

Privium Sustainable Alternatives Fund

*Financial Statements for the
year ended December 31, 2014*

INVESTMENT MANAGER REPORT
for the year ended December 31, 2014

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INVESTMENT MANAGER REPORT
for the year ended December 31, 2014

DIRECTORY

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Fund Manager

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Legal and Tax Counsel

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1071 JT Amsterdam
The Netherlands

Legal Owner

Stichting Juridisch Eigendom Privium Sustainable
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Utrechtseweg 31D
3811 NA Amersfoort
The Netherlands

Custodian

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

Investment Advisor

Triodos MeesPierson Sustainable Investment
Management B.V.
Hoofdstraat 101a
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The Netherlands

Independent Auditor

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

Administrator

Circle Investment Support Services B.V.
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3811 NA Amersfoort
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Depository

Stichting Circle Depository Services
Utrechtseweg 31D
3811 NA Amersfoort
The Netherlands

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FINANCIAL HIGHLIGHTS

	2014
Net Asset Value (All amounts in Euro)	
Net Asset Value of the Fund	238,162,572
Total number of Units outstanding	2,305,091
Results per unit	<u>103.32</u>
Capital gains/ losses	2.80
Income from investments	0.77
Expenses	(0.25)
Total Investment result	<u><u>3.32</u></u>

(*) The calculation of the result per unit is based on the number of the outstanding units as of December, 31 of the year.

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Portfolio management

The Privium Sustainable Alternatives Fund (hereafter 'the fund' or 'PSAF') allocates to sustainable alternative investments like sustainable real estate, micro finance and renewable energy. The benchmark that is used for these investments is: 50% GPR 250 World Property and 50% Euro cash 3 month index + 2%. The GPR 250 World is an index made up of the 250 largest real estate stocks. This index showed a 2014 performance of +31%, leaving the asset classes bonds and equities behind.

The fund had an overweight position since it was launched, on 31 August 2014, of on average 59% (vs. 50% for the benchmark). Do to this overweight position, the fund underperformed in September 2014 and showed a negative absolute return during that month as well. This loss was reversed during the last quarter of 2014. US real estate equities had a major outperformance vs European, Australian and Asian real estate equities. As the PSAF had an overweight in European real estate stocks, the fund underperformed its benchmark during the first 4 months since launch. The fund did show a positive absolute return of 3,3%.

All real estate stocks in the portfolio showed a positive performance, Land Securities Group was the star performer, gaining almost 13% in 4 months. During these 4 months, two new names were added to the portfolio: Prologis Inc. and Boston Properties Inc. The first one invests globally in logistic centres. Boston Properties predominantly invests in commercial real estate in cities of the US. Adding both companies has improved the diversification of the PSAF.

The fund will only invest in real estate stocks that have received a sustainability score from Sustainalytics that exceeds the industry average. Sustainalytics is a global research company that specialises in ESG (environmental, social, governance) research and analysis. The real estate companies that have been selected for the PSAF pay special attention to lowering energy and water usage, solid management (governance) and report about these factors in their sustainability reporting.

Next to real estate stocks, the PSAF was invested in microfinance, renewable energy and cash, with weightings of 31%, 3% and 7% respectively. The micro finance allocation is made up of two micro finance funds that provide credit and financial services to small enterprises. Triodos Micro Finance Fund reaches 8.2 million customers for loans and 6.4 million customers for savings accounts. 70% of these customers is female. The average loan was less than USD 1,400 The other micro finance fund (responsAbility) reached 747 thousand entrepreneurs that received loans with an average value of USD 1,657 For this fund, 77% of all clients was female. The Triodos and responsAbility micro finance funds returned 5.7% and 2.8% respectively in 2014, compared to a financial –only return of the benchmark (Euro 3 month cash return +2%) of 2.2%. The funds can also be benchmarked against the Symbiotics Microfinance Index, which returned 3.1% in 2014.

