

Société d'Investissement à
Capital Variable (SICAV)
RCS B 82.955

Kempen Alternative Investment Fund

Semi-Annual Report
30 June 2017

Kempen

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

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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, Kempen
Capital Management N.V., The Netherlands

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

John Vaartjes, Operational Manager, Kempen Capital
Management N.V., The Netherlands

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Profile

Kempen Alternative Investment Fund (the “Fund”), a Luxembourg based umbrella fund, was incorporated on 16 July 2001 and consists of four Sub-Funds: Kempen Non-Directional Partnership (KNDP), since 1 July 2005 Kempen Orange Investment Partnership (KOIP), since 18 February 2013 Allocation Fund (AF) and since 1 August 2016 Global Alternative Investment Partners.

Investment policy and objective KOIP and KNDP

The investment policy of both KOIP and KNDP can be captured in two words: unconstrained investing. KOIP and KNDP select their investments with barely more than the minimum (legal and regulatory) investment restrictions applicable.

The investment portfolio of both Sub-Funds primarily consist of participations in funds or fund of funds (investment vehicles) managed by third-party investment managers.

The investment objective of KOIP is to generate a long term return in excess of Euribor plus 4%. The investment vehicles of KOIP 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.

The investment objective of KNDP is to generate a long term return in excess of Euribor plus 2%. 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 the Sub-Fund invests use a broad variety of investment strategies and styles to achieve attractive absolute returns. The Sub-Fund 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 policy and objective AF

AF is designed as a tool to implement the tactical asset allocation view of Kempen Capital Management N.V. into the portfolios of its discretionary clients and thereby aims to improve the risk return profile of the total portfolios of these discretionary clients.

The exposure to the various investment categories in AF (such as fixed income, equities, real estate, currencies and commodities) is based on the tactical allocation view of Kempen Capital Management N.V. whereby the level of exposure is determined on the basis of the level of conviction of the relevant investment categories. To obtain the exposure to the various investment categories AF may invest (either using long or short positions) worldwide in index futures providing exposure to investment categories such as stocks, bonds, commodities, currencies and real estate. AF is allowed to invest in investment funds as well as, directly or indirectly, in total return swaps and credit default swaps. AF can also invest its cash balances, which should in principle not exceed 98% of the AF net assets, in money market funds, deposits and bonds with a maximum maturity of 27 months. Investments may be made in all available sectors. AF uses derivatives such as, but not limited to, futures as an integral part of its investment policy. AF is allowed to hold short positions by means of derivatives.

Investment policy and objective GAIP

The investment policy and strategy of GAIP can be captured in two words: unconstrained investing. GAIP will select its investments with barely more than the minimum (legal and regulatory) investment restrictions applicable.

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.

The Investment Vehicles are selected on quantitative and qualitative criteria, e.g. the strategies used, historical returns, risk characteristics and organisational aspects. It is anticipated that the focus will primarily be on entrepreneurial investment managers focusing on investment performance. The investment managers preferably have their fortunes enduringly tied to the long-term success of their company and its Investment Vehicles.

The selected Investment Vehicles do not need to be traded on any stock exchange. The legal structures of the Investment Vehicles in which the Sub-Fund invests are various e.g., corporations, limited partnerships, trusts, pooled investments in contractual form and other legal entities organised or formed under the laws of any jurisdiction. When GAIP executes transactions in these Investment Vehicles, general terms and conditions of each Investment Vehicle apply to the Fund. If and when rebates are negotiated with one Investment Vehicle concerning fees on investments of the Sub-Fund, this rebate will be to the benefit of GAIP.

Legal and fiscal aspects

No corporate tax, income or capital gains tax is currently levied in Luxembourg on the Fund. The Fund is however liable to a subscription tax (‘taxe d’abonnement’). Class A, Class B, Class C and Class F Shares are liable to ‘taxe d’abonnement’ of 0.05% per annum, based on their net asset value calculated at the end of each quarter.

Class I, Class I-GBP and Class IG Shares are liable in Luxembourg to a ‘taxe d’abonnement’ of 0.01% per annum, based on their net asset value calculated at the end of each 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 (i.e. Box 3).

Subscriptions and redemptions of shares

For KOIP, KNDP and AF the shares are not listed on any stock exchange. Shares in KOIP and KNDP are issued and redeemed subject to any applicable commitment period and prior notice requirements (as described in the prospectus) on the first business day of each quarter being January, April, July and October. In extension for both Sub-Funds, Class A, Class F and Class I, Class I-GBP Shares are issued the first business day of each month, not being the first business day of each calendar quarter. Shares of KOIP and KNDP are issued at net asset value and are redeemed at net asset value minus a redemption charge of 0.5% of the net asset value for the benefit of both Sub-Funds.

The dealing frequency of AF is each business day. Investment and/ or disinvestment costs may have an adverse effect on the shareholders’ interest in AF. 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 AF.

Dividend policy

It is the policy of each Sub-Fund, to reinvest all revenues and capital gains and not to pay any dividends. The Board of Directors nevertheless 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.

