets in determining the increase or decrease in the net assets as a result of operations.

Formation expenses

The Fund's formation expenses for Kempen Non-Directional Partnership and Global Alternative Investment Partners have been fully amortised.

For the Diversified Structured Credit Pool, Long/Short Equity Pool and Diversified Distressed Debt Pool the internal and external costs associated with the launch that are credited to the Management Company will, in principle, be borne by the new Sub-Fund or Class, and amortised on a straight line basis over a period not exceeding five years from the date of launch.

3. Forward Foreign Exchange Contracts

From time to time, the Sub-Funds enter into forward foreign exchange contracts in order to mitigate impacts of exchange rate fluctuations. As at 31 December 2021 the following forward foreign exchange contracts were open:

Kempen Non-Directional Partnership

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) EUR	% of Net Assets
EUR	146,458,918	USD	166,300,000	26-4-2022	Van Lanschot	590,552	0.32
Total Unrealised Gain on Forward Foreign Exchange Contracts - Assets						590,552	0.32
USD	2,350,000	EUR	2,070,910	4-4-2022	J.P. Morgan	(8,366)	–
Total Unrealised Loss on Forward Foreign Exchange Contracts - Liabilities						(8,366)	–
Net Unrealised Gain on Forward Foreign Exchange Contracts - Assets						582,186	0.32

Global Alternative Investment Partners

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) EUR	% of Net Assets
EUR	42,008,962	USD	47,700,000	26-4-2022	J.P. Morgan	169,389	0.35
Total Unrealised Gain on Forward Foreign Exchange Contracts - Assets						169,389	0.35
Net Unrealised Gain on Forward Foreign Exchange Contracts - Assets						169,389	0.35

Diversified Structured Credit Pool

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) USD	% of Net Assets
EUR	1,170,000	USD	1,318,994	4-1-2022	Van Lanschot	11,530	–
GBP	137,300,000	USD	185,173,168	4-1-2022	Van Lanschot	792,813	0.18
Total Unrealised Gain on Forward Foreign Exchange Contracts - Assets						804,343	0.18
EUR	139,460,000	USD	161,987,749	4-1-2022	Van Lanschot	(3,393,838)	(0.76)
Total Unrealised Loss on Forward Foreign Exchange Contracts - Liabilities						(3,393,838)	(0.76)
Net Unrealised Loss on Forward Foreign Exchange Contracts - Liabilities						(2,589,495)	(0.58)

Long/Short Equity Pool

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) EUR	% of Net Assets
EUR	66,300	USD	74,743	4-1-2022	Van Lanschot	574	–
Total Unrealised Gain on Forward Foreign Exchange Contracts - Assets						574	–
EUR	23,500	USD	27,296	4-1-2022	Van Lanschot	(503)	–
Total Unrealised Loss on Forward Foreign Exchange Contracts - Liabilities						(503)	–
Net Unrealised Gain on Forward Foreign Exchange Contracts - Assets						71	–

Diversified Distressed Debt Pool

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) USD	% of Net Assets
EUR	2,321,000	USD	2,616,672	4-1-2022	Van Lanschot	22,769	0.01
GBP	136,915,000	USD	183,846,259	4-1-2022	Van Lanschot	1,598,258	0.59
Total Unrealised Gain on Forward Foreign Exchange Contracts - Assets						1,621,027	0.60
EUR	58,880,000	USD	68,385,598	4-1-2022	Van Lanschot	(1,427,262)	(0.53)
GBP	770,000	USD	1,055,947	4-1-2022	Van Lanschot	(13,021)	–
Total Unrealised Loss on Forward Foreign Exchange Contracts - Liabilities						(1,440,283)	(0.53)
Net Unrealised Gain on Forward Foreign Exchange Contracts - Assets						180,744	0.07

4. Taxes and expenses payable

The taxes and expenses payable as at 31 December 2021 are as follows:

	Currency	Subscription Tax	Expenses	Total
Kempen Non-Directional Partnership	EUR	21,590	229,513	251,103
Global Alternative Investment Partners	EUR	1,217	69,377	70,594
Diversified Structured Credit Pool	USD	13,870	340,316	354,186
Long/Short Equity Pool ¹	EUR	7,545	85,957	93,502
Diversified Distressed Debt Pool ²	USD	9,335	213,695	223,030

¹ Long/Short Equity Pool has been launched on 4 January 2021.

