

ANNUAL REPORT

Privium Sustainable Impact Fund

Year ended 31 December 2019

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General information

Registered office

Privium Sustainable Impact Fund
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands

Fund Manager

Privium Fund Management B.V.
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands
www.priviumfund.com/strategies_amsterdam/
<https://www.psif.nl/>

Legal Owner

Stichting Juridisch Eigendom Privium
Sustainable Impact Fund
Woudenbergseweg 11
3953 ME Maarsbergen
The Netherlands

Delegate/Investment Advisor

ABN AMRO Investment Solutions SA
3 Avenue Hoche
75008 Paris
France

Administrator

Circle Investment Support Services B.V.
Smallepad 30F
3811 MG Amersfoort
The Netherlands

Legal and Tax Counsel

Van Campen Liem
J.J. Viottastraat 52
1071 JT Amsterdam
The Netherlands

Custodian

ABN AMRO Clearing Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Independent Auditor

Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Depositary

Darwin Depositary Services B.V.
Barbara Strozziilaan 101
1083 HN Amsterdam
The Netherlands

Key figures

	2019	2018	2017	2016	2015
Total for the Fund					
(all amounts in EUR x 1,000)					
Net Asset Value at 31 December	377,064	602,934	324,077	288,111	240,334
Result from investments	6,263	10,382	5,560	4,922	6,854
Changes in value	15,946	(5,508)	(11,936)	3,448	12,527
Other results	2,374	(555)	2,074	(330)	134
Costs	(1,839)	(3,201)	(1,569)	(1,463)	(1,272)
Net result for the year	22,744	1,118	(5,871)	6,577	18,243
Outstanding participations at 31 December	3,385,660	5,828,749	3,061,794	2,620,223	2,151,361
Per participation¹					
(in EUR x 1)					
Net Asset Value at 31 December	111.37	103.44	105.85	109.96	111.71
Result from investments	1.85	1.78	1.82	1.88	3.18
Changes in value	4.71	(0.94)	(3.90)	1.31	5.82
Other results	0.70	(0.10)	0.68	(0.12)	0.07
Costs	(0.54)	(0.55)	(0.51)	(0.56)	(0.59)
Net result	6.72	0.19	(1.91)	2.51	8.48

Dividend payment

During the year 2019, no dividend (2018: EUR 10,821,572) was distributed by the Fund to the participation holders.

¹ The result per participation is calculated using the number of outstanding participations as per the end of the period.

Fund Manager report

PSIF 2019 return higher than reference index

As of January 1, 2019 the Investment Strategy of the Fund was changed from a hybrid Sustainable Impact Fund into a Fund which makes investments that are classified as Sustainable Impact. To align the Fund with this focused approach, the real estate companies were excluded from the Fund to reflect this focus, the name of the Fund has changed from 'Privium Sustainable Alternatives Fund' into 'Privium Sustainable Impact Fund'. This as a result of a change within ABN AMRO Bank's investment policy. From January 1 2019 onwards, real estate investments are no longer classified as alternative investments, but as equity investments. Therefore, real estate stocks were removed from the portfolio of the Fund.

The portfolio of the Privium Sustainable Impact Fund (hereafter referred to as the fund or PSIF) currently consists of alternative investments in microfinance, renewable energy and student loans. As of January 1, 2019 the reference index for the fund was changed from 50% the GPR 250 World Property Index and 50% the Euro cash 3-month yield index + 2% surcharge into 100% Euro cash 3-month yield index + 2%.

PSIF's return in 2019 was +7.7% compared to +1.6% for the reference index. The return difference between PSIF and the reference index was mainly caused by the higher return from the renewable energy funds in the PSIF portfolio.

Expansion with one UK renewable energy fund in PSIF

The investments in renewable energy has been expanded during 2019 with the addition of a UK investment fund. The new fund is the Aquila European Renewables Income Fund. This brings the total number of sustainable energy funds to eight, 7 UK funds and the Dutch Triodos Renewables Europe Fund. The percentage of invested capital in renewable energy fund rose to around 41% of the portfolio as of December 31, 2019. The allocation reflects the positive outlook that we have on the (sustainable) energy sector.

The Aquila fund is the only renewable energy fund in the portfolio that invests in hydropower plants. At the end of 2019, almost 15% of the portfolio was allocated to hydro, the remaining part of the assets of the fund were invested in wind farms. All Aquila's investments are on the European mainland. The small-scale hydropower plants are located in Portugal and the wind farms are located in Finland, Denmark and Norway. Of the other funds, only The Renewables Infrastructure Group maintains some investments in parks on the European mainland. The manager of the Aquila fund is Aquila Capital Investmentgesellschaft mbH from Hamburg in Germany. Aquila is a very experienced developer and manager of sustainable energy projects. Aquila expects a dividend yield of around 5% of the assets of the fund, which is an average percentage for these type of investments. Unlike the UK funds, Aquila does not aim to increase the dividend by an inflation rate. The European subsidy schemes do not have this characteristic and therefore Aquila does not express this expectation. The relatively high dividend yields of the renewable energy funds has attracted a lot of attention from investors looking for high dividend paying stocks. As a result, most renewable energy funds in the PSIF portfolio rose more than 20% in price during 2019. This sharp price increase was considerably higher than the change in net asset value per share. In addition to the low interest rates, the extension of the expected life was also an important reason for the price rise. From starting at 20 years as the expected lifetime, this has now been increased to around 30 years by most funds. The most important non-financial impact of the sustainable energy funds is the clean energy production resulting from their investments.

This sustainable impact is also stated in the fund's impact report on the renewed website, www.psif.nl. During 2019, the sustainable impact of the PSIF portfolio was equal to the electricity consumption of nearly 54,000 homes or a reduction in CO2 emissions equal to that of 25,000 cars.

