ANNUAL REPORT

FMO Privium Impact Fund

Period ended 31 December 2016

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General information

Registered office
FMO Privium Impact Fund
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands
http://www.priviumfund.com/

AIFM
Privium Fund Management
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands

Legal Owner
Stichting Juridisch Eigendom FMO Privium Impact Fund
Smallepad 30F
3811 MG Amersfoort
The Netherlands

Investment Advisor
FMO Investment Management B.V.
Anna van Saksenlaan 71
2593 HW 's-Gravenhage
The Netherlands

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

Legal and Tax Counsel
Clifford Chance LLP
Droogbak 1a
1013 GE Amsterdam
The Netherlands

Independent Auditor
Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ Den Haag
The Netherlands

Depositary
KAS Trust & Depositary Services B.V.
Nieuwezijds Voorburgwal 225
1012 RL Amsterdam
The Netherlands

Key figures

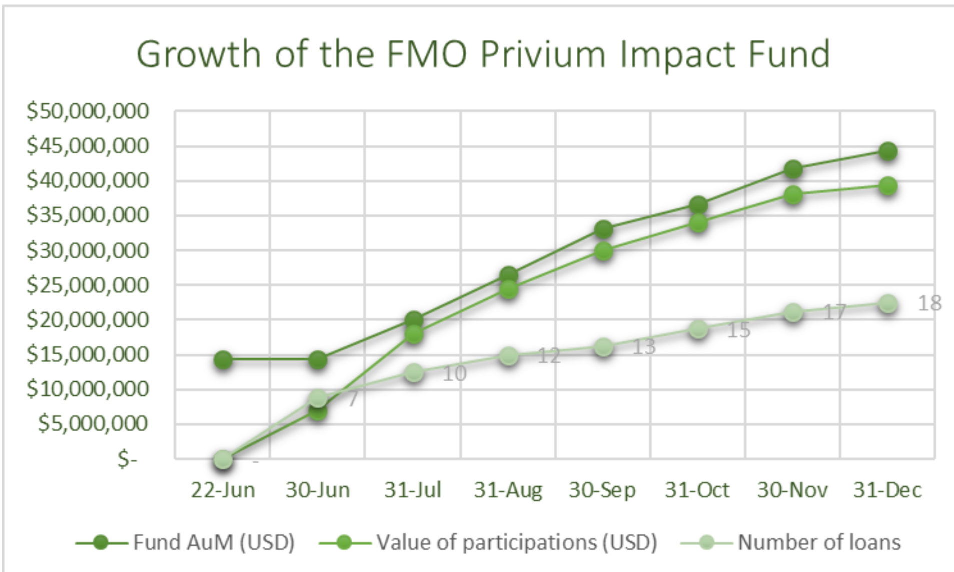
	2016
Class A (USD)	
Net Asset Value at 31 December	USD 14,523,695
Number of outstanding units at 31 December	143,000
Net Asset Value per unit at 31 December	USD 101.24
Performance year to date	1.56%
Class B (EUR)	
Net Asset Value at 31 December in EUR	EUR 28,301,331
Net Asset Value at 31 December in USD	USD 29,773,000
Number of outstanding units at 31 December	283,100
Net Asset Value per unit at 31 December in EUR	EUR 99.77
Net Asset Value per unit at 31 December in USD	USD 105.17
Dividend distribution per unit	EUR 1.0078
Performance year to date	0.99%
Total for the Fund	
Net Asset Value at 31 December	USD 44,296,695
Number of outstanding units at 31 December	426,100
Investment result	
Direct result	(911,262)
Revaluation	73,693
Costs	(305,993)
Total investment result for the period[1]	**(1,143,562)**
Investment result per unit[2]	
Direct result	(2.14)
Revaluation	0.17
Costs	(0.71)
Total investment result per unit	**(2.68)**

[1] The results cover the period from inception of the Fund at 26 February 2016 through 31 December 2016.
[2] The result per unit is calculated using the total number of outstanding unit as per the end of the period.

Report of the AIFM

Introduction
In June 2016, Privium Fund Management B.V. launched the FMO Privium Impact Fund ("the Fund") in close cooperation with FMO Investment Management and ABNAMRO Private Banking.

The Fund was launched by a USD 14.3 million investment in Class A (USD) of the Fund on behalf of the Privium Sustainable Alternatives Fund ("PSAF")[3] on June 20, followed by the EUR 5.1 million initial subscriptions from ABNAMRO Private Banking clients in Class B (EUR) as per July 1, 2016. The launch mid-June provided the Fund with a head-start and enabled us to participate in the first seven loans. Over the course of the year, we have been able to further diversify the Fund's portfolio and were invested in a total of eighteen FMO loans at year-end.[4]