Director's Report

To our shareholders,

The hedge fund industry, as measured by the HFRX Global Hedge Fund EUR Index ('HFRX'), finished the first half of 2017 with a return of 1.4%. Furthermore, KOIP, KNDP and GAIP were able to outperform this reference index: full period performance of KOIP (Class C), KNDP (Class B) and GAIP (Class I) was +3.9%, +4.1% and +3.8% respectively.

Through a combination of modestly negative performance and net inflow KOIP's capital decreased by 29.6% from €638 million to €449 million in the first half of 2017.

Through a combination of modestly negative performance and net outflow KNDP's capital decreased by 7.4% from €135 million to €125 million in the first half of 2017.

With the help of both positive performance and net inflow of €6 million, GAIP's capital grew by 8.7% from €69 million to €75 million in the first half of 2017.

In the first half of 2017 AF generated a positive return of 0.95%. The Sub-Fund's assets decreased by 3.5% from €399 million to €385 million.

Finally, we would like to thank everyone for the professional manner in which they conducted their tasks throughout the reporting period and look forward to the challenges in store for us in the second half of 2017.

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

Luxembourg, 31 August 2017

The Board of Directors of Kempen Alternative Investment Fund

Investment Management Report

We hereby report to you on the first six months of the financial year 2017 of the Fund, which covers the period from 1 January 2017 to 30 June 2017 inclusive. The report starts with a summary of the results of all Sub-Funds followed by a discussion of the investment policy and outlook of KOIP, KNDP, AF and GAIP for the remainder of 2017.

Results

For the period under review, the return of KOIP based on the net asset value was 3.41% for Class A, 3.46% for Class B, 3.51% for Class C, 3.41% for Class F, 3.43% for Class I and 1.02% for Class I-GBP.

KOIP 30-06-2017 31-12-2016

Net asset value per share		
- Class A	€ 1,350.6768	€ 1,306.1199
- Class B	€ 1,376.0893	€ 1,330.0376
- Class C	€ 1,402.0310	€ 1,354.4365
- Class F	€ 139.4517	€ 134.8518
- Class I	€ 124.1594	€ 120.0405
- Class I-GBP	£ 123.7206	£ 122.4661
Net assets		
	€ 449.0 million	€ 638.3 million

For the period under review, the return of KNDP based on the net asset value was 3.62% for Class A, 3.67% for Class B and 3.62% for Class F.

KNDP 30-06-2017 31-12-2016

Net asset value per share		
- Class A	€ 17.1219	€ 16.5244
- Class B	€ 17.4263	€ 16.8100
- Class F	€ 137.5185	€ 132.7202
Net assets		
	€ 124.6 million	€ 134.5 million

For the period under review, the return of GAIP based on the net asset value was 3.80% for Class I.

GAIP 30-06-2017 31-12-2016

Net asset value per share		
- Class I	€ 106.2762	€ 102.3849
Net assets		
	€ 75.0 million	€ 69.4 million

AF generated a return of 0.81% for the first half of 2017. The main drivers of the performance were beta-timing and regional allocation.

AF 30-06-2017 31-12-2016

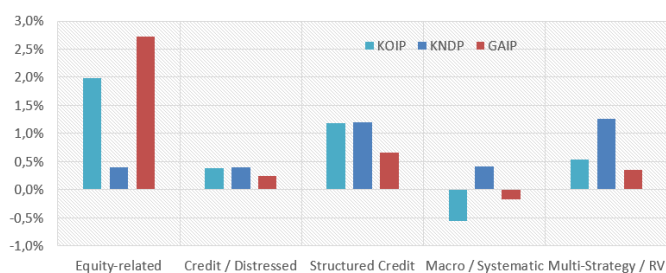
Net asset value per share		
- Class IG	€ 1,312.5957	€ 1,302.0381
Net assets		
	€ 385.1 million	€ 399.4 million

Investment policy KOIP, KNDP & GAIP

With returns of +3.5% (KOIP, Class C), +3.7% (KNDP, Class B), and +3.8% (GAIP, Class I), all three funds outperformed the reference hedge fund index (HFRX Global Hedge Fund EUR Index) which posted a return of +1.4%.

Structured Credit managers (One William Street, LibreMax) performed strongly across the board and were a key contributor for all three funds. Within these managers' portfolios, gains were generated in RMBS (residential mortgages), CMBS (commercial mortgages), CLOs (bank loans), and Consumer ABS (auto loans, student loans, etc). For KOIP and GAIP specifically, Equity-Related managers contributed

strongly to performance. Within that group, Asia-focused managers (such as Tybourne and Flowering Tree) put up the best numbers. Returns of Macro / Systematic managers were more mixed. Transtrend, Discovery, and Bridgewater struggled due to a variety of reasons, ranging from whipsaw moves in commodities and rates (Transtrend), the sell-off in Brazil in the wake of the political scandal involving President Temer (Discovery) to a weaker US Dollar (Bridgewater). On the other side of the spectrum, Pharo Gaia had a very strong first half of 2017 with gains coming from long positions in emerging market currencies, credit, and rates, as well as a tactical long in the Euro in the second quarter. Credit / Distressed managers had a modestly positive impact on performance of the three funds. Finally, Multi-Strategy / RV managers contributed positively as well, with the strongest contribution coming from European multi-strategy manager Boussard & Gavaudan, helped by the takeover of two of this manager's largest long positions.