Microfinance Funds continue to be the largest PSIF holdings

The Triodos Microfinance Fund is the largest single investment of PSIF. The investment represents 15% of the PSIF portfolio. The Net Asset Value of the Triodos Microfinance Fund as of December 31, 2019 was € 438 million. The assets are primarily investments in loans to financial institutions in emerging countries worldwide. About a quarter is invested in the equity capital of these institutions. The financed institutions have provided loans to 18.1 million customers and 18.3 million customers with a savings

account. The average loan amount is € 1,775. The loans are mainly granted to women (77%) and 62% are so called rural clients.

The broadening of the financial inclusion market continues as Symbiotics reported in their Microfinance Investment Vehicles (MIVs) Survey. This survey was published using data from 87 MIVs, covering about 91% (USD 15.3 billion) of the estimated total MIV market including the Triodos Microfinance Fund and the BlueOrchard Microfinance Fund portfolios. In 2018, the underlying portfolios of MIV's grew by 3.1%. The diversification of investments beyond microfinance, was already visible in 2017 and saw further traction in 2018, especially in agriculture finance, SME financing, and to a lesser extent housing finance and financial solutions to increase access to energy. Positively, the growth of the sector is also accompanied by a stronger attention to responsible practices, signalled by the almost universal endorsement of client protection principles by the MIVs (98.7%) and by the increase in financial institutions completing a full "SMART" assessment.

The Net Asset Value of the BlueOrchard Microfinance Fund (BOMF) as of December 31, 2019 was USD 2,414 million and with that is the largest fund in which PSIF invests. BOMF has loans to 160 microfinance institutions across 50 countries in its portfolio.

All the microfinance funds achieved a positive return last year. The Triodos Microfinance Fund performed best with a gain of +3.5% and with an increase of +0.4% the FMO Privium Impact Fund lagged behind. During the year the investment in the FMO Privium Impact Fund increased from € 39 million to almost € 49 million at year-end. This represents almost 13% of the PSIF portfolio. The investment in the BlueOrchard Microfinance Fund also increased to EUR 56 million and represents almost 15% of the PSIF portfolio.

Real estate – liquidation Triodos Vastgoedfonds

In December 2018, the fund sold all the individual investments in the sustainable real estate stocks. This as a result of the mandate changes mentioned earlier on. The only real estate position left in the portfolio of PSIF since then was the Triodos Vastgoedfonds, a Dutch listed real estate fund. This fund was liquidated during the year. All proceeds from the liquidation of the underlying real estate investments were distributed to investors. The yield was considerably higher than investors had expected as the book value was crystalized, since the fund was trading at a discount. Due to the relatively small allocation of PSIF, this had a positive but small impact on the total return on PSIF.

Outlook – Bottoming out of economy interrupted by coronavirus

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the COVID-19 (generally referred to as corona virus) outbreak.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment may rise. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

Based on current available information there are no continuity issues for the Fund or whatsoever.

Risk management and willingness to take risks

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2019 NAV	Expected impact on 2020 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2019 or 2020
Price/Market Risk	No	The fund maintains a number of long only equity investments. This includes the listed Renewable Energy Funds. Strong bottom-up company analysis is a very important item in mitigating risks during the holding period of a position. However price fluctuations due to general equity market movements during the holding period can't be mitigated or avoided in full by conducting company analysis. This risk is inherent when securities like equities are traded.	The Privium Sustainable Impact Fund gained + 7.7% in 2019. The Fund does not have an official benchmark but the fund's performance is compared with a reference index only. This includes Euribor + 2%. The index gained +1.6% in 2019.	Investments are selected after a thorough due diligence process but the occurrence of this risk will also largely depend on general market circumstances.	No
Manager Risk	No	The Fund maintains a number of investments in other investment funds. These are mostly Micro Finance funds or other Impact funds. These funds are mostly managed by external Fund Management companies. An exception is the FMO Privium Impact Fund. A rigid due diligence process is in place when investment funds are selected.	The Fund underperformed most global equity but outperformed most bond indices. Global Equities, measured by the MSCI World Index (EUR) gained 26.51%, bonds measured by the Vanguard Global Bond Index Fund gained +5.28% in 2019. The Fund outperformed the reference index.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the the selected investments funds will perform better than general equity markets over the long term on a risk adjusted basis.	No
Emerging Market risk	No	A significant weight of the portfolio is allocated to micro finance investments and Impact funds. These investments are mainly made in Emerging Markets. This risk is partially mitigated by having rigid selection criteria in place by the underlying Fund Managers.	None	This will depend on general market circumstances.	No
Interest rate risk	No	The Fund maintains a number of positions in Funds which invest in interest bearing securities but these are mostly floating rate positions. An additional explanation on interest rate risk can be found in the risk paragraph of the annual accounts.	This has been limited.	Much will depend on the actual positioning of the underlying investment funds.	No
Foreign Exchange risk	No	The fund has the possibility to hedge direct currency risks in full.	As of December 31, 2019 53.1% of the portfolio was allocated to EUR denominated investments. This includes cash. The Fund also maintained investments denominated in USD and GBP. Foreign FX exposure was fully hedged.	Direct FX exposures are hedged in full.	Yes
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity. However some of the underlying investments of PSIF, predominantly the Micro Finance Funds, may have a liquidity mismatch between the liquidity which is offered to investors and the liquidity of the underlying investments of those funds. When these funds receive large redemptions from investors the underlying Fund Managers may decide to gate redemptions. When at the same time PSIF is having large redemptions from investors as well, the Fund Manager may suspend redemptions to protect the remaining investors of PSIF.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the position if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. Because the Fund is hedging direct FX risk by using FX forwards, the fund is utilizing implied leverage. As of December 31, 2019 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 138.1% and Commitment method: 100.33%.	None	None	No

Risk management

Privium Fund Management B.V. has a clear and elaborate Risk Management framework, in line with current legislation, such as the Alternative Investment Fund Manager Directive (AIFMD). The Risk Management function within Privium is performed by an independent Risk Manager. Privium has a Risk Management Committee which meets at least on a monthly basis.