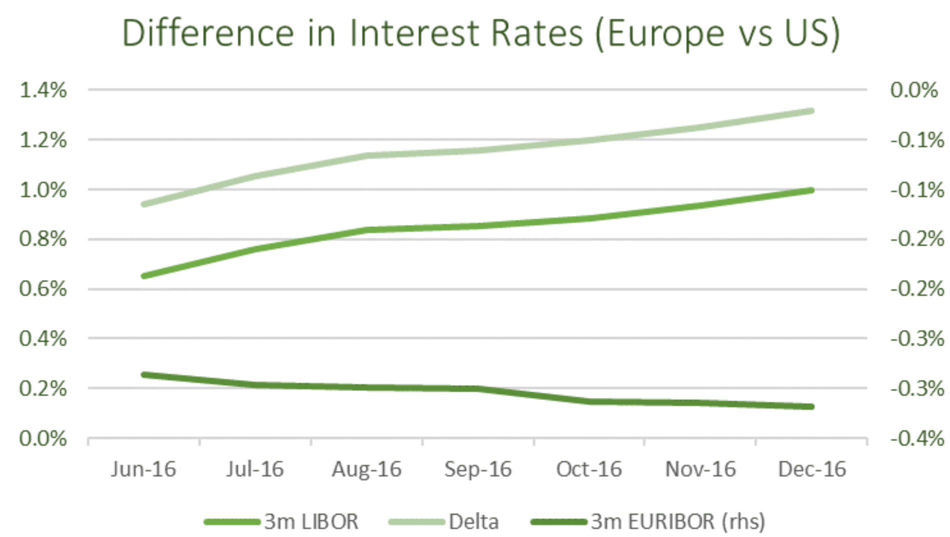


The year in summary
Following the start of the Fund mid-June and the initial investments from ABNAMRO Banking clients per July 1, 2016 the Fund has received an average monthly inflow of five and a half million US Dollars. By the end of 2016, the Fund's 'Assets under Management' stood at USD 44 million and we were participating in eighteen individual 'FMO Loans'. The gross interest income from the Loan participations as of December 31, 2016 stood at 5.15%[5] which is in line with expectations.

As all FMO loans are denominated in US Dollars and most participants are Euro investors who are invested in the EUR Hedged share class, we have hedged the USD exposure to EUR for class B (EUR) so that class B investors are not exposed to movements in the EUR/USD exchange rate. This provided some headwinds in 2016 due to the Interest Rate Differential. Interest rates are substantially lower in the Eurozone when compared to the US where the FED has recently been raising interest rates, making the hedge 'expensive'.

From June 20, 2016 to December 31, 2016 the Class A (USD) returned 1.56%, whilst the Class B (EUR) has returned 0.99% net of fees[6] since inception on July 1, 2016.

[3] Entire management fee of the Class A (USD) is paid to the investment advisor, FMO Investment Management B.V.; Privium Fund Management does not charge a 'double' fee
[4] Number of FMO Loan participations as of December 31, 2016
[5] All-in interest may include a LIBOR component and a spread
[6] Class B (EUR) return includes a 1% dividend paid in December2016



The Fund's achieved impact measured by number of jobs supported and greenhouse gas avoided per year is substantial as expected. A more detailed explanation of these figures is provided in the final section of this Fund Manager report.

Portfolio overview and risk diversification

In order to achieve the desired level of diversification, the Alternative Investment Fund Manager ("AIFM" – or '*Beheerder*') is currently aiming for participations of two-and-a-half million US Dollars per FMO loan. In June, when the fund was launched, the Fund's Investment Committee decided to invest and participate in eight different FMO Loans for one million US Dollars each, putting to work the first eight million US Dollars in June. In July and August we increased the number of participations to twelve, while also increasing the amount invested per FMO Loan. The average participation amount per loan at year-end was just under two-and-a-half million US Dollars.

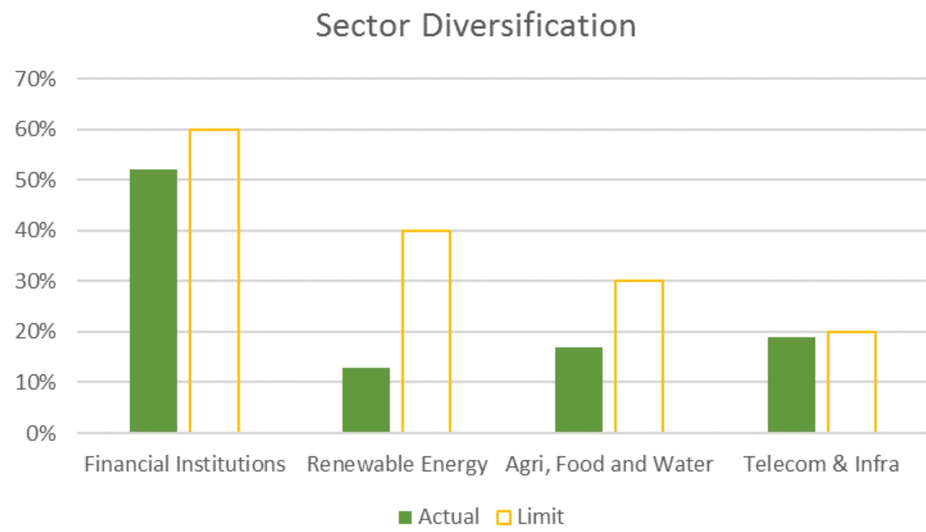
As communicated in the Fund´s documents most investment restrictions will only come into effect twelve (12) months after the Launch Date. Until such time the Fund Manager will endeavour to act in the spirit of those investment restrictions.

Sector diversification

In addition to diversifying across loans by simply increasing the number of loans the Fund participates in, we also diversify the Fund's assets across sectors and geographies. We aim to diversify across the four sectors in which the fund may invest – Financial Institutions, Renewable Energy, Agribusiness and Telecoms & Infrastructure – as well as the different geographic areas.