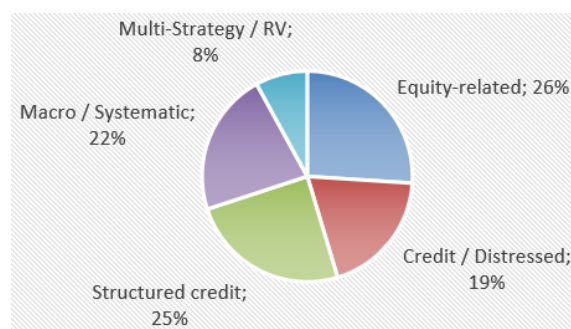
During the first half of 2017 we added Zaaba Pan Asia Fund to KOIP/GAIP, while we redeemed Blakeney at the end of the period. There were no manager changes in KNDP.

Hong Kong-based Zaaba was founded in 2015 and its fund launched on February 1st 2016, i.e. we became an investor on the first anniversary of the fund. Mohan Rajasooria is the firm's founder; his previous experience include episodes at the sovereign wealth fund of Malaysia, at Goldman Sachs (in Asia), and Asian hedge fund Azentus. We had already met Mohan when he was still at Azentus, and we met him again in 2015 when he was in the process of establishing Zaaba. We since followed up with two more meetings as well as multiple conference calls. We were impressed with Mohan, who combines experience and maturity with a strong drive and enthusiasm. With his team of three experienced analysts and a trader - supported by an operations team of four - he runs a concentrated pan-Asia fund that invests long and short in both equities and corporate bonds, based on bottom-up fundamental

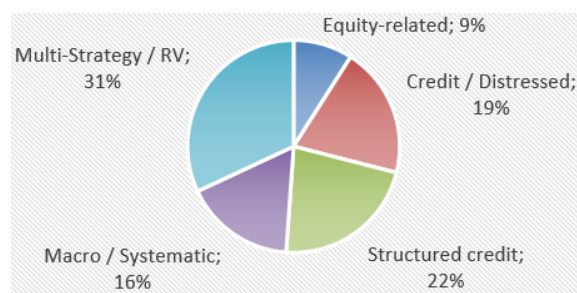
research, whilst not ignoring technicals and macro factors. We feel this fund gives exposure to an attractive and broad opportunity set in Asia that is relatively untouched, allowing superior research to pay out in good risk-adjusted returns. Finally, because we were early investors with Zaaba we have been able to secure attractive terms for our investment. Blakeney is a specialist long-only MENA equity manager that has been part of KOIP since December 2005 and part of GAIP since launch. Over that investment period, the manager contributed positively to performance. On a forward-looking basis we did not have enough conviction in the return potential to offset concerns about risks (liquidity, equity beta, political).

Per the start of the second half of 2017, strategy exposures were as follows:

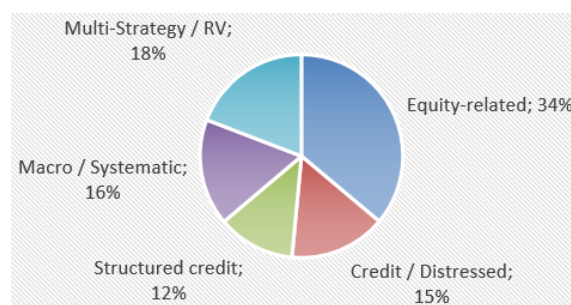
Strategy mix KOIP per July 1st, 2017



Strategy mix KNDP per July 1st, 2017



Strategy mix GAIP per July 1st, 2017



Outlook KOIP, KNDP & GAIP

With equity market P/E multiples significantly above the historical mean and interest rates being close to zero, there is a considerable need for alternative sources of returns. In the management of KOIP, KNDP, and GAIP we are laser-focused on sourcing these alternative return streams. We do this by (a) minimizing the 'look-through' net exposure to traditional markets, and (b) investing significantly in managers that are active in non-traditional asset classes such as Structured Credit and Distressed Debt. In practice this is seen in a relatively modest exposure to Long/Short Equity (much lower than our international peers) and an above average exposure to Macro / Systematic, Structured Credit, and Credit / Distressed. Within Long/Short Equity we strongly prefer those managers that are active in less efficient, emerging markets, where there is considerably more room to generate alpha. While on a backward-looking basis the traditional mix of developed market equities and government bonds has delivered stellar returns – there was no need for alternatives - on a forward-looking basis we believe that exposure to specialist managers in non-traditional parts of the world will prove a valuable addition to such a traditional mix.