The Risk Management framework consists of several individual components, whereby Risk Monitoring is being performed on an ongoing basis.

Under the AIFM Directive, the Fund Manager is required to establish and maintain a permanent risk management function. This function should have a primary role in shaping the risk policy of each Alternative Investment Fund ("AIF") under management by the Fund Manager, risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the AIF's risk profile.

The risk management function performs the following roles:

- Implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- Ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- Monitor compliance with risk limits; and
- Provide regular updates to senior management concerning:
 - 1: The consistency of stated profile versus risk limits;
 - 2: The adequacy and effectiveness of the risk management process; and
 - 3: The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

As described by the AIFM Directive quantitative risk limits are, where possible, constructed for various risk categories: market risk, liquidity risk, credit risk, counterparty risk and operational risk. These risk limits should be in agreement with the risk profile of the fund.

The risk management function is fully independent from the portfolio management function of the Fund Manager. The risk manager has full authority to close positions or the authorization to instruct the closing of positions on his behalf in case of a risk breach.

To ensure that all risk management tasks are executed correctly and timely, the Fund Manager uses an automated system that registers all risk tasks, keeps a list of all pending risk tasks, and escalates risk tasks that have not been executed or report a violation of a risk rule. The system produces an audit log that can be verified by the internal auditor, the external auditor, the management board, the regulator or other stake holders. Not all risk variables have limits but to identify any new relevant risks, every variable that is reported in the system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its "normal" boundaries. The Risk Manager is notified of these exceptions and will make an assessment whether the situation is stable or whether further escalation is needed.

The positions of the fund are administered and reconciled by using a professional portfolio management system. Risk reports such as Value at Risk and Stress Scenarios are run using Bloomberg.

The Fund Manager uses an API-based system in which positions and/or risk exposures are synced from the Portfolio Manager's Excel (or alternative software) to a central database.

The CM system is responsible for monitoring of the pre-defined risk limits. The limits can either be configured as notification limits, soft limits or hard limits. In case of a breach of any of the limits, the escalation procedures are followed as described in the Risk Management Procedures (Annex 17) of the Privium Handbook.

The recurring risk tasks are:

- Weekly risk report by risk management, including Value at Risk.
 - Monthly reporting by portfolio management
 - Quarterly Operational risk management
 - Monthly stress scenarios. On ad hoc basis extra stress scenarios can be done.
- On a monthly basis the Risk Committee of the Fund Manager meets to discuss the performances and risks of the Fund. Any breaches are discussed. On a yearly basis a Risk Evaluation and Product Review is conducted.

In 2016 Privium's senior management team decided to engage an external party in the annual evaluation of the internal processes. This audit primarily focusses on risk management and compliance processes. In Q4 2019 this audit was executed for fourth time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

General principles of remuneration policy Privium Fund Management B.V. ('Privium')

Privium Fund Management B.V. has a careful, controlled and sustainable remuneration policy which meets all the requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). The remuneration policy is consistent with and contributes to a sound and effective risk management framework and does not encourage risk taking beyond what is acceptable for Privium Fund Management B.V.

The Board of Privium Fund Management B.V. is responsible for establishing the Remuneration policy. The Board of Privium Fund Management B.V. reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium Fund Management B.V. may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium Fund Management B.V. may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the fund or Privium Fund Management B.V.

Remuneration policy 2019

This policy is based on the situation as of December 31, 2019. The financial year of the Fund Manager ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. In 2019 the aggregate costs for staff totaled EUR 9,844,027. The table below offers an overview of the remuneration at the level of Privium Fund Management B.V.. Information per fund is not available. The Board of Privium Fund Management is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	33	35
Total fixed remuneration	€ 161,214	€ 5,323,500	€ 5,484,714
Total variable remuneration	€ 20,000	€ 4,339,313	€ 4,359,313
Total remuneration	€ 181,214	€ 9,662,813	€ 9,844,027

Privium Fund Management B.V. has delegated certain portfolio management duties of some of its funds to outside investment advisers ('delegates'). Remuneration of identified staff of delegates is not included in the table. The delegates are subject to regulatory requirements on remuneration policies and disclosures that are comparable with the requirements applicable to Privium Fund Management B.V. Reference to the remuneration of the delegates is included in the Prospectus and annual report of the funds concerned.

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2019 no variable payments regarding the Privium Sustainable Impact Fund have been paid to any Identified Staff of Privium. Privium Fund Management B.V., the Fund Manager of the various funds, does not charge any employee remuneration fees to the funds, except for the Supermarkt Vastgoed fund.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 35 staff members were involved during (some part of) the year, including consultants and including both part-time and full time staff. One of the staff members, active in portfolio management, has earned more than EUR 1,000,000 in relation to the performance results during the year 2019.