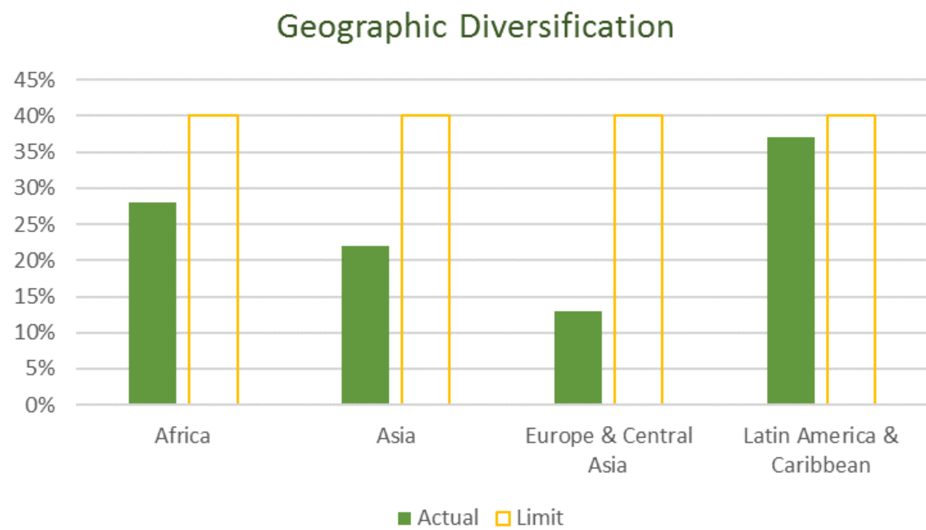
We believe this should lead, not only to risk diversification, but also deliver a stronger financial and social return.

The below graph shows the actual sector diversification as of December 31, 2016 versus the Fund's limits. Diversification is well within limits and in 2017 we will look to further diversify the portfolio subject to FMO Loans being available for participation.



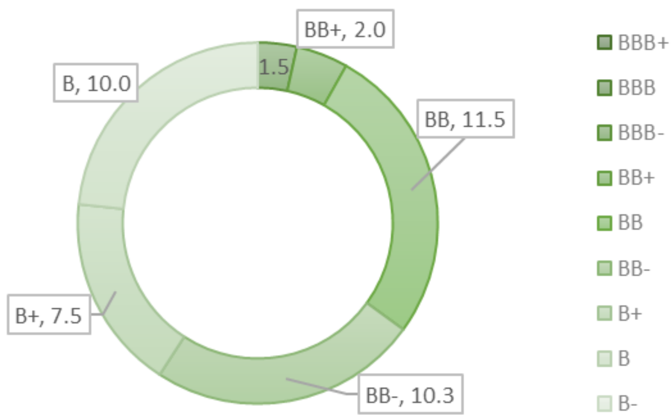
Geographic diversification
During 2016, the pipeline of available and eligible FMO Loans contained a relatively large number of projects with attractive impact characteristics and good risk/return profiles in the Latin America & Caribbean region, which meant that most participations were made in this region. Our goal for 2017 is to grow the portfolio in the other three regions: Africa, Asia and Europe & Central Asia.

The below graph shows the actual geographical diversification as of December 31, 2016 versus the Fund's limits.



Currency diversification
As of 31 December 2016, the entire portfolio consists of USD denominated loans. The fund's participations were selected from the pipeline of eligible FMO loans. As a result, FMO's local currency loans did not come under consideration for investment by the fund – only USD or EUR denominated loans are eligible. The FMO pipeline for potential investments is made up of over 90% USD denominated loans and only a limited number of EUR denominated loans. It is therefore not surprising that the current portfolio fully consists of USD denominated loans. We expect to be able to add EUR denominated loans to the fund in the future as well.

Risk diversification
Diversification across risk classifications is based on the risk assessment and risk ratings of the FMO Loans in which the fund invests. The classifications are derived from FMO's risk-rating model – a model that gives risk classification to FMO projects and clients on the basis of approximately twenty variables. The model was established in collaboration with Moody's and, despite the fact that the risk ratings are an internal risk assessment by FMO, the classifications can be translated into Moody's better known credit scores. The below graph provides the risk rating breakdown of the Fund as of December 31, 2016. It shows a normal distribution when compared to FMO's risk diversification taking into account the potentially eligible transactions.



Limits for individual fund investments
In addition to sector limits and limits per geography, the fund's participations are also subject to individual limits:

- A participation by the fund in an FMO loan may not exceed the portion of the loan that FMO holds on its own balance sheet;
- A participation by the fund must total at least EUR 1 million;
- A participation by the fund in one FMO Loan must not exceed 10% of the fund's assets.

In 2016, all the fund's investments conformed to these individual limits.

Country diversification
The three largest country allocations at December 31, 2016 are Sri Lanka, Argentina and Tanzania, where the funds participations represent around ten percent of the Fund's assets.

Sri Lanka (11.04%)

Its strategic location, next to India and along the most important trade route between the Middle East and Asia, has a positive effect on the economic growth of Sri Lanka. The production of tea – Sri Lanka is one of the world's largest tea producers – together with textile production and remittances from Sri Lankans who have emigrated from the country, form the most important source of foreign currency. These currencies are crucial to Sri Lanka's international trade. The government has recently begun making significant investments in infrastructure, such as ports, which will also benefit international trade. Since the end of the civil war in 2009 the political situation has stabilised, which has improved the country's investment prospects significantly. The Tamil minority still feels themselves suppressed, which could lead to renewed tensions. Overall, the growth prospects for Sri Lanka in the coming years are positive.

The fund's two investments in Sri Lanka both concern investments in the financial sector: Commercial Leasing and Finance Ltd. and National Development Bank Plc. Through financing these financial institutions, the fund is contributing to improved accessibility of banking products and lease constructions for local small- and medium-sized enterprises (SMEs). In turn, this supports the growth of these SMEs, via which the fund supports the growth of employment in Sri Lanka.

Argentina (10.16%)

Argentina has traditionally been one of the largest exporters of agricultural products in the world. As a result, the country has a relatively large middle class and a reasonably high income per capita (regionally speaking). Despite this, over the last 15 years Argentina has had to cope with several large financial crises, and has a substantial need for foreign investments. The current president is therefore working on improving the investment climate through improved regulation and tax benefits.