Investment policy AF

AF is a vehicle used for tactical allocation for discretionary managed multi asset portfolios. The Sub-Fund is used as an overlay in the client portfolio. A short position corresponds to an underweight in the overall client portfolio and vice versa for a long position (overweight).

Over the first half of the 2017 the allocation fund held a neutral position between bonds and equities. Within the fixed income category the fund had an overweight position in short-duration bonds in combination with an underweight in longer-duration bonds. An overweight French government bonds versus German bonds was implemented after the outcome of the French elections. The fund held a small overweight in European equities versus emerging market equities

while the short position emerging markets versus the US was closed.

The overweight position in short-term government bonds reflects our view of rising interest rates in line with strengthening global economic growth and less accommodative monetary policy. The reduction in our underweight emerging markets reflects our view that the economic cycle in emerging markets is gaining strength. A small overweight in European equities versus emerging market equities remains as we expect European equities to profit from the receding political uncertainty. The performance of the small remaining underweight emerging markets versus European equities had a negative contribution to the fund performance while our short-duration call and had a positive contribution. Finally, during the first half of 2017 the fund held an overweight position in French government bonds versus German government bonds after the first round of the French election to profit from the narrowing spread in interest rates between the countries. The position was closed after the political uncertainty had faded with a small positive contribution to the fund performance.

As of July 1st the fund has net exposure of 50% in government bonds and 50% in equities which is a neutral position relative to the benchmark. The fund has a significant relative position in overweight short-term versus long-term bonds.

Outlook AF

The first half of 2017 has shown a solid increase in global economic growth while political uncertainty in Europe has receded. Equity markets profited from the positive backdrop with strong growth in corporate earnings while interest rates moved mostly sideways. In the second half of the year we expect global economic growth will remain solid although the acceleration we saw over the last twelve months will fade.

We expect inflation to pick up on the back of economic growth and tightening labor markets. As central banks aim to gradually tightening monetary policy we expect interest rates to slowly rise in accordance with these developments. At the same time equity markets can profit from a continued increase in corporate earnings, although it is likely

that the strong rise seen in the first half of the year will slow down. Our analysis suggests that another US recession is still at least 18 months away. We continue to prefer European equities over their US counterparts.

Financial Statements

Statement of net assets as at 30 June 2017

	KOIP X € 1,000	KNDP X € 1,000	GAIP X € 1,000	AF X € 1,000	COMBINED X € 1,000
Assets					
Investments in securities at fair value (note 2, 3)	438,633	123,592	73,563	353,071	988,859
Cash at bank	855	429	-	36,623	37,907
Receivable for subscription of shares	-	-	-	141	141
Unrealised Gain on Forward Foreign Exchange Contracts (note 2,4)	14,495	4,337	2,424	-	21,256
Other receivable	31	-	-	-	31
	454,014	128,358	75,987	389,835	1,048,194
Liabilities					
Bank Overdraft	-	-	880	-	880
Advance for subscriptions received (note 2)	4,291	3,569	-	-	7,860
Payable for redemptions of shares	-	-	-	492	492
Unrealised Loss on Financial Futures Contracts (note 4)	-	-	-	4,186	4,186
Taxes and expenses payable (note 5)	675	188	89	88	1,040
	4,966	3,757	969	4,766	14,458
Total net assets at the end of the period	449,048	124,601	75,018	385,069	1,033,736

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

Statement of operations for the period ended 30 June 2017

	KOIP X €1,000	KNDP X €1,000	GAIP X €1,000	AF X €1,000	COMBINED X €1,000
Income					
Bank Interest	11	2	1	8	22
Other Income	-	-	-	27	27
	11	2	1	35	49
Expenses					
Management Fee (note 6)	1,940	462	232	-	2,634
Service Fee (note 6)	207	50	29	198	484
Subscription Tax (note 7)	85	29	4	-	118
Other Fees	270	50	32	87	439
Total Expenses	2,502	591	297	285	3,675
Net (loss) from investments	(2,491)	(589)	(296)	(250)	(3,626)
Realised gains/(losses) from investments (note 2)	66,404	6,605	1,127	(53)	74,083
Realised (losses) on Forward Foreign Exchange Contracts (note 2)	(10,402)	(2,167)	(954)	-	(13,523)
Realised gains on Financial Futures Contracts	-	-	-	10,879	10,879
Realised gains/(losses) on foreign currency	445	381	328	(360)	794
Net realised gains	53,956	4,230	205	10,216	68,607
Net change in unrealised (depreciation) on investments	(72,317)	(8,306)	(1,791)	(864)	(83,278)
Net change in unrealised appreciation on Forward Foreign Exchange Contracts (note 2)	33,288	8,494	4,335	-	46,117
Net change in unrealised (depreciation) on Financial Futures Contracts (note 2)	-	-	-	(5,925)	(5,925)
Net change in unrealised appreciation/(depreciation) on Foreign Currency (note 2)	2	(30)	(27)	(69)	(124)
Increase in net assets as a result of operations	14,929	4,388	2,722	3,358	25,397