Control Statement

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the "Wet op het financieel toezicht and the 'Besluit gedragstoezicht financiële ondernemingen ('Bgfo)". During 2019 we assessed the various aspects of the Privium operations as outlined in the AO/IB (Handbook). We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2019 functioned effectively as described. During 2019 a number of independent service providers have conducted checks on Privium's operations as part of their ongoing responsibility and investor demand. No errors have been signalled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. The 2019 update was completed in June 2019. During the fourth quarter of 2019 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager These are mostly related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Financial statements

Balance sheet as at 31 December

(all amounts in EUR)	Notes	2019	2018
Assets			
Investments			
Investment funds	1	317,189,016	206,185,108
Bonds		27,663,384	30,800,164
Forward contracts		21,068	203,525
Total of investments		344,873,468	237,188,797
Receivables			
Due from broker	2	30	-
Other receivables	3	-	103,237
Total of receivables		30	103,237
Other assets			
Cash	4	33,613,516	365,873,069
Total of other assets		33,613,516	365,873,069
Total assets		378,487,014	603,165,103
Liabilities			
Net asset value			
Participations paid in surplus	5	355,633,817	604,247,337
Undistributed income prior years		(1,313,749)	(2,431,386)
Result current year		22,744,277	1,117,637
Total net asset value		377,064,345	602,933,588
Investments			
Forward contracts	1	1,270,008	-
Total of investments		1,270,008	-
Other liabilities			
Bank overdrafts	4	-	7,682
Other liabilities	6	152,661	223,833
Total other liabilities		152,661	231,515
Total liabilities		378,487,014	603,165,103

Profit and loss statement

(For the year ended 31 December)

(all amounts in EUR)	Notes	<u>2019</u>	<u>2018</u>
Investment result			
Dividend income	7	5,395,107	9,027,633
Interest income	8	867,583	1,354,416
Total investment result		<u>6,262,690</u>	<u>10,382,049</u>
Revaluation of investments	9		
Realised results		(10,250,112)	(11,251,263)
Unrealised results		26,196,276	5,743,242
Total changes in value		<u>15,946,164</u>	<u>(5,508,021)</u>
Other results			
Foreign currency translation	10	2,227,382	(1,497,066)
Other income	11	146,562	941,751
Total other results		<u>2,373,944</u>	<u>(555,315)</u>
Operating expenses			
Management fee	12	(943,431)	(694,164)
Administration fees	13	(107,264)	(146,260)
Custody expenses	14	(85,827)	(119,768)
Depositary fees	15	(64,742)	(63,207)
Interest expenses	17	(340,110)	(621,457)
Brokerage fees and other transaction costs		(98,151)	(493,829)
Audit fees	18	(15,263)	(15,362)
Legal fees		(3,506)	(35,239)
Supervision fees		(26,632)	(21,015)
Tax advisory fees		(38,434)	(26,179)
Other expenses		(17,692)	(21,763)
		<u>(1,741,052)</u>	<u>(2,258,243)</u>
Result for the year before tax		<u>22,841,746</u>	<u>2,060,470</u>
Withholding tax	20	(97,469)	(942,833)
Net result for the year after tax		<u>22,744,277</u>	<u>1,117,637</u>

Cash flow statement

(For the year ended 31 December)

(all amounts in EUR)	Notes	<u>2019</u>	<u>2018</u>
Cash flow from operating activities			
Purchases of investments		(158,376,825)	(287,057,258)
Proceeds from sales of investments		67,908,296	324,070,444
Dividend received		5,395,307	8,587,446
Interest received		867,583	1,354,416
Interest paid		(340,110)	(621,457)
Operating expenses paid		(1,466,546)	(1,448,040)
Other income received		146,562	941,752
		<u>(85,865,733)</u>	<u>45,827,302</u>
Cash flow from financing activities			
Proceeds from subscriptions to redeemable shares		130,098,474	334,486,125
Payments for redemption of redeemable shares		(378,711,994)	(45,925,746)
Dividend paid		-	(9,198,336)
Dividend tax paid		-	(1,623,236)
		<u>(248,613,520)</u>	<u>277,738,807</u>
Net cash flow for the year		(334,479,253)	323,566,109
Cash at beginning of the year		365,865,387	43,796,344
Foreign currency translation	10	2,227,382	(1,497,066)
Cash at the end of the year	4	<u>33,613,516</u>	<u>365,865,387</u>

Notes to the financial statements

General information

Privium Sustainable Impact Fund (the "Fund") is an open ended investment fund ("beleggingsfonds") and a fund for joint account (fonds voor gemene rekening) organized and established under the laws of The Netherlands. The Fund was incorporated, its predecessor the Privium Sustainable Alternatives Fund, was incorporated on July 18, 2014.

The Fund is not a legal entity but a contractual agreement sui generis between the Fund Manager, the Legal Owner and each of the Participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Participants. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Trade Register (handelsregister) of The Netherlands.

Fund Manager is in possession of an AFM license as referred to in article 2:65 (1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within The Netherlands.

The Fund's office address is that of the Fund Manager, being Gustav Mahlerplein 3, 26th floor, 1082 MS Amsterdam, The Netherlands.

The Fund's objective is to achieve long term capital growth by making Sustainable impact investments. To achieve the Fund's objective, the strategy of the Fund is to invest in a diversified portfolio of listed and unlisted Investment Funds, Investee Companies and fixed income instruments. The Fund will have exposure in both developed countries and emerging markets and shall be focused on Sustainable impact investments. The portfolio will be managed actively with a long term investment horizon and following a sustainability approach. Following the IFC definition, impact investing is defined as "investments made into companies, organizations, vehicles and funds with the intent to contribute to measurable positive social, economic and environmental impact alongside financial returns". Impact can be measured in terms such as CO2 emission avoided, renewable energy produced (in MW), number of jobs created and the number of people that got access to education.

Subscription and redemption fee

In order to determine the total amount due by the subscriber to the Fund the total subscription price may at the sole discretion of the Fund Manager be increased by a surcharge in the event subscriptions on the applicable Subscription Note Date exceed redemptions on such day and the associated costs to the Fund are material. The surcharge shall not exceed 0.5% of the Total Subscription Price of the Participations subscribed for. For 2019 the Fund has not applied any such surcharges.

In order to determine the net amount due by the Fund to a Participant in consideration for the redemption of Participations, the Total Redemption Price may at the sole discretion of the Fund Manager be reduced by a discount in the event redemptions on the applicable Redemption Note Date exceed subscriptions on such day and the associated costs to the Fund are material. The discount shall not exceed 0.5% of the relevant Total Redemption Price of the Participations redeemed. For 2019 the Fund has not applied any such discounts.