Within the renewable energy sector, the PSAF invests in the Triodos Renewables Europe Fund (TREF), which offers investors the opportunity to support the growth of renewable energy production. TREF invests in solar and wind projects within Europe. At the end of 2014, TREF was allocated to 20 renewable energy projects that provide clean energy to 118,000 households. This reduces CO2 emissions by around 148,000 ton per annum. The European Union wants to create a more sustainable energy system, to reduce emissions. This has led to targets that need to be met in 2030. The result of these targets is that a large part of electricity production will need to come from renewable energy sources.

Outlook

Interest rates recently rose significantly after reaching historical lows. The rise in interest rates has had a negative impact on the share price of listed (sustainable) real estate companies. We do not expect the interest rates to increase in the second half of 2015. The improvement in economic sentiment in Europe and the United States could bode well for real estate, although we expect most of this improvement to already be reflected in the current share prices.

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In 2015, the Triodos Renewables Europe Fund (TREF) will focus on expanding current relationships and diversifying the portfolio into new countries with a stable regulatory environment in support of renewable energy. TREF sees opportunities to develop solar- and wind farms in the United Kingdom, Northern Ireland and Northern Europe (Scandinavia). Important factors for the fund are the volatility and direction of the oil- and electricity prices.

According to the Microfinance Market Outlook 2015 from responsibility, the global microfinance market should grow 15-20% in 2015, whereby Asia is displaying the strongest growth momentum. In particular India is going through a 'microfinance sector' revival. Central Asia is being negatively impacted by the economic crisis in Russia, leading to a slight slowdown in financial sector development compared to previous years. According to the IMF, economic growth in the 20 most important microfinance markets will increase from 4.4% to 4.8% in 2015. This means that microfinance countries will probably grow at twice the rate of developed economies.

We are looking to further diversify our portfolio and are looking to invest in another Microfinance Fund as well as other sustainable alternative funds.

Investment Manager

No costs of employees were charged to the funds. Employees are paid out of the management fees (and performance fees for some funds). No performance fee is applicable to the Privium Sustainable Alternatives Fund. The total remuneration for all Privium Fund Management BV employees for the year 2014 has been €368,176. In total 10 employees were involved during 2014, including both part-time and full time employees. Total remuneration allocated to the fund was €38,692 (2.7 FTE in the last 4 months of 2014, all material impact). No variable payment was paid to the board in 2014, which depends on the profitability of the company. Remuneration is allocated to funds based on the assets under management for staff members, increased for each fund by remuneration paid to personnel that is only involved with that fund. No variable payment was paid to individual fund managers in 2014.

None of the employees involved in managing the fund are invested in the fund.

The Investment Manager has compiled a description of the operational management that complies with the requirements of the Financial Supervision Act and the Decree on the supervision of the conduct of financial undertakings, called 'the handbook'. The Investment Manager has assessed various aspects of the operational management, written down in this handbook, over the past financial year. In the course of our activities we have not made any observations on the basis of which it should be concluded that the description of the operational management structure fails to comply with the requirements laid down in the Decree and related legislation. On this basis we declare as the Investment Manager of the Privium Sustainable Alternatives Fund that we hold a description of the operational management and that we have not observed that the operational management was not effective and was not functioning in accordance with the description. We therefore declare with a reasonable degree of certainty that the operational management during the financial year 2014 operated effectively and in accordance with the description.

Risk management

The fund undergoes similar risk management processes as the other funds of Privium Fund Management BV. The investment restrictions, as well as items like the liquidity of the portfolio are monitored. The fund is discussed each time a risk committee is held. Privium Fund Management uses both internal and external software and data to manage risks.

Regulation & Fund Governance

Privium Fund Management is authorized and regulated by the Stichting Autoriteit Financiële Markten (AFM) as an investment manager. Since July 22, 2014, the investment management license is an AIFMD license.

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In the fund's prospectus, the fund manager declares that the fund, the depositary and the fund manager itself are compliant with the rules and regulations laid down by and pursuant to the Wft. The fund's auditor has approved the fund's prospectus and the fund is registered with the AFM.