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

Statement of changes in net assets for the period ended 30 June 2017

	KOIP X € 1,000	KNDP X € 1,000	GAIP X € 1,000	AF X € 1,000	COMBINED X € 1,000
Changes in net assets					
Net assets at the beginning of the period	638,275	134,525	69,407	399,383	1,241,590
Net realised gains	53,956	4,230	205	10,216	68,607
Sub-total	692,231	138,755	69,612	409,599	1,310,197
Proceeds from shares issued	14,858	5,970	3,935	30,444	55,207
Payments for shares redeemed	(219,014)	(20,282)	(1,046)	(48,116)	(288,458)
Sub-total	(204,156)	(14,312)	2,889	(17,672)	(233,251)
Net change in unrealised appreciation/(depreciation) on investments, Forward Currency Exchange Contracts, Financial Futures Contracts and foreign currency	(39,027)	158	2,517	(6,858)	(43,210)
Net assets at the end of the period	449,048	124,601	75,018	385,069	1,033,736

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 organized 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 RC 82.955.

The Fund consists of four Sub-Funds: Kempen Non-Directional Partnership (KNDP) since 16 July 2001, Kempen Orange Investment Partnership (KOIP) since 1 July 2005, Allocation Fund (AF) since 18 February 2013 and Global Alternative Investment Partners (GAIP) since 1 August 2016.

Shares in the Sub-Funds KNDP and KOIP may be issued in the following share classes: Class A; Class B; Class C; Class F; Class FD, Class I and Class I-GBP. Class I and Class I-GBP shares may only be subscribed to by institutional investors. The other classes will each be issued to any investor.

Shares in the Sub-Fund AF may be issued in the following share classes: Class IF and Class IG. These classes can only be acquired and held by institutional investors.

Shares in the Sub-Fund GAIP may be issued in the following share classes: Class A and Class I. Class I shares may only be subscribed to by institutional investors. The other class can each be issued to any investor.

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, KOIP, GAIP and AF. The valuation dates of the underlying funds may differ from those of the Sub-Fund. 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-Fund.

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-Fund 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 'Advance for subscriptions received'. The investments or disinvestments resulting from the subscriptions or redemptions are reflected as 'Receivable from advance purchases', 'Payable on purchase of securities' and 'Receivable from sale of securities', respectively.

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 recognized on an accrual basis. Dividend income is recognized on the 'ex-dividend' date.

Foreign Currencies

The books and records of each Sub-Fund are denominated in Euro (€), the base currency of the Fund. 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 unrealized foreign exchange rate gains and losses, if any, are included in the statement of operations. The exchange rate applied as at 30 June 2017 was as follows: €1 = US\$1.1405.

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 recognized in the statement of net assets, net change in unrealised gains and losses are recognized 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, net change in unrealised gains and losses are recognized 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.

3. Investments in securities at fair value

The portfolio of Kempen Orange Investment Partnership as at 30 June 2017 is as follows

Description	Fair Value (€)	Investments % Of TNA
Investments In US\$		
Anchorage Capital Partners Offshore Fund Ltd. Class D 272	19,914,539	4.44
Anchorage Capital Partners Offshore Fund Ltd. Class E 272	16,275,373	3.63
Ashoka Offshore Fund Series B Unrestricted 0315A	2,462,805	0.55
Ashoka Offshore Fund Series B Unrestricted 0509	9,258,618	2.06
Ashoka Offshore Fund Series B Unrestricted 1211A	4,996,743	1.11
Blakeney Investors Fund	14,087,251	3.14
Claren Road Credit Opportunities Fund Ltd. Class 47A	2,815,142	0.63
Claren Road Credit Opportunities Fund Ltd. Class 49A	203,434	0.05
Claren Road Credit Opportunities Fund Ltd. Class 50A	808,437	0.18
D.E. Shaw Oculus International Fund	12,528,454	2.79
Davidson Kempner Distressed Opportunities Fund LP Class A - Tranche 1	10,379,235	2.31
Discovery Global Opportunity Fund Ltd. Class A Subclass A1 - Series 1	22,260,527	4.96
Drake Global Opportunities Fund Ltd. Class D Series 02-11	34,808	0.01
Farallon Capital Offshore Investors II Holdings LP	1,063,308	0.24
Harbinger Capital Partners Offshore LLC	904,725	0.19
Jet Capital Concentrated Offshore Fund Ltd. Class C	7,783,586	1.73
Jet Capital Concentrated Offshore Fund Ltd. Class C - Series 36	4,407,723	0.98
JPMorgan US Dollar Liquidity Fund - JPM US Dollar Liquidity C (acc)	14,884	0.00
Libremax Offshore Fund Ltd. Class A - Tranche Q - Series 1	23,412,321	5.21
Libremax Value Offshore Fund Ltd. Class A Series 2015-016-1	13,585,635	3.02
Marathon European Credit Opportunity Fund Segregated Portfolio B - Series B2	2,784,674	0.62
Nokota Capital Offshore Fund Ltd. Series E NR	24,690,231	5.50
One William Street Capital Offshore Fund Ltd. Class DD - 0416 Series	10,760,111	2.40
One William Street Capital Offshore Fund Ltd. Class DD - 0916 Series	3,512,934	0.78
One William Street Capital Offshore Fund Ltd. Class DD - Initial Series	15,445,010	3.44
OWS Credit Opportunity Offshore Fund Ltd. Class E - 0416 Serie	8,249,353	1.84
OWS Credit Opportunity Offshore Fund Ltd. Class E - 0516 Serie	4,178,945	0.93
OZ Credit Opportunities Overseas Fund LP	28,526,780	6.35
OZ Overseas Fund II Ltd. Class H	443,064	0.10
Pharo Gaia Fund Ltd. Class A - Serie 13	5,749,550	1.28
Pharo Gaia Fund Ltd. Class A - Serie 18	6,141,561	1.37
Pharo Gaia Fund Ltd. Class A - Serie 9	13,474,736	3.00
SEG Partners Offshore Fund Ltd. Class A1 Serie 1	12,768,834	2.84
Silver Point Capital Offshore Fund Ltd. Class H 124	21,296,871	4.74
Silver Point Capital Offshore Fund Ltd. Class H D124 - H124 - 14	1,163,940	0.26
Silver Point Capital Offshore Fund Ltd. Class H D124 - H124 - 17	134,347	0.03
Tybourne Equity (Offshore) Fund Class B Serie B 0214	9,370,722	2.09
Tybourne Equity (Offshore) Fund Class B Serie B 0215	4,316,161	0.96