Accounting policies

General

The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The accounting principles of the Fund are summarized below. These accounting principles have all been applied consistently throughout the financial year and the preceding period.

Basis of accounting

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Measurement currency

The amounts included in the financial statements are denominated in euro, which is the functional and presentation currency.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Possible provisions deemed necessary for the risk of doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Investments

Recognition and basis of measurement

All investment securities are initially recognized at cost.

Valuation

Investment securities are valued at the last reported sales price on the largest recognized market on which they are traded. For securities in which no trading took place on that date the securities are valued at the most recent official price. Securities which are neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, are not regularly traded thereon or in respect of which no prices as described above are available, will be valued at their probable realization value as determined by the Fund Manager (or Administrator as delegated party) in good faith having regard to its cost price. Investments in funds (fund-of-fund) will be valued on the basis of the latest available valuation of Investee Funds Interests provided by the administrators of the relevant Investee Fund. In the absence of quoted values or audited net asset value calculations, the valuation of the investments is based on the reported values of the respective funds in which the Fund has a position. Lacking any proper valuation, a fair price will be determined by the Fund Manager and Investment Advisor.

Cost of investment securities sold is determined on a FIFO method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Gains and losses

Gains and losses are treated as realised for financial statement purposes on the trade date of the transaction closing or offsetting the open position against the historical cost price. Unrealised gains and losses are the difference between the value initially recognized and the fair value of open positions. All gains and losses are recognized in the profit and loss account.

Dividend and interest income

Dividends are recorded on the date that the dividends are declared, gross of applicable withholding taxes. Interest income is recognized on accrual basis.

Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, stock market indexes and interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices. All derivative financial instruments are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund. Changes in fair values of derivatives are included in the profit and loss statement.

Translation of foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange prevailing at yearend. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the profit and loss account as foreign currency gains and losses except where they relate to investments where such amounts are included within realised and unrealised gains and losses on investments.

Brokerage/expenses

Commissions payable on opening and closing positions are recognized when the trade is entered into the Fund. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and be brought at the charge of the Fund's profit and loss account. Expenses on disposal of investments are deducted from the proceeds of disposal.

Cash

For the purpose of presentation in the balance sheet and the cash flow statement, cash is defined as cash at banks and brokers. The cash at bank and brokers is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Cash flow statement

The cash flow statement is prepared using the direct method. The cash flow statement shows the Fund's cash flows for the period divided into cash flows from operations and financing activities.

Due to the nature of the Fund's operations, cash flows related to the financial instruments are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of participations of the Fund.

Bank overdrafts that are repayable on demand form an integral part of the Fund's cash management and are a component of cash.

Ongoing charges figure (OCF)

The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2019 until 31 December 2019 excluding the transaction costs, interest costs and performance fees. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month's used (for this period the number of months is 12).

Turnover ratio (TOR)

The turnover ratio is calculated the following way: the sum of all purchases of investments plus the sum of all the sales of investments minus the sum for the subscriptions and redemptions. The total of this number will be divided by the average net asset value of the Fund and multiplied by 100.

Notes to the balance sheet

1. Investments

(all amounts in EUR)

	2019	2018
Investment funds	317,189,016	206,185,108
Bonds	27,663,384	30,800,164
Forward contracts Long	21,068	203,525
Forward contract Short	(1,270,008)	-
Position as per 31 December	343,603,460	237,188,797

The market value of the investments is based on quoted market prices. The movement of the financial instruments is as follows:

Investment funds

Opening balance	206,185,108	279,663,698
Purchases	86,512,407	206,764,933
Sales	(3,949,118)	(277,484,343)
Realised investment result	4	(9,116,942)
Unrealised investment result	28,440,615	6,378,762
Balance at 31 December	317,189,016	206,185,108

Bonds

Opening balance	30,800,164	14,860,500
Purchases	71,864,418	65,500,635
Sales	(74,209,324)	(48,720,422)
Unrealised investment result	(791,874)	(840,549)
Balance at 31 December	27,663,384	30,800,164

Forward contracts

Opening balance	203,525	(1,504)
Sales and expirations	10,250,116	2,134,321
Realised investment result	(10,250,116)	(2,134,321)
Unrealised investment result	(1,452,465)	205,029
Balance at 31 December	(1,248,940)	203,525

Portfolio breakdown to valuation methods

(all amounts in EUR)

	2019	2018
Quoted prices	171,139,646	95,001,209
Net Present Value calculations	172,463,814	142,187,479
Balance at 31 December	343,603,460	237,188,688

2. Due from brokers

The amount for due from broker consists of balances at brokers on which no restrictions on the use exist at 31 December 2019 and 31 December 2018.

3. Receivables

(all amounts in EUR)

	<u>2019</u>	<u>2018</u>
Other receivables		
Dividend receivable	-	97,669
Deferred organizational fees	-	5,568
Balance at 31 December	<u>-</u>	<u>103,237</u>

4. Cash

At 31 December 2019 and 31 December 2018, no restrictions on the use of cash exist.

5. Redeemable participations

Redeemable participations are redeemable at the shareholders' option and are classified as financial liabilities.

On any Settlement Date, provided the requirements of the Terms and Conditions have been met, the Fund Manager may redeem Participations at the request of a Participant sent in writing to the Administrator.

The Fund Assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem Participations as requested by its Participants for at least 10% of the assets managed.

Applications for the redemption of Participations should be submitted to the Administrator by means of a duly signed Redemption Notice specifying the details of the redemption. Redemption Notices are irrevocable once received by the Administrator.

The Redemption Price of a Participation redeemed, is equal to the Net Asset Value per Participation as at the Valuation Date of such Participation. The Total Redemption Price is the applicable redemption price multiplied by the number of redeemed Participations.