An AIFMD depositary has been appointed for the fund, which is part of the governance structure, as the depositary is responsible for the safekeeping of assets (this has been delegated to ABN AMRO), cash monitoring and checking the investment restrictions.

BALANCE SHEET (before allocation of net profit)

As at December 31, 2014

(All amounts in Euro)

	Note	2014
Investments		
Securities	3	116,303,708
Investments in investment funds	3	84,743,036
Total investments		<u>201,046,744</u>
Other current assets		
Receivable for investments sold	5	6,587,987
Other receivables	6	1,286,739
Cash at bank and brokers	4	29,286,977
Total other current assets		<u>37,161,703</u>
Total assets		<u>238,208,447</u>
Current liabilities		
Accounts payable and accrued liabilities	7	45,875
Total current liabilities		<u>45,875</u>
Total of other current assets minus current liabilities		<u>37,115,828</u>
Total net assets		<u><u>238,162,572</u></u>
Number of participations outstanding		2,305,091
Net asset value per redeemable participations		103.32

The accompanying notes form an integral part of this balance sheet statement.

PROFIT AND LOSS ACCOUNT 2014

(All amounts in Euro)

	Note	18-07-2014 / 31-12-2014
Investment income/ (loss)		
Net realized gain/ (loss) securities	8	751,395
Net unrealized gain/ (loss) on securities	8	4,901,974
Interest income		2,345
Dividend income		2,315,028
Total investment income		<u>7,970,742</u>
Expenses		
Interest expense		232
Bank and brokerages fees		53,716
Stamp duty		382,658
Management fees		67,276
Administration fees		23,287
Audit fees		10,890
Legal fees		1,603
Custody expenses		21,226
Miscellaneous expenses		25,744
Total expenses	10	<u>586,632</u>
Foreign currency exchange gain / (loss)	9	<u>771,422</u>
Profit/ (loss) from ordinary activities before tax		8,155,532
Withholding tax on dividends		536,006
Profit/ (loss) from ordinary activities after tax		<u><u>7,619,526</u></u>

The accompanying notes form an integral part of this profit and loss account.

CASH FLOW STATEMENT 2014

(All amounts in Euro)

	18-07-2014 / 31-12-2014
Net cash flow from operating activities	
Purchase of investments	(270,376,660)
Proceeds from sales of investments	69,157,564
Operating expenses paid	(602,303)
Cash provided by/(used in) operations	<u>(201,821,399)</u>
Interest received	2,345
Interest paid	(232)
Dividend received	564,373
Net cash provided by/(used in) operating activities	<u>(201,254,913)</u>
Cash flows from financing activities	
Payments for redemption of participations	236,142,526
Proceeds from issuance of participations	<u>(5,599,480)</u>
Net cash from financing activities	230,543,046
Net increase in cash at bank and brokers	<u>29,288,133</u>
Cash at bank and brokers beginning of the year	-
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(1,156)</u>
Cash at bank and brokers end of the year	<u>29,286,977</u>
Analysis of cash and cash equivalent balances:	
Cash at bank and brokers	29,286,977
Total cash and cash equivalents	<u>29,286,977</u>

The accompanying notes form an integral part of this cash flow statement.

STATEMENT OF CHANGES IN NET ASSETS OVER 2014

(All amounts in Euro)

	Net Assets	Number of
	2014	participations
		2014
Balance July 18	-	-
Issuance of participations	236,142,526	2,361,096
Redemption of participations	(5,599,480)	(56,005)
Net result for the year	7,619,526	-
Balance December 31	238,162,572	2,305,091

The accompanying notes form an integral part of this statement of changes in net assets.

NOTES TO FINANCIAL STATEMENTS

1 General

Privium Sustainable Alternatives 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 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, HFC Plaza, 1082 MS Amsterdam, the Netherlands.

The Fund’s objective is to achieve long term capital growth by investing in Investee Companies and Investment Funds focused on Sustainable alternatives.