² Diversified Distressed Debt Pool has been launched on 4 January 2021.

5. Fees

Management Fee

The Management Company receives a management fee from the Sub-Funds KNDP, GAIP, DSCP, LSEP and DDDP which is payable at month-end out of the assets attributable to the relevant class of shares. The monthly fees are based on the net asset value of the assets attributable to the relevant class of shares on the relevant valuation day.

The maximum percentages per Sub-Fund are disclosed in the Appendix of the Prospectus. The actual percentages are available at www.kempen.com/en/asset-management

Service fee

The Fund pays Service Fee as a fixed percentage of the net assets of the relevant Sub-Funds. For the Sub-Funds KOIP, KNDP and GAIP the fee is approximately 0.08% per annum. For the Sub-Fund AF, the fee is approximately 0.10% per annum. For the Sub-Fund DSCP, the fee is approximately 0.09% per annum. For the Sub-Funds LSEP and DDDP the fee is approximately 0.10% per annum.

	Service fee (%)
Kempen Orange Investment Partnership¹	
Class A	0.08
Class B	0.08
Class C	0.08
Class F	0.08
Class I	0.08
Class I-GBP	0.08
Class I-USD	0.08
Kempen Non-Directional Partnership	
Class A	0.08
Class B	0.08
Class F	0.08
Class I ²	0.08
Class I-USD	0.08
Global Alternative Investment Partners	
Class I	0.08
Allocation Fund³	
Class IG	0.10
Diversified Structured Credit Pool	
Class A	0.09
Class A-EUR	0.09
Class B-EUR	0.09
Class I	0.09
Class I-EUR	0.09
Class I-GBP	0.09
Long/Short Equity Pool⁴	
Class A	0.10
Class A (unhedged)	0.10

Diversified Distressed Debt Pool⁵

Class A	0.10
Class A-EUR	0.10
Class I	0.10
Class I-EUR	0.10
Class I-GBP	0.10
Class LA	0.10
Class LA-EUR	0.10
Class LI	0.10
Class LI-EUR	0.10
Class LI-GBP	0.10

¹ Kempen Orange Investment Partnership has been merged into Kempen Non-Directional Partnership on 4 January 2021.

² This share class has been launched during the year 2021.

³ Allocation Fund was liquidated on 12 November 2021.

⁴ Long/Short Equity Pool has been launched on 4 January 2021.

⁵ Diversified Distressed Debt Pool has been launched on 4 January 2021.

The Management Company bears the excess of any such fees above the rate specified for each class of shares in the Appendix of the prospectus of the relevant Sub-Fund. Conversely, the Management Company will be entitled to retain any amount by which the rate of these fees to be borne by the classes of shares, as set out in the Appendix of the prospectus, exceeds the actual expenses incurred by the relevant class of the relevant Sub-Fund. The Service Fee covers the Custodian and administration agent fees, fees and out-of-pocket expenses of the Board of Directors of the Fund, legal and auditing fees, publishing, translation and printing expenses, the cost of preparing the explanatory memoranda, financial reports and other documents for the shareholders, postage, telephone and telex, advertising expenses, as well as notification expenses, regulatory costs, costs of the preparation of the prospectus and of the Key Investor Information Documents and any additional registration fees.

Marketing costs are not chargeable to the Fund.

Service Fees do not include tax d'abonnement and normal banking and brokerage fees and commissions on transactions relating to the assets and liabilities of the Fund as well as interest and bank charges and extraordinary expenses, including but not limited to, litigation expenses and the full amount of any tax, levy, duty or similar charge imposed on the Fund or its assets that would not be considered as ordinary expenses.

Depository Transaction Fee

Transaction fees charged by the Depository bank are part of the service fees as recorded in the statement of operations and changes in net assets.