Description	Fair Value (€)	Investments % Of TNA
Investments In US\$ (continued)		
Tybourne Equity (Offshore) Fund Class B Serie B 0514	2,524,163	0.56
Zaaba Pan Asia Master Fund Class A	11,694,371	2.60
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	363,579,593	80.96
Investments In €		
Boussard & Gavaudan Holding Ltd.	25,043,257	5.58
Bridgewater Pure Alpha Euro Fund Ltd. Class B Series 8000 - 015	19,078,948	4.25
Bridgewater Pure Alpha Euro Fund Ltd. Class B Series 8000 - 015B	3,838,389	0.86
JPMorgan Euro Liquidity Fund - JPM Euro Liquidity C (acc)	7,098,020	1.58
Transtrend Fund Alliance - OmniTrend (EUR)	16,362,590	3.64
Warwick European Distressed & Special Situations Credit Fund, Inc. Class - B3	3,632,439	0.81
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	75,053,643	16.72
Total Investments	438,633,236	97.68
Cash	855,158	0.19
Other Assets/(Liabilities)	9,559,569	2.13
	<hr/>	<hr/>
Total Net Assets	449,047,963	100.00
	<hr/>	<hr/>

The portfolio of Kempen Non-Directional Partnership as at 30 June 2017 is as follows:

Description	Fair Value (€)	Investments % Of TNA
Investments In US\$		
Anchorage Capital Partners Offshore Fund Ltd. Class D 273	6,090,167	4.89
Anchorage Capital Partners Offshore Fund Ltd. Class E 273	3,533,415	2.84
Claren Road Credit Opportunities Fund Ltd. Class R Serie 1A	736,384	0.59
Claren Road Credit Opportunities Fund Ltd. Class R Serie 99A	152,183	0.12
D.E. Shaw Composite International Fund Class B	13,306,715	10.68
D.E. Shaw Composite International Fund Side Pocket	139,455	0.11
Davidson Kempner International (BVI) Ltd. Class C - Tranche 3	11,782,672	9.46
Jet Capital Concentrated Offshore Fund Ltd. Class C - Series 35	3,529,280	2.83
Jet Capital Concentrated Offshore Fund Ltd. Class C - Series 36	3,473,985	2.79
JPMorgan US Dollar Liquidity Fund - JPM US Dollar Liquidity C (acc)	883,942	0.71
Libremax Offshore Fund Ltd. Class A - Tranche Q - Series 1	12,448,390	9.99
Magnetar PRA Fund Ltd. Serie A - Subseries 38	6,029,209	4.84
One William Street Capital Offshore Fund Ltd. Class DD - Initial Series	13,519,053	10.85
OZ Overseas Fund II Ltd. Class H	1,458,904	1.17
Pharo Gaia Fund Ltd. Class A - Serie 18	1,535,391	1.23
Pharo Gaia Fund Ltd. Class A - Serie 9	6,858,340	5.50
Shepherd Select Ltd. Class A	69,214	0.05
Silver Point Capital Offshore Fund Ltd. Class H - 160	10,520,722	8.44
Silver Point Capital Offshore Fund Ltd. Class H D160 - H160 - 14	306,594	0.25
Silver Point Capital Offshore Fund Ltd. Class H D160 - H160 - 17	19,777	0.02
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	96,393,792	77.36
Investments In €		
Boussard & Gavaudan Holding Ltd.	8,726,250	7.00
Bridgewater Pure Alpha Fund Ltd. Class B Series 8000 - 038	6,547,645	5.26
JPMorgan Euro Liquidity Fund - JPM Euro Liquidity C (acc)	7,190,088	5.77
Shepherd Investment International Ltd.	33,773	0.03
Shepherd Investment International Ltd. Special Investment Holdback	1,078	–
Transtrend Fund Alliance - OmniTrend (EUR)	2,875,727	2.31
Warwick European Distressed & Special Situations Credit Fund, Inc. Class - B3	1,823,852	1.46
	<hr/>	<hr/>
	27,198,413	21.83
Total Investments	123,592,205	99.19
Cash	429,240	0.34
Other Assets/(Liabilities)	579,404	0.47
	<hr/>	<hr/>
Total Net Assets	124,600,849	100.00
	<hr/>	<hr/>