To achieve the Fund Objective, the Fund will primarily invest in a diversified portfolio of Investment Funds and listed Investee Companies established worldwide (both developed countries and emerging markets) focused on Sustainable alternatives and instruments derived from them. The portfolio will be managed actively with a long term investment horizon and following a sustainability approach. Only those Investee Companies that score above the sector average in the relative analysis and are not substantially involved in controversies or controversial products are eligible for investment, based on policies and procedures as determined by the Fund Manager.

The performance objective of the Fund is to seek to outperform the following composite benchmark by 0.75% per annum, over rolling three-year periods:

- a) 50% GPR 250 World Property (total return, EUR) Index (BB ticker: G250PGLE Index); and
- b) 50% Euro cash 3 months (BB ticker: ECC0TR03 Index) + 2% per annum.

Measurement of performance will commence immediately after the Net Asset Value is calculated. Under normal circumstances, the ex-ante tracking error is expected to be a maximum of 10% per annum (as measured by any appropriate system selected by the Investment Advisor and validated by the Fund Manager). In the event the tracking error exceeds the above range and the Investment Advisor wishes to retain or increase the tracking error, the Investment Advisor shall set out in writing to the Fund Manager the reasons for doing so.

As of the date of this annual report the private information memorandum in circulation was dated July 18, 2014 and is published on the Fund Managers website.

2 Accounting principles

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.

NOTES TO FINANCIAL STATEMENTS (continued)

a) 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.

b) Measurement currency

The amounts included in the financial statements are denominated in Euro.

c) 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.

d) 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 realisation 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's manager/advisor.

Cost of investment securities sold is determined on an 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 recognised 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 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 and cost 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.

NOTES TO FINANCIAL STATEMENTS (continued)

e) 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 recognised 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.

f) 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. 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.

g) Brokerage / expenses

Commissions payable on opening and closing positions are recognized when the trade is entered into. 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.

h) Cash and cash equivalents

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

i) Statement of cash flows

The statement of cash flows is prepared using the direct method. The statement of cash flows 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 and cash equivalents.

NOTES TO FINANCIAL STATEMENTS (continued)

3 Movement of investment securities

The movement in investment securities can be specified as follows;

Investment securities

Trading securities

As per July 18, 2014	
Purchases	165,242,887
Sales	(53,257,629)
Realized gain	481,594
Unrealized gains	3,836,856
As per December 31, 2014	<u>116,303,708</u>
Presented as an asset on the balance sheet per December 31, 2014	<u>116,303,708</u>
Net position on balance sheet per December 31, 2014	<u>116,303,708</u>

**Investments in
investment funds**

As per July 18, 2014	
Purchases	105,133,773
Sales	(22,474,329)
Realized loss	-
Unrealized gain	2,083,592.00
As per December 31, 2014	<u>84,743,036</u>
Presented as an asset on the balance sheet per December 31, 2014	<u>84,743,036</u>
Net position on balance sheet per December 31, 2014	<u>84,743,036</u>

As per December 31, 2014, the Fund only holds long position.

NOTES TO FINANCIAL STATEMENTS (continued)**Investment portfolio**

Securities	Security type	Amount in EUR
Long Positions		
Boston Properties	REITS	11,995,678
Hammerson PLC	REITS	22,787,780
Land Securities Group	REITS	22,849,718
Novion Property	REITS	22,723,118
Prologis	REITS	12,497,942
ResponsAbility Global Microfinance Fund (EUR-Capitalisation)	Debt Fund	22,474,329
Triodos Sicav II - Triodos Renewables Europe Fund (Z-Capitalisation)	Equity Fund	8,359,809
Triodos Sicav II - Microfinance Fund (I-Capitalisation)	Asset allocation	5,317,324
Triodos Sicav II - Microfiance Fund (Z-Distribution)	Asset allocation	44,596,919
Triodos Vastgoedfonds NV	Closed end Fund	3,994,654
Unibali - Rodamco SE	REITS	23,449,472
Total		201,046,744

NOTES TO FINANCIAL STATEMENTS (continued)**4 Cash at bank and brokers**

	2014
<i>EUR</i>	
Foreign cash in ABN AMRO Clearing Bank N.V.	8,003,524
ABN AMRO Clearing Bank N.V.	21,283,453
Total	<u>29,286,977</u>

The cash and cash equivalents are available on demand.