In both the growth targets of Argentina and the search for foreign investors, the agriculture sector plays an important role. The fund's two investments in Argentina both concern projects in the agriculture sector: Compania Argentina de Granos S.A. and Sitio 0 de Quequén S.A. The companies concerned improve the storage and shipment, and therefore the trade in agricultural products by local businesses. These businesses include SMEs in particular, via which the fund also contributes to the growth in employment in Argentina.

Tanzania (8.89%)

Within Africa, Tanzania can rely on its reputation as a politically stable and democratic country. This ensures a relatively good investment climate, and works in favour of economic growth in the country. Tanzania leans heavily on the agriculture sector for this growth – for example, Tanzania is a big player on the world market of sisal. Meanwhile, there is still plenty of room for growth and development in the sector – in particular in producing semi-finished products or finished products for the consumer. Investments in infrastructure, including ports, which have been announced by the government, will have a positive impact here.

Of the two investments by the fund in Tanzania, one is in the agriculture sector: Mohammed Enterprises, a local sisal producer and exporter, and one of the biggest employers in East Africa. In addition, the fund has an investment in one financial institution: National Microfinance Bank. The bank, which began as a micro-finance institution, has grown to be the largest bank in the country, and now serves the business market (from micro-entrepreneurs to SMEs to larger Tanzanian corporates) as well as the retail market.

Development impact

As announced at the launch of the fund, we will report on a quarterly and annual basis on the impact developments of the fund on the basis of five impact indicators. Two of these indicators – "number of jobs supported" and "greenhouse gases avoided" – are indicators which FMO also reports on in its audited financial statements. The other three indicators – "number of SMEs financed", "Gigawatt-hours of energy generated" and "Equivalent number of people served via power generation" – serve to further illustrate on the development goals and impact of the fund.

The values of the impact indicators are the outcome of calculations from FMO's impact model – a model that FMO specifically developed (together with consultant Steward Redqueen) to implement its strategy to become the leading impact investor in 2020. The model is designed to paint a picture as accurate as possible of the impact achieved; its calculation also makes use of macro-economic and greenhouse gas databases. In this way, the model looks beyond the impacts at the level of the direct underlying investment; it also looks at the impacts on the local value chain.

Below is an overview of the contribution the fund made in 2016 towards the five impact indicators. To enable you, as an investor in the FMO Privium Impact Fund, to interpret the impact figures reported, there is a short explanation of each indicator below. The results are always calculated by taking into account the ratio between the funding from the FMO Privium Impact Fund and the total value of the company or project. Only the share attributable to the fund is reported.

6,705

Number of jobs supported

This indicator comprises two components: 1) The number of employees (FTEs) working at the company – a figure that's relatively easy to come by via the annual reports; 2) Indirect jobs created – this is based on an estimate based on the outcome of FMO's Impact Model. This is an input-output model in which the expected impact of the investment on the chain is modelled. Together, these components form the outcome of the number of jobs supported.

1,320
tCO2eq

Greenhouse gases avoided

The greenhouses gases avoided are calculated as the company's or project's anticipated CO_2 emissions compared against the most likely alternative. The required data is taken from independently verified documentation.

293

Number of SMEs financed

This number is measured for investments in the financial sector, by taking the number of outstanding SME loans at year end. This is not per se the same as the number of SMEs reached – a client could have multiple loans. It is a snapshot of the number of outstanding SME loans, not a sum of the number of loans funded during the term of the investment.

8.24
GWh per year

GWh electricity produced

Energy production is associated with projects in the energy sector. In the case of the FMO Privium Impact Fund, it only relates to renewable forms of energy. The electricity generated and supplied is expressed in GWh (Gigawatt hours) per year. The figure reported here represents the annual production, based on the period of the last financial year per project. As soon as there are projects in the portfolio that are still under construction, we will also report a second figure that reflects expected annual production.

Equivalent number of people served via power generation

The number of people served is estimated by dividing the (expected) electricity production of the project by the average electricity consumption per head of the population in the country impacted by connection to the grid. The energy projects in which the fund invests essentially deliver electricity to the grid. It is therefore not possible to calculate an exact figure, but it is an estimate of the number of people that could be served in principle.

	Borrower	Sector	Country	USD value
1	**Compania Argentina de Granos SA**	Agribusiness	Argentina	**USD 2,500,000**
2	**Commercial Leasing and Finance Ltd. (CLC)**	Financial Institutions	Sri Lanka	**USD 2,500,000**
3	**Inversiones Eolicas de Orosi S.A.**	(Renewable) Energy	Costa Rica	**USD 2,500,000**
4	**Itezhi Tezhi Power Corporation Limited**	(Renewable) Energy	Zambia	**USD 2,500,000**
5	**Helios Towers DRC**	Telecom-infrastructure	Congo	**USD 2,500,000**
6	**Irrawaddy Towers Asset Holding PTE**	Telecom-infrastructure	Myanmar	**USD 2,500,000**
7	**IHS Rwanda Ltd**	Telecom-infrastructure	Rwanda	**USD 2,500,000**
8	**Mohammed Enterprises**	Agribusiness	Tanzania	**USD 2,500,000**
9	**Ameria Bank CJSC A1**	Financial Institutions	Armenia	**USD 2,500,000**
10	**Ipak Yuli Bank**	Financial Institutions	Uzbekistan	**USD 2,500,000**
11	**Corporación Interamericana para el Financiamiento de Infrastructura (CIFI)**	Financial Institutions	Panama	**USD 2,222,222**
12	**Banco de America Central (BAC) Nicaragua**	Financial Institutions	Nicaragua	**USD 2,291,667**
13	**Banco de America Central (BAC) El Salvador**	Financial Institutions	El Salvador	**USD 2,000,000**
14	**Acleda Bank PLC**	Financial Institutions	Cambodia	**USD 2,000,000**
15	**National Development Bank Plc**	Financial Institutions	Sri Lanka	**USD 1,846,154**
16	**Banco Continental**	Financial Institutions	Paraguay	**USD 1,500,000**
17	**Sitio O de Quequén S.A.**	Agribusiness	Argentina	**USD 1,500,000**
18	**National Microfinance Bank Plc**	Financial Institutions	Tanzania	**USD 1,000,000**

General Information Fund Manager
The Fund will be managed by Privium Fund Management B.V. as sole Alternative Investment Fund Manager (AIFM) of the Fund. The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund Documents and applicable laws. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depositary or other service providers.