In order to determine the net amount due by the Fund to a Participant in consideration for the redemption of Participations (the "Total Redemption Amount"), the Total Redemption Price may at the sole discretion of the Fund Manager be reduced by a discount in the event redemptions on the applicable Redemption Notice Date exceed subscriptions on such day and the associated costs to the Fund are material. The discount shall not exceed 0.5% of the relevant Total Redemption Price of the Participations redeemed. The discount shall be for the benefit of the Fund.

Participants shall economically be treated as having redeemed on the Valuation Date of the Participations redeemed and accordingly shall not receive any distributions declared by the Fund during the period from such Valuation Date to the Settlement Date of the Participations redeemed.

Movement schedule of net asset value

(all amounts in EUR)

	2019	2018
Participations paid in surplus		
Opening balance	604,247,337	315,686,958
Subscriptions to redeemable shares	130,098,474	334,486,125
Redemption of redeemable shares	(378,711,994)	(45,925,746)
Closing balance	355,633,817	604,247,337
Undistributed income prior years		
Opening balance	(2,431,386)	14,261,490
Addition from undistributed result	1,117,637	(5,871,304)
Dividend paid	-	(10,821,572)
Closing balance	(1,313,749)	(2,431,386)
Undistributed result		
Opening balance	1,117,637	(5,871,304)
Addition to undistributed income prior years	(1,117,637)	5,871,304
Result current year	22,744,277	1,117,637
Closing balance	22,744,277	1,117,637
Total net assets value at 31 December	377,064,345	602,933,588

Movement schedule of participations

(in number of participations)

	2019	2018
Outstanding participations		
Opening balance	5,828,749	3,061,794
Subscriptions to redeemable shares	1,208,664	3,206,294
Redemption of redeemable shares	(3,651,753)	(439,339)
Outstanding participations at 31 December	3,385,660	5,828,749

6. Other liabilities

(all amounts in EUR)

	2019	2018
Management fees payable	94,290	150,771
Audit fees payable	15,263	14,365
Reporting fees payable	3,138	3,071
AIFMD fees payable	330	323
Supervision fees payable	23,823	21,014
Administration fees payable	1,890	16,541
Custodian fees payable	8,641	12,538
Other liabilities	5,286	5,210
Balance at 31 December	152,661	223,833

Notes to the profit and loss statement

7. Dividend income

The dividend income have seen a decrease compared to previous year due to less dividend distributions from securities.

(all amounts in EUR)	2019	2018
Dividend income	5,395,107	9,027,633
Total dividend income	5,395,107	9,027,633

8. Interest income

The interest income have seen a decrease compared to previous year. The decrease is attributable to the partial amortization of the Argentum bonds in 2019.

(all amounts in EUR)	2019	2018
Interest income	867,583	1,354,416
Total interest income	867,583	1,354,416

9. Revaluation of investments

(all amounts in EUR)	2019	2018
<i>Net realised result on financial assets and liabilities at fair value through profit or loss</i>		
Realised gains on investment funds	4	17,393,656
Realised losses on investment funds	-	(26,510,598)
Realised losses on forward contracts	(10,250,116)	(2,134,321)
Total realised result	(10,250,112)	(11,251,263)
<i>Net unrealised result on financial assets and liabilities at fair value through profit or loss</i>		
Unrealised gains on investment funds	29,362,264	11,819,25
Unrealised gains on bonds	8,647	-
Unrealised gains on forward contracts	-	205,029
Unrealised losses on investment funds	(921,649)	(5,440,489)
Unrealised losses on bonds	(800,521)	(840,549)
Unrealised losses on forward contracts	(1,452,465)	-
Total unrealised result	26,196,276	5,743,242
Total revaluation of investments	15,946,164	(5,508,021)

10. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains (losses) on assets and liabilities other than financial instruments at fair value through profit or loss and amount to a gain of EUR 2,227,382 (2018: a loss of EUR 1,497,066).

11. Other income

(all amounts in EUR)

	<u>2019</u>	<u>2018</u>
Other income	146,562	941,751
Total other income	<u>146,562</u>	<u>941,751</u>

Other income in 2019 consists of a received dividend tax reclaim of UK dividend tax.

12. Management fee

The Fund Manager is entitled to an annual Management Fee equal to 0,30% of the Net Asset Value (i.e. 30 basis points) excluding (i.e. before deduction of) the Management Fee, as at the last calendar day of each month, with a minimum of EUR 110,000 per annum, payable monthly in arrears out of the Fund Assets. Any changes to the Management Fee are subject to the prior approval of the Fund Manager and the Legal Owner.

The management fee for the year amounts to EUR 943,431 (2019) and EUR 694,164 (2018). The Fund Manager has entered into a delegation agreement with ABN AMRO Investment Solutions (AAIS). Certain portfolio management responsibilities have been delegated to AAIS. A certain part of the management fee is paid to AAIS for their work.

13. Administration fees

The Fund has appointed Circle Investment Support Services BV as the administrator. The administrator is entitled to an annual administration fee of 0.031% of the Net Asset Value (3.1 basis points) of the Fund. The administration fee is payable quarterly in arrears and subject to an annual minimum of EUR 30,000.

14. Custody expenses

The Fund has appointed ABN AMRO Clearing Bank N.V. as custodian to the Fund. The administrator is entitled to a safekeeping fee of 2.5-3.0 bps of the value of the investments (depending on the type of investment). In addition, the custodian can charge a settlement fee, cash payment fee, corporate actions fee and proxy voting fee, all in accordance with their customary arrangements.

15. Depositary fees

The Fund has appointed Darwin Depositary Services B.V. as the depositary of the Fund. The depositary is entitled to an annual fee equal to 0.014% (1.4 basis points) of the Net Asset Value as of the last calendar day of each quarter. The depositary fee is payable quarterly in advance and subject to an annual minimum fee of EUR 30,000.