5 Receivable for investments sold

	2014
<i>EUR</i>	
Securities	6,587,987
Total	<u>6,587,987</u>

6 Other receivables

	2014
<i>EUR</i>	
Dividend receivable	1,224,961
Deferred organizational fees	61,778
Total	<u>1,286,739</u>

7 Accounts payable and accrued liabilities

	2014
<i>EUR</i>	
Management fees payable	17,545
Professional fees payable	13,774
Administration fees payable	641
Legal and audit fees payable	10,890
Reporting fees payable	3,025
Total accounts payable and accrued liabilities	<u>45,875</u>

NOTES TO FINANCIAL STATEMENTS (continued)**8 Net gains/ (losses) on financial assets at fair value through profit or losses**

	18-07-2014 / 31-12-2014
<i>EUR</i>	
Net realized gains on securities	1,024,666
Net realized losses on securities	(273,271)
Total of net realized gains/ (losses)	<u>751,395</u>
Net unrealized gains on securities	5,275,178
Net unrealized losses on securities	(373,204)
Total of net unrealized gains/ (losses)	<u>4,901,974</u>

9 Net currency gains or losses

	18-07-2014 / 31-12-2014
<i>EUR</i>	
Net realized gain/ (losses)	(274,794)
Net unrealized gain/ (losses)	1,046,216
Total	<u>771,422</u>

10 Expenses**10.1 Management fees**

	18-07-2014 / 31-12-2014
<i>EUR</i>	
Management fees	67,276
Total	<u>67,276</u>

The Fund Manager is entitled to an annual Management Fee equal to EUR 20,000 plus 0.08% of the Net Asset Value (i.e. 8 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 fees for the year ended December 31, 2014 was amounted to EUR 67,276. The management fees payable as at December 31, 2014 was EUR 17,545.

NOTES TO FINANCIAL STATEMENTS (continued)

10.2 Other expenses

	18-07-2014 / 31-12-2014
<i>EUR</i>	
Interest expense	232
Bank and brokerages fees	53,716
Stamp duty	382,658
Administration fees	23,287
Audit fees	10,890
Legal fees	1,603
Custody expenses	21,226
Miscellaneous expenses	25,744
Total	<u>519,356</u>

Stamp duty is a tax applied to the transfer of securities. The fund paid stamp duties in related to the securities, which were transferred from other account.

11 Redeemable participations

Redeemable participating 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.

The total number of redeemable participations as of 31st December, 2014 was 2,305,091.

NOTES TO FINANCIAL STATEMENTS (continued)

12 Material contracts and related parties

Related parties are organizationally and/or financially linked to the Fund, either directly or indirectly. The following material contracts are in place:

a) The Fund Manager

The Fund has engaged Privium Fund Management B.V. to manage the investment of all of the assets of the Fund. Privium Fund Management B.V. was founded in 2012 and its predecessor was founded in 2007. Privium Fund Management is an asset manager with offices in Amsterdam, London and Hong Kong which focuses on alternative investments and employs several very experienced industry professionals.

The Fund Manager is responsible for the determination of the investment policy of the Fund. The Fund Manager is obliged to perform its investment activities in accordance with the Investment Strategy. 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.

The Fund Manager is entitled to an annual Management Fee equal to EUR 20,000 plus 0.08% of the Net Asset Value (i.e. 8 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 fees for the financial year ended December 31, 2014 amounted to EUR 67,276. The management fees incurred were lower than the minimum requirement since the Fund was not incorporate for a full year. The amounts have been calculated pro rata for the days that the Fund was active.

b) Legal Owner

Stichting Juridisch Eigendom Privium Sustainable Alternatives Fund will act as Legal Owner of the assets and liabilities of the Fund. In managing the assets and liabilities of the Fund, the Fund Manager will act solely in the best interests of the Participants. The Legal Owner will be the legal owner of all assets of the Fund and liabilities of the Fund. The Legal Owner will acquire and hold the assets of the Fund and assume the obligations on behalf and for the account of the Participants. The Legal Owner will act solely in the best interests of the Participants.