Privium Fund Management B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands having its official seat (*zetel*) in Amsterdam, the Netherlands and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands. The Fund Manager is registered in the Dutch trade register (*handelsregister*) under file number 34268930.

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 institution.

Remuneration policy 2016
This policy is based on the situation as of December 31, 2016. The financial year of the Fund Manager ends on December 31 of any year. The financial year of most Funds of which Privium is the Fund Manager will end on December 31 of any year.

For some of the funds the compensation consists of both a management and a performance fee. In 2016 the aggregate costs for staff totalled EUR 1,303,881. In the table below 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	Indentified staff outside senior management roles	Total staff
Number of staff	2	20	22
Total fixed payment	€ 96,936	€ 1,206,945	€ 1,303,881
Total variable payment	€ 0	€ 0	€ 0
Total payment	€ 96,936	€ 1,206,945	€ 1,303,881

Variable payments to staff members in senior management roles are dependent on the profitability of the company. Variable payments to identified staff outside senior management depend on the profitability of the company and/or the performance of the funds.

Privium Fund Management BV, the investment manager of the fund, does not charge any employee remuneration fees to the fund (except for the Supermarkt VastGoed fund). Employee remuneration is paid out of the management and performance fees (if any). In total 22 staff members were involved during (some part of) the year, including both part-time and full time staff.

Risk management and willingness to take risks
In the table below we list the various risk to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund’s NAV´s.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2016 NAV	Expected impact on 2017 NAV if risk materializes	Adjustments to risk management in 2016 or 2017
Price/Market Risk	No	The Fund invests in a diversified portfolio of new and existing loans alongside FMO. The Fund's operational and lending processes run parallel to FMO's processes where FMO (Investment Advisor) will issue an advice to the Privium (AIFM) with respect to investment opportunities for the Fund as offered by FMO. Based on the expected (i) risk/return profile of the transaction as received from FMO, (ii) the Investment Restrictions, (iii) the (expected) Impact as received from FMO and (iv) portfolio fit of a transaction, the Investment Advisor issues an investment advice to the AIFM. Subsequently, the AIFM takes the potential investment into further consideration with a view to the investment criteria and portfolio construction of the Fund, and then decides whether or not to approve the potential investment. However price impact due to general market movements or during the holding period can’t be mitigated or avoided in full by conducting company or project analysis. This risk is inherent when securities like loans are traded.	None as no provisions have been taken and all positions are going concern.	Investments are selected after a thorough due diligence process but largely this will also depend on general market circumstances.	No
Credit risk	No	The underlying borrowers may default on the respective loans. Therefore provisions or write-downs may need to be taken by the Fund. This will have a negative impact on the NAV of the Fund. Credit risk may also materialize if a counterparty event occurs as the Fund´s 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	Provisions and write-downs may need to be taken if defaults occur.	No
Political Risk	No	Many of the countries where Borrowers are located in are subject to a greater degree of economic, political and social instability than other, more developed countries.	None	Much will depend what actually happens in the underlying countries where the Fund has exposures to.	No
Emerging Market risk	No	The markets of Emerging and Developing Economies can be more volatile than developed markets as a result of both internal and external factors, thus increasing the risk of material losses by the Fund.	None	This will depend on general market circumstances.	No
Interest rate risk	No	The Fund invests 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.	The value of loan participations may decrease if the market interest rate increases, while the ability of Borrowers to repay their loans might be affected by changes in interest rates.	No
Foreign Exchange risk	Yes	Direct FX risk will be hedged for both share classes of the Fund.	None	None	No
Liquidity risk	No	The underlying loans generally have long term maturities and will be repaid according to a certain repayment schedule. The loans may even become illiquid under certain market conditions. Accordingly, it may not always be possible to receive or realise the full value of the loan.	None	This will depend on general market circumstances and certain ideosyncratic events around the Fund´s investments.	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

Control Statement
The Board of Privium Fund Management 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 2016 we assessed the various aspects of the Privium operations as outlined in this AO/IB. 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 2016 functioned effectively as described. During 2016 also a number of independent service providers have conducted checks on Privium´s operations as part of their ongoing responsibility. No errors have been signalled.

In 2016 the Fund Manager updated its Handbook as part of the annual update. During the fourth quarter of 2016 the Fund Manager decided to hire an external audit officer who´s responsibility will be conduct an annual due diligence on a number of internal procedures at the Fund Manager. These will mostly be related to Compliance and Risk Management. During the fourth quarter of 2016 this due diligence took place for the first time. The external audit officer has reported his findings to the Fund Manager in a report.

Amsterdam, 23 June 2017

The AIFM
Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December 2016

(all amounts in USD)	Notes	2016
Assets		
Investments	1	
Loans		39,360,043
Forwards		88,088
Total of investments		**39,448,131**
Receivables		
Prepaid investments		1,000,000
Other receivables	3	716,120
Total of receivables		**1,716,120**
Other assets		
Cash	4	30,309,350
Total of other assets		**30,309,350**
Total assets		**71,473,601**
Liabilities		
Net asset value	5	**44,296,695**
Investments	1	
Forwards		94,889
Total of investments		**94,889**
Other liabilities		
Bank overdrafts	4	27,016,593
Other liabilities	6	65,424
Total other liabilities		**27,082,017**
Total liabilities		**71,473,601**

The accompanying notes are an integral part of the financial statements.