The portfolio of Global Alternative Investment Partners as at 30 June 2017 is as follows:

Description	Fair Value (€)	Investments % Of TNA
Investments In US\$		
Anchorage Capital Partners Offshore Fund Ltd. Class D 10 - 42	5,034,189	6.71
Ashoka Offshore Fund Serie B - 0816	2,496,672	3.33
Blakeney Investors Fund	2,272,522	3.03
D.E. Shaw Composite International Fund	3,728,861	4.97
JPMorgan US Dollar Liquidity Fund - JPM US Dollar Liquidity C (acc)	2,644	—
Libremax Offshore Fund Ltd. Class A - Tranche Q - Series 1	4,037,506	5.38
Lyxor/Bridgewater Fund Ltd. Class S	4,922,531	6.56
Magnetar PRA Fund Ltd. Serie A - Subseries 58	3,378,088	4.50
Nokota Capital Offshore Fund Ltd. Series E NR	3,164,096	4.22
One William Street Capital Offshore Fund Ltd. Class DD - 0816 Series	4,304,387	5.74
Pharo Gaia Fund Ltd. Class A - Serie 21	3,858,093	5.14
SEG Partners Offshore Fund Ltd. Class A1 Serie 20	3,864,287	5.15
Silver Point Capital Offshore Fund Ltd. H - 578	5,390,865	7.19
Tybourne Equity (Offshore) Fund Class B Serie 0716	4,425,446	5.90
Zaaba Pan Asia Master Fund Class A	2,855,102	3.81
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	53,735,289	71.63
Investments In €		
Boussard & Gavaudan Holding Ltd.	3,144,000	4.19
JPMorgan Euro Liquidity Fund - JPM Euro Liquidity C (acc)	3,402,037	4.54
MW Eureka New Issue Fund B2 EUR	4,819,415	6.42
PIMCO Global Credit Opportunity Offshore Fund Ltd.	5,777,482	7.70
Transtrend Fund Alliance - OmniTrend (EUR)	2,684,817	3.58
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	19,827,751	26.43
Total Investments	73,563,040	98.06
Cash	(879,661)	(1.17)
Other Assets/(Liabilities)	2,335,041	3.11
	<hr/>	<hr/>
Total Net Assets	75,018,420	100.00
	<hr/>	<hr/>

The portfolio of Allocation Fund as at 30 June 2017 is as follows:

Description	Fair Value (€)	Investments % Of TNA
Investments In €		
Insight LDI Solutions Plus Allocation Fund Class B	63,994,577	16.62
Insight Liquidity Funds plc - EUR Cash Fund Class 3	143,978,571	37.39
JPMorgan Euro Liquidity Fund - JPM Euro Liquidity C (acc)	145,098,310	37.68
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Total Investments	353,071,458	91.69
 Cash	 36,622,539	 9.51
Other Assets/(Liabilities)	(4,624,876)	(1.20)
	<hr/>	<hr/>
 Total Net Assets	 385,069,121	 100.00
	<hr/> <hr/>	<hr/> <hr/>

4. Futures and 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 30 June 2017 the following forward foreign exchange contracts were open:

	Maturity Date	Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Unrealised Gain/Loss (€)
Kempen Orange Investment Partnership	25-07-2017	EUR	403,951,581	USD	441,000,000	17,746,279
	25-07-2017	EUR	5,250,952	USD	6,000,000	(3,542)
	04-07-2017	GBP	92,900,000	EUR	107,775,954	(1,973,970)
	03-10-2017	GBP	94,700,000	EUR	107,693,182	(61,909)
	25-07-2017	USD	32,800,000	EUR	29,936,294	(1,211,728)
Net Unrealised Gain on Forward Currency Exchange Contracts						14,495,130
Kempen Non-Directional Partnership	25-07-2017	EUR	98,743,720	USD	107,800,000	4,337,980
	25-07-2017	EUR	1,575,286	USD	1,800,000	(1,063)
Net Unrealised Gain on Forward Currency Exchange Contracts						4,336,917
Global Alternative Investment Partners	25-07-2017	EUR	57,508,630	USD	62,900,000	2,424,019
Net Unrealised Gain on Forward Currency Exchange Contracts						2,424,019