16. Legal Owner fees

TCS Governance B.V. has been appointed as Management Board of the Legal Owner. The remuneration consists of an annual fixed fee of EUR 3,500 and variable remuneration of 0.0125%. This fee has been capped at EUR 6,500 per annum. Any additional services being performed will be paid based on an hourly rate basis.

17. Interest expenses

The interest expenses of EUR 340,110 have seen a fall compared to previous year EUR 621,457. The fall is attributable to a lower cash position of the Euro account of ABN Clearing N.V. which has a negative interest rate.

18. Audit fees

The Fund has appointed Ernst & Young Accountants LLP as the independent auditor of the Fund. The Independent Auditor's remuneration for the audit of the annual report amounts to EUR 15,263 (2018: EUR 15,362). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

19. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party making financial or operational decisions.

All services rendered by the Fund from the Fund Manager therefore qualify as related party transactions. During the period, the Fund paid management fees of EUR 999,912 (2018: EUR 566,666) to the Fund Manager.

The Privium Sustainable Impact Fund maintains an investment in Class A of FMO Privium Impact Fund. The value of the investment as per 31 December 2019 amounts to EUR 48,368,996 (2018: EUR 39,145,031).

20. Income and withholding tax

The Fund is organized as an investment Fund ("Fonds voor gemene rekening") under the current system of taxation in The Netherlands. The Fund is transparent for The Netherlands corporate income tax purposes. As a consequence, the Fund is not subject to The Netherlands corporate income tax. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year the average withholding tax rate incurred by the Fund was 1.81% (2018: 10.44%).

Other notes

Risk management

An investment in the Fund carries a high degree of risk. There can be no assurance that the Fund will achieve its Fund Objective or that Investee Funds' investment policy and the Investee Companies' activities will be successful. The value of the Fund's investments and the Participations may fall as well as rise and returns on past investments are no guarantee as to the returns on future investments. Accordingly, Participants may lose all or part of their investment in the Fund. An investment in the Fund requires the financial ability and willingness to accept for an indefinite period of time the risk and lack of liquidity inherent in the Fund. Due to the Investment Strategy, the Net Asset Value of Fund Assets can strongly fluctuate. Potential participants should consider, among others, the non-exhaustive list of risks mentioned below, review this Prospectus and its ancillary documents carefully and in their entirety, consult with their professional advisors and conduct and subsequently rely upon their own investigation of risk factors associated with the proposed investment. Participants should realize that the existence and occurrence of certain risks may contribute to the existence and occurrence of other risks.

Market risk

Markets may rise and fall and the prices of financial instruments and other assets on the financial markets in general, and more specifically the prices of assets of the nature and type the Fund may invest in and hold, can rise and fall. A careful selection and spread of investments does not provide any guarantee of positive results.

As of 31 December 2019, the sector allocations of the Fund were as follows:

(in %)	2019	2018
Microfinance investments	68.1	22.0
Renewable energy investments	15.8	11.5
Education related investments	7.3	5.1
Sustainable real estate investments	0.2	0.7
Cash balances	8.6	60.7
Total	100.0	100.0

The total market risk that the Fund bears at 31 December 2019 is the total net financial assets and liabilities at fair value through profit or loss in the amount of EUR 343,603,460 (2018: EUR 237,188,88). If the prices had risen/fallen by 5%, the total financial assets and liabilities at fair value through profit or loss would have increased/decreased by EUR 17,180,173 (2018: EUR 11,859,434).

Currency risk

The Net Asset Value of the Participations may be affected by exchange rate fluctuations.

As certain of the Fund Assets may be denominated in currencies other than EUR while the Fund's accounts will be denominated in EUR, returns on certain Fund Assets may be significantly influenced by currency risk. The Fund Manager however may hedge against a decline in the value of the Fund's non-EU denominated Fund Assets. Should the Fund Manager decide to hedge the risk of currency devaluations or fluctuations, it may be that the Fund Manager will not always succeed in realizing hedges under acceptable conditions and consequently the Fund may be subject to the risk of changes in relation to the EUR value of the currencies in which any of its assets are denominated.

The currency exposure of the Fund at 31 December 2019 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)

	2019			
	Gross fair value	Swaps	Net fair value	% NAV
Pound sterling	124,924,841	(125,560,260)	(635,419)	(0.17)
US dollars	51,973,395	(52,256,108)	(282,713)	(0.07)
Australian dollars	536	-	536	-
Singapore dollars	3,369	-	3,369	-
Hong Kong dollars	117	-	117	-
Total			(914,110)	(0.24)

The currency exposure of the Fund at 31 December 2018 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)

	2018			
	Gross fair value	Swaps	Net fair value	% NAV
Pound sterling	60,017,018	(59,751,990)	265,028	0.04
US dollars	42,163,305	(41,939,140)	224,165	0.04
Australian dollars	15,882	-	15,882	-
Singapore dollars	3,215	-	3,215	-
Hong Kong dollars	44,305	(39,195)	5,110	-
Total			513,400	0.08

Interest rate risk

Interest rate risk refers to fluctuations in the value of, amongst others, fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of fixed-income securities will generally go down and vice versa. Financial assets and liabilities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The Fund's income and operating cash flows are dependent on changes in market interest rates.

The Fund's exposure to market risk for changes in interest rates relates to the Fund's financial instruments at fair value through profit or loss. The Fund has interest bearing financial assets or financial liabilities except for cash at banks which are subject to normal market related short term interest rates. The Fund maintains a number of positions in Funds which invest in interest bearing securities but these are mostly floating rate positions. The Fund's fixed rate interest bearing financial assets or financial liabilities consists less than 5% of the NAV. Therefore the Fund is not exposed to significant interest rate risks.