Profit and loss statement

(for the period 26 February 2016 through 31 December 2016)

(all amounts in USD)	Notes	**2016**
Investment result		
Interest income		893,254
Total investment result		**893,254**
Revaluation of investments	7	
Realized results		80,494
Unrealized results		(6,801)
Total changes in value		**73,693**
Other results		
Foreign currency translation		(1,804,516)
Total other results		**(1,804,516)**
Operating expenses		
Management fee	8	(164,221)
Administration fees	9	(29,500)
Depository fees		(12,188)
Interest expenses		(29,780)
Brokerage fees and other transaction costs		(23,856)
Audit fees	10	(15,912)
Supervision fees		(1,578)
Legal fees		(234)
Other expenses	11	(28,724)
Total operating expenses		**(305,993)**
Result for the period		**(1,143,562)**

Cash flow statement

(for the period 26 February 2016 through 31 December 2016)

(all amounts in USD)	Notes	**2016**
Cash flow from operating activities		
Purchases of investments		(41,000,000)
Sales of investments		720,451
Interest received		409,678
Management and performance fee paid		(128,309)
Interest paid		(29,780)
Operating expenses paid		(315,024)
Net cash flow from operating activities		**(40,342,984)**
Cash flow from financing activities		
Proceeds from subscriptions		45,838,750
Payments for redemptions		(96,409)
Dividend paid		(302,084)
Net cash flow from financing activities		**45,440,257**
Net cash flow for the period		**5,097,273**
Cash at beginning of the period		-
Foreign currency translation of cash positions		(1,804,516)
Cash at the end of the period	4	**3,292,757**

Notes to the financial statements

General information

FMO Privium Impact Fund (the Fund) was constituted on 26 February 2016 and commenced operations on 20 June 2016. The reporting period of the Fund is 26 February 2016 through 31 December 2016.

The Fund is a fund for joint account ('fonds voor gemene rekening') organised and established under the laws of The Netherlands. The Fund is under Dutch law not a legal entity (rechtspersoon) nor a partnership, commercial partnership or limited partnership (maatschap, vennootschap onder firma or commanditaire vennootschap), but a contractual arrangement sui generis between the AIFM, the Legal Owner and each of the Unitholders separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Unitholders.

The Fund has its principal offices at the offices of the AIFM at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, The Netherlands. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Dutch trade register (handelsregister).

The Fund is established by the adoption of its Terms and Conditions by agreement between the AIFM and the Legal Owner and the subsequent admission of the first Unitholder, being the Launch Date.
The Fund is managed by the AIFM. The assets, rights and obligations of the Fund is held by the Legal Owner. The Unitholders invests in the Fund as participants (participanten) and acquires Units in the Fund.

Accounting policies

General
The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and the the Dutch Act on Financial Supervision (‘Wet op het financieel toezicht’). The accounting principles of the Fund are summarized below. These accounting principles have all been applied consistently throughout the reporting 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 USD, 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

<u>Recognition and basis of measurement</u>
All investment securities are initially recognised at cost.

<u>Valuation</u>
Loan participations will be valued using an amortised cost minus provisions method. The AIFM follows the FMO provisioning as much as possible. The Investment Advisor advises the AIFM on any FMO provisioning of a loan invested in by the Fund.

Deposits are valued at their cost plus accrued interest.

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.

<u>Gains and losses</u>
Gains and losses are treated as realized for financial statement purposes on the trade date of the transaction closing or offsetting the open position. Unrealized gains and losses are the difference between the value initially recognized as cost of open positions and their fair value. All gains and losses are recognized in the profit and loss account.

<u>Dividend and interest income</u>
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 income statement.

Translation of foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into the class currency 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. Realized and unrealized 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 realized and unrealized gains and losses on investments.

The following foreign currency rates have been applied in preparation of these financial statements:

	2016
Showing the equivalent of 1 USD	
Euro	0.9505

Brokerage/expenses
Commissions payable on opening and closing positions are recognized on the trade date. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and charged to 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 available, 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 operating 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 units 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 26 February 2016 until 31 December 2016 excluding the transaction costs and interest costs. 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 7).

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

The movement of the financial instruments is as follows:

(all amounts in USD)	**2016**
Loans	
Opening balance	-
Purchases	40,000,000
Sales and repayments	(639,957)
Realised investment result	-
Unrealised investment result	-
Balance at 31 December	**39,360,043**

The fair value of the loans at 31 December 2016 is USD 41,1610,018.

(all amounts in USD)	**2016**
Forwards	
Opening balance	-
Sales and expirations	(80,494)
Realised investment result	80,494
Unrealised investment result	(6,801)
Balance at 31 December	**(6,801)**

2. Risk management

Market risk
Market risk is the risk that the value of a financial instrument fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk contains market price risk, currency risk and interest rate risk. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the USD, the price initially expressed in foreign currency and then converted into USD also fluctuates because of changes in foreign exchange rates. The paragraph 'Currency risk' sets out how this component of price risk is managed and measured.

The prices of financial instruments generally as well as those in which the Fund invests can and will rise and fall. A careful selection and spread of investments offers no guarantee of positive performance.

The markets of Emerging and Developing Economies can be more volatile than developed markets as a result of both internal and external factors, thus increasing the risk of material losses by the Fund.