For the year ended 31 December 2021, as the service fees for the Sub-Funds Diversified Structured Credit Pool and Diversified Distressed Debt Pool were in excess of the actual expenses incurred by the relevant Class of these relevant Sub-Funds, the Management Company, is entitled to retain the following amounts:

- x \$ 136,333 in Diversified Structured Credit Pool
- x \$ 46,253 in Diversified Distressed Debt Pool

For the year ended 31 December 2021, as the service fees for the Sub-Funds Kempen Non-Directional Partnership, Global Alternative Investment Partners, Allocation Fund and Long/Short Equity Pool were lower than the actual expenses incurred by the relevant Class of the Sub-Funds, the Management Company, is obliged to pay the following amounts:

- x € 35,012 in Kempen Non-Directional Partnership
- x € 79,781 in Global Alternative Investment Partners
- x € 3,892 in Allocation Fund
- x € 3,555 in Long/Short Equity Pool

These service fees are recorded in the other operating expenses in the statement of operations and changes in net assets for the year ended 31 December 2021.

6. Taxation

In conformity with current legislation in the Grand Duchy of Luxembourg, the Fund is not subject to any Luxembourg withholding, income, capital gains or wealth taxes.

Classes that are available to all types of investors are liable in Luxembourg to a subscription tax (taxe d'abonnement) of 0.05% per annum of the net asset value of the assets attributable to each of the Classes such tax being payable quarterly and calculated on the total net asset value of the Sub-Fund at the end of the relevant quarter.

Classes of Shares, which may be held exclusively by Institutional Investors, are liable in Luxembourg to a taxe d'abonnement of 0.01% per annum of their net assets. Such tax is payable quarterly and calculated on the total net asset value of such Classes at the end of the relevant quarter.

Investments in Luxembourg UCIs by the Fund enjoy full tax exemption so as to prevent double taxation. Under the current Dutch tax regime, investments by Dutch private investors in any of the Sub-Funds will in principle be taxed on the basis of an assumed income

7. Net asset value

The net asset value of each class of the Sub-Funds KOIP, KNDP, GAIP, DSCP, LSEP and DDDP is calculated as of the last business day of each month in Luxembourg. The net asset value per share of each class of the Sub-Fund AF is determined as of each business day.

8. Transaction with related parties

When arranging transactions of securities for the Fund, related parties may have provided securities brokerage, foreign exchange banking and other services or may have acted as principal on their usual terms and may benefit from them. Commissions have been paid to brokers and agents in accordance with the relevant market practice. The services of related parties (including broker dealers) were used by the management company where it was considered appropriate to do so and provided that their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned. During the year there have been no transactions which were outside the ordinary course of business or which were not on normal commercial terms.

9. Directors' Fees

For the year ended 31 December 2021, Directors' fees amounted to a total of Euro 75,000 (and were paid to four independent Directors). The fees are fixed and there is no variable amount. The two Directors who are employees of the Management Company do not receive remuneration from the Fund in respect of their roles as Directors of the Fund.

10. Transactions costs

For the year ended 31 December 2021, the Fund incurred transaction costs which have been defined as brokerages fees, relating to purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets and are initially capitalised as part of the cost of these assets. The Fund also incurred transaction costs charged by the custodian agent and relating to purchase and sale of transferable securities. The Depositary Transaction Costs are included in the statement of operations and changes in net assets under the caption "Other Operating Expenses".

The transaction costs are as follows:

	Currency	Total Transaction Costs
Kempen Non-Directional Partnership	EUR	12,640
Global Alternative Investment Partners	EUR	3,140
Allocation Fund ¹	EUR	0
Diversified Structured Credit Pool	USD	6,184
Long/Short Equity Pool ²	EUR	0
Diversified Distressed Debt Pool ³	USD	0

¹Allocation Fund was liquidated on 12 November 2021.

²Long/Short Equity Pool has been launched on 4 January 2021.

³Diversified Distressed Debt Pool has been launched on 4 January 2021.