As at 30 June 2017 the following futures contracts were open:

	Maturity Date	Quantity	Contract	Currency	Global Exposure (€)	Unrealised Gain/Loss (€)
Allocation Fund	18-09-2017	(934)	EURO FX Currency	USD	(117,230,222)	(2,043,495)
	15-09-2017	2,062	EURO STOXX 50 Index	EUR	71,407,060	(1,917,660)
	07-09-2017	(398)	Euro-Bund	EUR	(64,503,860)	1,118,380
	07-09-2017	(435)	Euro-OAT	EUR	(64,636,650)	709,440
	07-09-2017	2,913	Euro-Schatz	EUR	325,789,920	(975,855)
	18-09-2017	(218)	Foreign Exchange EUR/GBP	GBP	(27,263,501)	69,739
	15-09-2017	460	FTSE 100 Index	GBP	38,067,168	(932,465)
	15-09-2017	146	MSCI Emerging Markets Mini Index	USD	6,419,323	(15,972)
	15-09-2017	714	S&P 500 Emini Index	USD	75,608,455	(198,394)
Net Unrealised Loss on Financial Futures Contracts						(4,186,282)

5 Taxes and expenses payable

The taxes and expenses payable as at 30 June 2017 are as follows:

	Subscription Tax	Expenses	Total
	X € 1.000	X € 1.000	X € 1.000
Kempen Orange Investment Partnership	42	633	675
Kempen Non-Directional Partnership	15	173	188
Global Alternative Investment Partners	2	87	89
Allocation Fund	14	74	88

6 Fees

Management Fee

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

- Class A Shares: 1/12th of 0.75% (0.75% per annum)
- Class B Shares: 1/12th of 0.65% (0.65% per annum)
- Class C Shares: 1/12th of 0.55% (0.55% per annum)
- Class F Shares: 1/12th of 0.75% (0.75% per annum)
- Class FD Shares: 1/12th of 0.75% (0.75% per annum)
- Class I Shares: 1/12th of 0.75% (0.75% per annum)
- Class I-GBP Shares: 1/12th of 0.75% (0.75% per annum)

The Management Company receives management fee from the Sub-Fund AF, which is payable at month-end out of the assets attributable to the relevant class of shares, the following monthly fees based on the net asset value of the assets attributable to the relevant class of shares on the relevant valuation day:

- Class IF Shares: 0.0625% (0.75% per annum)
- Class IG Shares: no management fee applicable

The Management Company receives management fee from the Sub-Fund GAIP, which is payable at month-end out of the assets attributable to the relevant class of shares, the following monthly fees based on the net asset value of the assets attributable to the relevant class of shares on the relevant valuation day:

- If the net asset value of the assets attributable to the Sub-Fund GAIP on the relevant valuation day exceeds EUR 75 million:
 - Class A Shares: 1/12th of 0.55% (0.55% per annum)
 - Class I Shares: 1/12th of 0.55% (0.55% per annum)
- If the net asset value of the assets attributable to the Sub-Fund GAIP on the relevant valuation day is between EUR 50 million and EUR 75 million:

- Class A Shares: 1/12th of 0.65% (0.65% per annum)
- Class I Shares: 1/12th of 0.65% (0.65% per annum)

c) If the net asset value of the assets attributable to the Sub-Fund GAIP on the relevant valuation day is less than EUR 50 million:

- From 1 May 2016 up until and including 30 April 2017:
 - Class A Shares: 1/12th of 0.75% (0.75% per annum)
 - Class I Shares: 1/12th of 0.75% (0.75% per annum)
- From 1 May 2017:
 - Class A Shares: 1/12th of EUR 375 thousand on a pro-rated basis
 - Class I Shares: 1/12th of EUR 375 thousand on a pro-rated basis
 - For the avoidance of doubt: under this scenario the total management fee at the Sub-Fund level would be equal to 1/12th of EUR 375 thousand, and this management fee will be split pro rata to the respective net assets on the previous Valuation Day (including the subscriptions, redemptions and conversions as per any Dealing Day corresponding to that Valuation Day) attributable to Class A and Class I.

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.

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 cover 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 their assets that would not be considered as ordinary expenses.

7 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. However the Fund is subject to a 0.05% subscription tax ('taxe d'abonnement') payable and assessed on the basis of the net asset value of each Sub-Fund at the end of each calendar quarter. Class I, Class I-GBP, Class IF and Class IG Shares which are held exclusively by Institutional Investors, are liable in Luxembourg to a tax d'abonnement of 0.01% per annum of their net assets. In respect of assets invested in Luxembourg UCIs, a full exemption from this tax is available to avoid double taxation.

8 Net asset value

The net asset value of each class of the Sub-Funds KOIP, KNDP and GAIP 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.

9 Purchase and sales of securities

A listing of purchases and sales of securities during the reporting year is available upon request at the registered office.

Additional Information

General information

The current Articles of Association were 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.

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 30 June 2017.

Luxembourg, 31 August 2017

The Board of Directors of Kempen Alternative Investment Fund