The Fund will pay to Legal Owner in remuneration of its service to the Fund, limited to the holding of the legal ownership of the Fund Assets, an annual fee equal to EUR 5,750 (excl VAT).

The legal owner fees for the financial year ended December 31, 2014 amounted to EUR 2,319. The legal owner fees were lower than minimum requirement since the Fund was not incorporate for a full year. The amounts have been calculated pro rata for the days that the Fund was active.

c) Administration fees

The Fund appointed Circle Investment Support Services B.V., a fund administration company incorporated in the Netherlands, to provide administrative services including financial accounting services to the Fund. The administrator receives an administration fee quarterly in arrears at an annual rate of 0.031 percent of

NOTES TO FINANCIAL STATEMENTS (continued)

the net assets value attributable to holders of redeemable shares on each valuation day, provided, however, that the fee shall not be less than EUR 30,000 per annum as defined in the offering documents.

The administration fees paid during the period amounted to EUR 23,287. The administration fees were lower than minimum requirement since the Fund was not incorporate for a full year. The amounts have been calculated pro rata for the days that the Fund was active.

13 Ongoing Charges Factor & turnover ratio

	Expense	Expense Ratio	
		Expense Ratio from Prospectus	
Stamp Duty	382,658	0.17%	
Administration fees	23,287	0.01%	0.03%
Audit fees	10,890	0.00%	0.01%
Custody fees	21,226	0.01%	0.03%
Bank and Brokerages fees	53,716	0.02%	
Legal fees	1,603	0.00%	0.01%
Management fees	67,276	0.03%	0.09%
Organizational fees	5,467	0.00%	0.01%
Supervision fees	12,725	0.01%	
Depositary fees	2,319	0.00%	
FATCA fees	1,815	0.00%	
Reporting fees	3,025	0.00%	
Miscellaneous fees	393	0.00%	
Total	586,400	0.26%	0.18%

Turnover ratio 2014	2014
Issuance of participations	236,142,526
Redemption of participations	5,599,480
Purchase of Securities	270,376,660
Sale of Securities	75,731,958
Total turnover	104,366,612
Average net asset value	227,722,072
Turnover ratio (%)	46%

The Ongoing Charges Factor "OCF" is calculated by dividing the expenses by the average net asset value during the period.

The Ongoing Charges Factor includes all costs is EUR 0.26%. No performance fees was accrued for the Fund. The expenses incurred are higher than the expenses as stated in the prospectus of the Fund due to the Stamp duty charges for certain transactions. The prospectus indicates an Ongoing Charges Factor ('TER') of 0.17% with a total net asset value of EUR 225 million.

A total amount of EUR 67,245 was paid for the set up of the Fund. This incorporation costs is activated and written off over a period of five (5) years.

NOTES TO FINANCIAL STATEMENTS (continued)

The Fund Manager shall as per last calendar day of each month determine the Net Asset Value and the Net Asset Value per Participation. The average net asset value (used for both the expense and turnover ratio) for the year ended December 31, 2014 is calculated based on the net asset value per month as per September 1, 2014 through to December 31, 2014. The Fund was incorporated as per July 18, 2014 and started trading since September 1, 2014.

14 Income taxes

The Fund is domiciled in the Netherlands. Under the current laws of the Netherlands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income as a separate line-item. Withholding taxes are shown as a separate line-item in the statement of comprehensive income.