11. Total Expense Ratio

The Total Expense Ratio (TER) of each sub-fund for the year ended 31 December 2021 is as follows:

	Class	TER
Kempen Non-Directional Partnership	A	0.96%
	B	0.76%
	F	0.96%
	I ¹	0.94%
	I-USD	0.92%
Global Alternative Investment Partners	I	0.86%
Diversified Structured Credit Pool	A	0.51%
	A-EUR	0.51%
	B-EUR	0.51%
	I	0.47%
	I-EUR	0.47%
	I-GBP	0.47%
Long/Short Equity Pool ²	A	0.91%
	A (unhedged)	0.91%
Diversified Distressed Debt Pool ³	A	0.82%
	A-EUR	0.93%
	I	0.82%
	I-EUR	0.75%
	I-GBP	0.86%
	LA	0.53%
	LA-EUR	0.53%
	LI	0.49%
	LI-EUR	0.49%
	LI-GBP	0.49%

¹This share class has been launched during the year 2021.

²Long/Short Equity Pool has been launched on 4 January 2021.

³Diversified Distressed Debt Pool has been launched on 4 January 2021.

The TER for the reporting year is calculated as: TE / ANA , whereas TE = Total Expenses (excluding “other fees”) and ANA = Average Net Assets (on the basis of 12 month-end figures).

12. Securities Financing Transactions

The Fund does not engage in securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365 (the "Regulation")), securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31 December 2021.

13. Loan Facility

In line with the Fund's prospectus, the fund may borrow on a temporary basis ("From time to time it may be necessary for the Fund to borrow on a temporary basis. Unless otherwise specified in the relevant Appendix of the Sub-Fund, any Sub-Fund can borrow an aggregate amount of up to 25% of its total assets, provided that the Board intends to limit borrowings to those made (i) on a short-term basis and (ii) for the purpose of (a) satisfying a redemption request in the event that the relevant Sub-Fund has no available cash, or redemption proceeds from prudent redemptions of underlying investments are not available immediately, (b) paying fees and expenses as detailed in the Articles, (c) settling a forward currency contract that was set up to hedge non-euro exposure or posting cash collateral for the same or (d) satisfying a subscription request by already investing the inflow that the investor has committed himself to, in assets that are characterized by infrequent dealing periods, even though the cash is not yet available.")

14. Dividend distribution

For the dividend distributions during the financial year, please refer to the website of the Management Company (www.kempen.com).

15. Subsequent events occurred after year-end

As of 1 January 2022, BNP Paribas Securities Services S.C.A., Luxembourg Branch has been appointed to act as the depositary bank, administrative, registrar, transfer and domiciliary agent of the Fund.



Audit report

To the Shareholders of
Kempen Alternative Investment Fund

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kempen Alternative Investment Fund (the “Fund”) and of each of its sub-funds as at 31 December 2021, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2021;
- the statement of operations and changes in net assets for the year then ended;
- the schedule of investments and other net assets as at 31 December 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” 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.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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 in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund 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 Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' 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 Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



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

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 17 May 2022

René Paulussen

Additional Information (unaudited)

1. General Information

The current Articles of Association have been lodged with the registrar of the Luxembourg District Court, from whom copies may be obtained.

The issue price and the redemption price are made public at the registered office of the Fund where annual and semi-annual reports may be obtained. These reports will be sent to registered shareholders.

2. Board of Directors Holdings

The members of the Board of Directors had no holdings as referred to in Section 122 paragraph 2 of the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft (*Besluit Gedragstoezicht financiële ondernemingen Wft*) as at 31 December 2021.

3. Remuneration Policy

All legal entities belonging to Van Lanschot Group, including the Management Company and the Investment Manager, are covered by the remuneration policy of Van Lanschot Group, provided that some specific additional conditions apply to the Management Company. These conditions are described in the remuneration policy and focus on the activities of the Management Company and the remuneration rules that apply to those activities.

Van Lanschot Kempen NV (VLK) pursues a prudent, sound and sustainable remuneration policy that is in line with the group's strategy, risk appetite, objectives and values. The remuneration policy is in line with and contributes to sound and effective risk control and does not encourage the taking of more risks than VLK considers acceptable. VLK ensures that the remuneration policy is applied across the group.

The remuneration policy is in line with the business strategy, objectives values and interests of the Management Company. It does not interfere with the obligation of the Management Company to act in the best interests of the Fund and of the Investors and includes an assessment process based on the longer-term performance of the Fund.