Currency risk
As the Fund's Investments may be denominated in currencies other than the applicable Class Currency, while the Fund's accounts for such Class will be denominated in the Class Currency, returns on certain Investments may be significantly influenced by currency risk. An example is that a loan invested in is denominated in USD, while Class B is denominated in EUR.

Although the AIFM hedges a Class against a decline in the value of the Fund's Investments not denominated in the applicable Class Currency resulting from currency devaluations or fluctuations, as detailed in the applicable Class Details, the AIFM may not always succeed in realizing hedges under acceptable conditions and consequently such Classes shall be subject to the risk of changes in relation to the Class Currency value of the currencies in which any of the Investments attributable to that Class are denominated. Changes in exchange rates can adversely affect affordability of the loan for the Borrower since revenues of the Borrower might be in a different currency than the loan. As a result, the

Fund may receive less interest or principal payments than expected or it may receive no interest or principal at all. This will adversely impact the Net Asset Value.

The ability of Borrowers to repay their loans might also be affected by changes in the value of a currency. A decrease of the value of such currency in relation to the currency of the loan, i.e. either USD or EUR, granted to the Borrower could decrease the ability of the Borrower to meet its obligations under such loan, possibly causing defaults on such loans thus lowering the value of any Investment of the Fund in such loans, and, consequently, lowering the Net Asset Value. Currency controls imposed by governments could further increase the risk of the Borrower not being able to repay its loans, resulting in defaults and a lower Net Asset Value.

The currency exposure of the Fund's portfolio at 31 December 2016 is as follows (all amounts in USD):

			2016	
	Gross amount	**Forward contract**	**Net amount**	**% NAV**
US Dollars	14,367,234	30,881,992	45,249,226	102.15
Euro	29,936,262	(30,888,793)	(952,531)	(2.15)
Total			**44,296,695**	**100.00**

Interest rate risk
An investment in Units may involve the risk that subsequent changes in market interest rates may adversely affect the value of the Units. Changes in interest can both directly and indirectly affect the Net Asset Value. The value of loans may decrease if the market interest rate increases, while the ability of Borrowers to repay their loans might be affected by changes in interest rates. The interest rate risk exposure of the Fund's portfolio at 31 December 2016 is as follows:

	2016				
(all amounts in USD)	**Less than 1 year**	**Between 1 and 5 years**	**Longer than 5 years**	**Non interest bearing**	**Total**
Investments					
Loans	-	16,722,222	22,637,821	-	39,360,043
Forwards	-	-	-	(6,801)	(6,801)
Total investments	**-**	**16,722,222**	**22,637,821**	**(6,801)**	**39,353,242**

Credit risk
The Fund could lose money if the borrower of a loan or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Depository or Prime Broker at which a deposit or other assets are held, or the counterparty in a securities lending agreement does not honor his obligations.

(all amounts in USD)	**2016**
Credit rating	
BBB-	1,500,000
BB+	2,000,000
BB	6,791,667
BB-	10,068,376
B+	9,000,000
B	10,000,000
Total as per 31 December	**39,360,043**

The credit ratings of the portfolio are primarily based on the credit rating system used by the AIFM. The ratings from this system have been transferred to a Standard & Poor's equivalent which is shown in the table above. The credit rating used by FMO rates their investments from F1, which is the highest rating equal to Standard & Poor's AAA rating, to F21, equal to Standard & Poor's C rating.

The Fund is also exposed to credit risk on its cash position held at ABN Amro Bank N.V. The Standard & Poor's credit rating for ABN AMRO Bank N.V. is A (2015: A).

The amount that best represents the maximum credit risk of the Fund at 31 December 2016 is USD 71,473,601.

Liquidity risk
Liquidity risk is the risk that the Fund is not able to meet the financial obligations associated with its financial instruments or redemptions by unitholders. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The units of the fund are traded on a monthly basis. The fund invests in loans granted by FMO which cannot easily be transferred into liquid assets. The fund is therefore exposed to significant liquidity risk.

To mitigate liquidity risk, the Fund has the following measures in place:

- Subject to certain terms and conditions Units can be redeemed monthly with 30 calendar days' notice prior to the relevant Settlement Date; and
- The AIFM can impose a gate of 2% of the Net Asset Value per Class per month in its sole discretion; and
- Most loans are amortizing, so payments are made by the borrowers on a regular and agreed basis.

Concentration risk
The Fund may, especially during its first year after establishment, hold relatively few, large investments in relation to the size of the Fund. The Fund could be subject to significant losses if it holds a large position in a particular Investment that declines in value or is otherwise adversely affected. Lack of liquidity may aggravate such losses significantly. It may not always be possible to dispose of such Investments without incurring significant losses. Potential profits may not always be immediately realisable and may therefore be lost prior to realisation.

As the Fund will also primarily invest in loans granted by FMO, the Fund will also be reliant on the continuing services of FMO. If FMO for whatever reason would cease to be available for the provision and maintenance of the loans invested in by the Fund, this could materially affect the returns of the Fund.

Cross class risk
Notwithstanding that the units of the Fund may be issued in different classes, with separate accounting records, contributions, portfolio investments and investment results, the Fund is a single entity and the insolvency of the Fund would affect all issued units regardless of class, with the net assets attributable to each unit class available to satisfy the excess liabilities of another unit class.

3. Other receivables

(all amounts in USD)	**2016**
Interest receivable	483,576
Deferred organisation fee	197,144
Other receivables and prepayments	35,400
Balanced at 31 December	**716,120**

4. Cash

The cash balances at 31 December are as follows:

(all amounts in USD)	2016
ABN AMRO	30,309,350
	30,309,350
Bank overdrafts	
ABN AMRO	(27,016,593)
Balance at 31 December	**3,292,757**

At 31 December 2016, no restrictions on the use of the cash position exist.