Credit risk

The Fund could lose money if the issuer of an underlying fixed income security or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Custodian at which a deposit or other assets are held, or the counterparty in a securities lending agreement does not honor his obligations. Issuers of fixed income instruments and other counterparties are subject to varying degrees of credit risks which are reflected in their credit ratings. The Fund's investment restrictions have been designed to limit the credit risk to any counterparty but this offers no guarantee that a credit event will not occur. The Fund is also exposed to credit risk on its cash which are held at ABN AMRO Bank N.V. The Standard & Poor's credit rating for ABN AMRO Bank N.V. is A (2018: A).

The Fund's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations at 31 December 2019 and 2018 in relation to the assets, is the carrying amount of EUR 61,276,930 (2018: EUR 396,776,579) as indicated in the statement of financial position.

Custody risk

The Fund's assets are held at ABN AMRO Clearing Bank N.V. All long positions and regular cash accounts are segregated and therefore their counterparty risk should be negligible. To manage the counterparty risk the credit rating of the custodian is monitored. The Standard & Poor's credit rating for ABN AMRO Clearing Bank N.V. is A (2018: A).

Liquidity risk

Some of the Fund Assets may be in assets which are illiquid or may become illiquid under certain market conditions. Accordingly, it may not always be possible to purchase or sell those assets for their expected value or, if applicable, the prices quoted on the various exchanges. The Fund's ability to respond to market movements may be impaired and the Fund may experience severe adverse price movements upon liquidation of its Fund Assets.

Capital management

The Fund has no equity. The redeemable participations issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's participations in the Fund's net assets at each monthly redemption date and are classified as liabilities. For a description of the terms of the redeemable participations issued by the Fund, we refer to note 5. The Fund's objectives in managing the redeemable participations are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from redeemable participations is discussed in this note. The Fund is not subject to any externally imposed capital requirements.

21. Ongoing charges figure (OCF)

(all amounts in EUR)	2019	2018
Average net asset value	314,398,462	433,376,801
Total ongoing expenses	1,302,790	1,142,957
Ongoing charges figure	0,414%	0.264%

For the calculation of the OCF, no lookthrough has been applied for investments in other investment funds.

The prospectus states that the total ongoing charges figure (excluding transactions costs, interest costs, and performance fees and assuming a net asset value of EUR 400,000,000) will be 0.41%.

Comparison of 2019 expenses with the prospectus

(all amounts in EUR)	Expenses	OCF	Prospectus
Management fee	943,431	0.300%	0.300%
Custody expenses	85,827	0.027%	0.030%
Administration	101,236	0.032%	0.030%
Depositary and legal owner	72,594	0.023%	0.010%
Organization fee	5,568	0.002%	0.010%
Audit & reporting fees	21,895	0.007%	0.010%
Other expenses	72,239	0.023%	0.020%
Total	1,302,790	0,414%	0.410%

Comparison of 2018 expenses with the prospectus

(all amounts in EUR)	Expenses	OCF	Prospectus
Management fee	694,164	0.160%	0.300%
Administration & Tax Advisory fees	140,362	0.032%	0.030%
Custody expenses (including depositary fee)	182,975	0.042%	0.040%
Audit & reporting fees	21,260	0.005%	0.010%
Organization fee	8,352	0.002%	0.010%
Other expenses	95,844	0.023%	0.020%
Total	1,142,957	0.264%	0.410%

22. Turnover ratio (TOR)

The turnover ratio for the Fund over the period 1 January 2019 until 31 December 2019 is: (89) (1 January 2018 until 31 December 2018: 50).

23. Core business and outsourcing

The following key tasks have been outsourced by the Fund:

Administration

The administration has been delegated to Circle Investment Support Services B.V, who carries out the administration of the Fund, including the processing of all investment transactions, processing of revenues and expenses and the preparation of the NAV. It also states, under the responsibility of the Manager, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 13.

Investment advisor

ABN AMRO Investment Solutions SA has been appointed as Investment Advisor/Delegate. For information on fees we refer to note 12.

24. Events after balance sheet date

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the COVID-19 (generally referred to as corona virus) outbreak.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment may rise. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

Based on current available information there are no continuity issues for the Fund or whatsoever.

25. Personnel

The Fund did not employ personnel during the year (2018: nil).

26. Appropriation of the result

The primary objective of the Fund is to achieve capital growth. Distributions of Net Proceeds (including profit distributions) will be made when (i) they are required in connection with the fiscal status of the Fund as a fiscal investment institution (fiscale beleggingsinstelling); or (ii) there are no sufficient suitable investment opportunities to achieve the Fund Objectives of the Fund. All distributions (including profit distributions) to the Participants will be made in July of each calendar year and pro rata to the number of Participations held by each Participant.

Any distribution (including profit distributions) to the Participants, including the amount, composition and manner of payment, shall be published on the Fund Manager's website.

In August 2020 the Fund will, if applicable, issue the FBI distribution to the Participants.

Amsterdam, 29 June 2020

Fund Manager
Privium Fund Management B.V.

Independent Auditor's report

The independent auditor's report is attached at the end of this report.

Independent auditor's report

To: the manager of Privium Sustainable Impact Fund

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 Privium Sustainable Impact Fund based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Privium Sustainable Impact Fund as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2019
- The following statements for 2019: profit and loss statement and cash flow statement
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Privium Sustainable Impact Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis. The impact of these developments on Privium Sustainable Impact Fund is disclosed in the Fund Manager report on page 6 and the disclosure about events after balance sheet date on page 27. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- General information
- Key figures
- Fund Manager Report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the manager for the financial statements

The manager of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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 investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the manager'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 investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

The Hague, 29 June 2020

Ernst & Young Accountants LLP

Signed by R.J. Bleijs