The following general remuneration policy principles apply for all employees working at Kempen Capital Management N.V.:

- x Outperformance is rewarded;
- x A system of differentiated remuneration applies;
- x Remuneration is set on a gender-neutral basis;
- x An employee's variable remuneration is based on the performance of VLK, KCM and the individual employee;
- x The assessment of an employee's personal performance is based on both quantitative (financial) and qualitative (non-financial) performance criteria; selected departments apply only qualitative criteria;
- x At least 50% of the variable remuneration is based on non-financial criteria;
- x The performance criteria contain no incentives to take unjustified risks;
- x Appropriate account is taken of the interests of clients when striking a balance between the fixed and variable remuneration components, and the performance criteria are determined in such a way as to avoid any conflicts of interest that could occur between employees and clients;

- x The awarding of variable remuneration is partly related to the long-term objectives of VLK;
- x When assessing performance on the basis of the set performance criteria, financial performance is adjusted for (estimated) risks and costs of capital;
- x Variable remuneration (including the conditional portion) is only awarded or paid if (i) this is reconcilable with VLK's financial position and if it is justified by the performance of VLK, KCM and the employee concerned; and (ii) VLK holds the capital buffers as required by the Dutch Financial Supervision Act (Wft) and implementing regulation;
- x None of VLK's financial services or other activities, remuneration components or structures could lead to a risk of consumers, clients or members being treated without all due care, and VLK has no intention of introducing such activities, components or structures;
- x In the event that VLK does not make a profit in any financial year, discretionary bonus pools may be established by the Statutory Board with the approval of the Supervisory Board;
- x Variable remuneration is only awarded to employees working for KCM if KCM makes a profit;
- x During the reassessment preceding the payment and receipt of variable remuneration, the total variable remuneration is lowered substantially by applying a reduction or clawback scheme in the event of a weak or negative performance by VLK or in the event of incompetent or incorrect conduct on the part of an employee.

The table below contains information about the awarded remuneration to Identified Staff. KCM's Identified Staff means: KCM employees, including the management of KCM, whose activities materially influence the risk profile of KCM or the risk profile of funds managed by KCM, including employees who perform a senior management, risk-taking or control functions, as well as employees who receive a remuneration of at least the same level as the categories of employees who perform a higher managerial or risk-taking position. KCM does not charge personnel costs to individual investment institutions.

The figures below relates to KCM's 2021 financial year and are the latest available. The following remunerations are related to the Sub-Funds of Kempen Alternative Investment Fund.

	Senior management personnel*	Managerial positions	Other personnel	All personnel
Number of employees (in FTEs, average for the 2021 financial year)	10	8	162	180
Remuneration 2021 (in EUR)				
Total Fixed Remuneration	€ 29,268	€ 26,428	€ 209,573	€ 265,269
Total Variable Remuneration**	€ 11,646	€ 7,155	€ 56,436	€ 75,237

The calculations of the Fixed and Variable Remuneration are as follows:

Total Remuneration (Fixed and Variable) * Assets under Management of the Sub-Funds of Kempen Alternative Investment Fund / Total Assets under Management of KCM

* Mr W.H. van Houwelingen is a director of KCM and therefore included in the table in the 'Senior management' category. He is not a member of KCM's identified staff.

** In keeping with Dutch laws and regulations, variable remuneration relates to the variable remuneration as recognised in profit or loss.

In relation to Article 1: 120 paragraph 2 under the Financial Supervision Act (Wft), we report the following: no person received a remuneration in 2021 exceeding the million.

4. Liquidity Risk

The special arrangements of Kempen Non-Directional Partnership as at 31 December 2021 as follows:

Holding	Special Arrangement	Percentage of TNA*
FCOI II Holdings, LP	Side-pockets	0.19%
Harbinger Streamline Offshore Fund, L.L.C. - Class L	Side-pockets	0.00%
Harbinger Streamline Offshore Fund, L.L.C. - Class LS	Side-pockets	0.00%
Harbinger Streamline Offshore Fund, L.L.C. - Class PE	Side-pockets	0.00%
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 1 Unrestricted	Side-pockets	0.00%
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 2 Unrestricted	Side-pockets	0.00%
Sculptor Overseas Fund II, Ltd, Class H	Side-pockets	0.01%
Shepherd Select Asset Ltd. Class A	Side-pockets	0.01%
Warwick European Distressed & Special Situations Credit Fund Inc - Realising Class B3	Gates/distributing	0.28%
Warwick European Distressed & Special Situations Credit Fund Inc - Realising Class B3 Non Fee Paying Follow On	Gates/distributing	0.00%