15 Use of financial instruments

The Fund's objective is to achieve long term capital growth. To achieve this objective, the strategy of the Fund is to invest in a diversified portfolio of Investment Funds and listed Investee Companies worldwide (both developed countries and emerging markets) focused on Sustainable alternatives.

a) Market risk

Market risk is the possibility that future changes in market prices may make a financial instrument less valuable or more onerous. For the overall on-balance sheet market exposure we refer to the investment securities disclosure (note 3).

b) Credit risk

The principal credit risk is counterparty default (i.e., failure by the counterparty to perform as specified in the contract) due to financial impairment or for other reasons. Credit risk is generally higher when a non exchange-traded or foreign exchange-traded financial instrument is involved. Credit risk is reduced by dealing with reputable counterparties. The Fund manages credit risk by monitoring its aggregate exposure to counterparties.

As at 31 December 2014, the Fund's financial assets exposed to credit risk amounted to the following:

	2014
Cash at bank and brokers	29,286,977
Receivable for investments sold	6,587,987
Other receivables	1,224,961
Total	<u>37,099,925</u>

c) Liquidity risk

The Fund invests in listed securities. The Fund's listed investments are considered to be readily realizable as they are listed on the regulated stock exchanges.

NOTES TO FINANCIAL STATEMENTS (continued)

d) Interest rate risk

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund has no interest bearing financial assets except for the amounts 'Cash and cash equivalents', which are subject to normal market related short term interest rates. Therefore the fund's exposure to interest rate risk is limited.

e) Currency risk

The Fund may invest in assets denominated in currencies other than its functional currency, the EUR. Consequently, the Fund could be exposed to risks that the exchange rate of the EUR relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in currencies other than the EUR. The Investment Manager may choose to hedge currency exposure but hedging currencies will not be mandatory. The currency exposure of the Fund's net assets is as follows:

	31-12-2014	31-12-2014
	Fair value – Local currency	Fair value – Base currency
Australian Dollars	33,652,937	22,723,118
Pound Sterling	41,587,154	53,553,736
United States Dollar	29,737,980	24,580,906
Total	<u>104,978,071</u>	<u>100,857,760</u>

The above schedules show assets netted with liabilities of the Fund denominated in another currency than Euro. As per December 31, 2014, the Fund did not enter any forward currency contracts.

16 Independent auditor

Ernst & Young Accountants LLP has been appointed as independent auditor of the Fund. Ernst & Young Accountants LLP is a member of the Netherlands Institute of Chartered Accountants and is under supervision of the AFM based on the Audit Profession Act (*Wet toezicht accountantsorganisaties*).

With reference to Section 2:302a of the Netherlands Civil Code, the following fees for the financial year have been charged by Ernst & Young Accountants LLP to the Fund:

	18-07-2014 / 31-12-2014
<i>EUR</i>	
Audit of financial statements	10,890
Other assurance services	-
Tax advisory services	-
Other non-audit services	-
Total	<u>10,890</u>

NOTES TO FINANCIAL STATEMENTS (continued)

17 Subsequent events

Novion Property Group and Federation Centres had entered into a merger agreement whereby Federation Centres would acquire all Novion Property Group shares. The payment was made in shares with a stock term of 0.8225 per share. The transaction was completed on June 15, 2015.

There were no other material events after the reporting period.

18 Personnel

The Fund employed no personnel during the current year.

19 Approval of financial statements

The Fund managers authorized the issue of these financial statements on June 29, 2015.

Privium Fund Management B.V.

NOTES TO FINANCIAL STATEMENTS (continued)

20 Other information

a) Proposed appropriation of 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 July, the Fund will issue the FBI distribution to the Participants.

1 Independent auditor's report

To: The Board of Directors of Privium Fund Management B.V. as investment manager of Privium Sustainable Alternatives Fund

Report on the financial statements

We have audited the financial statements 2014 of Privium Sustainable Alternatives Fund, Amsterdam, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision, and for the preparation of the investment manager's report in accordance with Title 9 Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Privium Sustainable Alternatives Fund as at 31 December 2014, its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the investment manager's report, to the extent we can assess, has been prepared in accordance with Title 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has

been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, 29 June 2015

Ernst & Young Accountants LLP

signed by R.J. Bleijs RA