5. Net assets value

Movement schedule of net asset value

(all amounts in USD)	Class A	Class B	Total
Movement schedule of net asset value			
Opening balance	-	-	-
Proceeds from subscriptions	14,300,000	31,538,750	45,838,750
Payments for redemptions	-	(96,409)	(96,409)
Dividend paid	-	(302,084)	(302,084)
Result current period	223,695	(1,367,257)	(1,143,562)
Total net assets value at 31 December	**14,523,695**	**29,773,000**	**44,296,695**

The units of Class B are issued in Euro. The net asset value of Class B at 31 December 2016 in its Class currency is EUR 28,301,331.

Movement schedule of units

(in number of units)	Class A	Class B	Total
Outstanding units			
Opening balance	-	-	-
Proceeds from units issued	143,000	284,000	427,000
Redemption of units	-	(900)	(900)
Outstanding units at 31 December	**143,000**	**283,100**	**426,100**

6. Other liabilities

(all amounts in USD)	2016
Management and performance fees payable	35,912
Audit fees payable	15,912
Administration fees payable	6,655
Depositary fees payable	4,323
Supervision fees payable	1,578
Other fees payable	1,044
Balance at 31 December	**65,424**

Notes to the profit and loss statement

7. Revaluation of investments

(all amounts in USD)	**2016**
Net realized result on financial assets and liabilities at fair value through profit or loss	
Realized gains on forwards	159,468
Realized losses on forwards	(78,974)
Total realized result	**80,494**
Net unrealized result on financial assets and liabilities at fair value through profit or loss	
Unrealized gains on forwards	88,088
Unrealized losses on forwards	(94,889)
Total unrealized result	**(6,801)**
Total revaluation of investments	**73,693**

8. Management fee

The AIFM receives an annual management fee for managing the Fund equal to 0.90% of the Net Asset Value of Class A of the Fund prior to deducting provision for fees payable to the AIFM. This management fee will be paid in full by the AIFM to the Investment Advisor.

The AIFM receives an annual management fee for managing the Fund equal to 0.98% of the Net Asset Value of Class B with a minimum of EUR 90,000. The total fee on this class will be 0.98% with a minimum of 0.90% EUR 90,000. However, such minimum amount is limited to EUR 15,000 during the first period of the Fund only. Of the management fee, 0.08% is for the benefit of the AIFM and 0.90% will be paid in full by the AIFM to the Investment Advisor.

The fee is calculated monthly on the basis of the gross of fee Net Asset Value of each Series as of the Valuation Day that coincides with the last Business Day of the month and is paid monthly in arrears in EUR. This fee currently does not attract VAT.

The management fee for the period ended 31 December 2016 amounts to USD 164,221.

9. Administration fees

The administration agreement between the AIFM and the Administrator provides for payment to the Administrator of an annual administrative fee equal to 0.045% of the Net Asset Value of the Fund (based on a Fund size of up to USD 100 million), subject to a minimum fee of USD 32,000 per annum in respect of the administration of the Fund. The Administrator will, in addition, be paid USD 5,500 annually for the preparation of the Fund’s annual financial statements, plus USD 2,000 per report for providing support in connection with the requirements of AIFMD Reporting.

(all amounts in USD)	**2016**
Administration fees	18,667
Reporting fees	6,655
FATCA fees	2,178
AIFMD fees	2,000
Total	**29,500**

10. 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 USD 15,912. The Independent Auditor does not provide any other audit or non-audit services to the Fund.

11. Other expenses

(all amounts in USD)	**2016**
Organisational fees	23,254
Legal owner fees	4,991
Miscellaneous fees	479
Total	**28,724**

12. Income and withholding taxes

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 Dutch corporate income tax purposes. As a consequence, the Fund is not subject to Dutch corporate income tax. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

13. Ongoing charges figure (OCF)

(all amounts in USD)	**2016**
Average net asset value	30,935,409
Total ongoing expenses	252,357
Ongoing charges figure for the period	**0.82%**
Annualized ongoing charges figure	**1.41%**

14. Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 26 February 2016 through 31 December 2016 is -14%.

15. 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 AIFM therefore qualify as related party transactions. The fees of the AIFM are disclosed in note 8.

16. Core business and outsourcing

The following key task have been delegated by the Fund:

Administration
The administration has been outsourced 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 AIFM, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 9.

17. Proposed appropriation of the result

The result for the period ended 31 December 2016 will be added to the Net asset value of the Fund.

18. Events after balance sheet date

None.

Other Information

Personal holdings of the Board of Directors of the AIFM
The Board of Directors of the AIFM had no interests or positions at 26 February 2016 and 31 December 2016 in investments the Fund holds in portfolio at these dates.

Independent Auditor's report
The independent auditor's report has been attached at the end of this report.

Independent Auditor's report

To: the directors of FMO Privium Impact Fund

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of FMO Privium 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 FMO Privium Impact Fund as at December 31, 2016, and of its result and its cash flows for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

The financial statements comprise:

- The Balance Sheet as at December 31, 2016
- The Income statement for 2016
- 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 FMO Privium 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) and with the independence and other ethical requirements set forth in Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (the IESBA Code).

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

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:

- Report of the AIFM (the managing board's report)
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- General information, and the report of the investment manager

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 and the requirements set by or pursuant to the Dutch Financial Supervision Act

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 board of directors is responsible for the preparation of the other information, including the board of director's 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 and the requirements set by or pursuant to the Dutch Financial Supervision Act.

Description of responsibilities for the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors 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 and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. Furthermore, the board of directors is responsible for such internal control as the board of directors 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 board of director’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 board of directors 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, 23 June 2017

Ernst & Young Accountants LLP

signed by R.J. Bleijs