The special arrangements of Global Alternative Investment Partners as at 31 December 2021 as follows:

Holding	Special Arrangement	Percentage of TNA*
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 1 Unrestricted	Side-pockets	0.00%
Nokota Capital Offshore Fund Ltd. Series E NR Sub-Series 2 Unrestricted	Side-pockets	0.00%

* The percentage of TNA reflects the following haircuts:

- No haircut: Sculptor Overseas Fund II, Ltd. Class H – this a regular side pocket which was created in the ordinary course of business. Monthly statements are provided by an independent administrator and this holding has proven to regularly see distributions in cash.
- 50% haircut: FCOI II Holdings LP, Shepherd Select, and Warwick: monthly/quarterly statements are provided by independent administrators and cash distributions are being made.
- 100% haircut: Harbinger, Nokota: statements for these holdings are outdated while no cash distributions have been made over the last few years.

There are no special arrangements for DSCP, LSEP and DDDP.

5. Leverage

The total amount of leverage employed by each sub-fund for the year ended 31 December 2021 is as follows:

Sub-Fund	Gross Method	Commitment method
Kempen Non-Directional Partnership	173%	100%
Global Alternative Investment Partners	179%	100%
Diversified Structured Credit Pool	94%	100%
Long/Short Equity Pool	98%	100%
Diversified Distressed Debt Pool	95%	100%

The percentages given for the Sub-Funds KNDP, GAIP, DSCP, LSEP and DDDP show the leverage related to the forward foreign exchange contracts.

The Sub-Funds KNDP, GAIP, DSCP, LSEP and DDDP do not have maximum levels in place.

6. Risk

KCM Risk Management monitors the compliance of the Sub-Funds with their respective investment restrictions. These restrictions are a detailed and concrete elaboration of the investment restrictions found in the prospectus. In case of a possible breach, KCM Risk Management engages with the portfolio manager to create awareness and to avoid any breach from materialising. If necessary KCM Risk Management will report this breach to the Board of Directors after which appropriate action is taken. The Board of Directors also monitors compliance of the Sub-Funds with laws and (stock exchange) regulations. Furthermore, there is a risk management policy in place that enables the Board of Directors to measure and monitor the actual risk of the positions within each portfolio and their contribution to the overall risk profile of the Sub-Funds. KCM Risk Management also has a process for accurate and independent assessment of the value of OTC derivatives.

For an overview and a detailed explanation of the risk profile of all five Sub-Funds please refer to the prospectus.

For the financial year 2021, there have been no breaches of the risk limits applicable to the Sub-Funds.

7. Art. 124 Bgfo (investments in DSCP)

DSCP – Description and performance of underlying funds as per 31-12-2021

One William Street Global Fixed Income Fund (USD-hedged), Ltd. is a long-only unlevered fund that is diversified across US Structured Credit sectors (RMBS, Consumer ABS, CMBS and CLOs). The Fund returned +6.0% in 2021, mainly driven by strong performance contributions from its US Legacy RMBS and US CMBS allocations. Its performance contribution to DSCP in 2021 was +1.7%.

GoldenTree 2017 K-SC, Ltd. Fund is a long-only unlevered fund that is primarily focused on global CLOs with some smaller allocations to more esoteric US ABS sectors such as Trust-preferred securities, Consumer ABS and CMBS. The Fund returned +6.0% in 2021, driven by its holdings in CLOs and more esoteric ABS. Its performance contribution to DSCP in 2021 was +1.6%.

8. Sustainable Finance Disclosure Regulation (SFDR)

At the date of this report, the investments underlying the Sub-Funds do not take into account the criteria of the European Union for environmentally sustainable economic activities.

Luxembourg, 17 May 2022

The Board of Directors of Kempen Alternative Investment Fund

