

Privium Sustainable Alternatives Fund

*Financial Statements for the period
January 1, 2015 until
June 30, 2015*

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DIRECTORY

Registered office

Gustav Mahlerplein 3, 26th Floor, HFC Plaza
1082 MS Amsterdam
The Netherlands

Fund Manager

Privium Fund Management B.V.
Gustav Mahlerplein 3, 26th Floor, HFC Plaza
1082 MS Amsterdam
The Netherlands
Website: <http://www.priviumfund.com/sustainable>

Legal and Tax Counsel

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

Legal Owner

Stichting Juridisch Eigendom Privium Sustainable
Alternatives Fund
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
3971 KE Driebergen
The Netherlands

Independent Auditor

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

Administrator

Circle Investment Support Services B.V.
Utrechtseweg 31D
3811 NA Amersfoort
The Netherlands

Depositary

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

INVESTMENT MANAGER REPORT

	30-06-2015	31-12-2014
Net Asset Value (All amounts in Euro)		
Net Asset Value of the Fund	225.554.209	238.162.572
Total number of Units outstanding	2.021.888	2.305.091
NAV per Unit	<u>111,56</u>	<u>103,32</u>
Results per unit		
Capital gains/ losses	5,94	2,80
Income from investments	2,19	0,77
Expenses	(0,12)	(0,25)
Total Investment result	<u><u>8,00</u></u>	<u><u>3,32</u></u>

(*) The calculation of the result per unit is based on the number of the outstanding units at the end of the reporting period.

Financial Statements

BALANCE SHEET (before allocation of net profit)

As at June 30, 2015

	Note	30-06-2015	31-12-2014
Investments			
Securities	3	107.026.792	116.303.708
Investments in investment funds	3	96.503.779	84.743.036
Total investments		203.530.571	201.046.744
Other current assets			
Receivable for investments sold	5	33.571.438	6.587.987
Other receivables	6	647.082	1.286.739
Cash at bank and brokers	4	19.852.664	29.286.977
Total other current assets		54.071.184	37.161.703
Total assets		257.601.755	238.208.447
Current liabilities			
Payable for investments purchased	7	32.000.000	-
Accounts payable and accrued liabilities	8	47.546	45.875
Total current liabilities		32.047.546	45.875
Total of other current assets minus current liabilities		22.023.638	37.115.828
Total net assets		225.554.209	238.162.572
Number of participations outstanding		2.021.888	2.305.091
Net asset value per redeemable participations		111,56	103,32

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

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD January 1, 2015 – June 30, 2015**

	Note	01-01-2015 30-06-2015
Investment income/ (loss)		
Net realized gain/ (loss) securities	9	3.698.360
Net unrealized gain/ (loss) on securities	9	1.547.546
Interest income		13.264
Dividend income		4.718.111
Miscellaneous income		28.960
Total investment income		<u>10.006.241</u>
Expenses		
Interest expense		5.699
Bank and brokerages fees		15.660
Management fees		101.370
Administration fees	11	34.985
Audit fees		6.435
Legal fees		13.550
Custody expenses		33.875
Other expenses	12	36.609
AIFMD		<u>1.667</u>
Total expenses		<u>249.850</u>
Foreign currency exchange gain / (loss)	10	<u>6.758.596</u>
Profit/ (loss) from ordinary activities before tax		16.514.987
Withholding tax on dividends		<u>331.489</u>
Profit/ (loss) from ordinary activities after tax		<u><u>16.183.498</u></u>

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

There are no comparative numbers available due to the start date of the fund, July 18, 2014

CASH FLOW STATEMENT

For the period January 1, 2015 – June 30, 2015

(All amounts in Euro)

	01-01-2015	30-06-2015
Net cash flow from operating activities		
Purchase of investments	(13.367.353)	
Proceeds from sales of investments	27.718.351	
Operating expenses paid	(237.760)	
Cash provided by/(used in) operations	<u>14.113.238</u>	
Interest received	13.264	
Interest paid	(5.699)	
Dividend received	5.015.826	
Other income	28.960	
Net cash provided by/(used in) operating activities	<u>19.165.589</u>	
Cash flows from financing activities		
Proceeds from issuance of participations	18.885.778	
Payments for redemption of participations	<u>(47.677.638)</u>	
Net cash from financing activities	(28.791.860)	
Net increase in cash at bank and brokers	<u>(9.626.271)</u>	
Cash at bank and brokers beginning of the year	29.286.976,53	
Effect of exchange rate fluctuations on cash and cash equivalents	<u>191.958</u>	
Cash at bank and brokers end of the year	<u>19.852.664</u>	
Analysis of cash and cash equivalent balances:		
Cash at bank and brokers	19.852.664	
Total cash and cash equivalents	<u>19.852.664</u>	

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

There are no comparative numbers available due to the start date of the fund, July 18, 2014

STATEMENT OF CHANGES IN NET ASSETS

For the period ended June 30, 2015

(All amounts in Euro)

	<u>Net Assets</u>	<u>Number of participations</u>
Balance July 18, 2014	-	-
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, 2014	<u>238.162.572</u>	<u>2.305.091</u>
Issuance of participations	18.885.778	167.926
Redemption of participations	(47.677.638)	(451.129)
Net result for the year	16.183.497	-
Balance June 30, 2015	<u>225.554.209</u>	<u>2.021.888</u>

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.

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

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.

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**3 Movement of investment securities**

The movement in investment securities can be specified as follows:

Investment securities

	Trading securities	
	01-01-2015	18-07-2014
	30-06-2015	31-12-2014
Beginning of period	116.303.708	-
Purchases	1.734	165.242.887
Sales	(21.143.958)	(53.257.629)
Realized gain	3.813.267	481.594
Unrealized gains	8.052.041	3.836.856
End of period	107.026.792	116.303.708
Presented as an asset on the balance sheet at the end of period	<u>107.026.792</u>	<u>116.303.708</u>
Net position on balance sheet end of period	107.026.792	116.303.708

Investments in investment funds

	01-01-2015	18-07-2014
	30-06-2015	31-12-2014
Beginning of period	84.743.036	-
Purchases	45.365.619	105.133.773
Sales	(33.571.438)	(22.474.329)
Realized loss	436.772	-
Unrealized gain	(470.210)	2.083.592,00
End of period	96.503.779	84.743.036
Presented as an asset on the balance sheet at the end of period	<u>96.503.779</u>	<u>84.743.036</u>
Net position on balance sheet end of period	96.503.779	84.743.036

Investment portfolio

Securities	Security type	Amount in EUR
Long Positions		
Boston Properties	REITS	12.244.612
Federation Centre	REITS	20.384.849
Hammerson PLC	REITS	20.785.430
Land Securities Group	REITS	21.929.611
Prologis	REITS	11.694.379
Responsability Micro Lead -\$S	Equity Fund	32.000.000
Triodos Sicav II - Triodos Renewables Europe Fund (Z-Capitalisation)	Equity Fund	8.369.382
Triodos Sicav II - Microfinance Fund (I-Capitalisation)	Asset allocation	5.455.476
Triodos Sicav II - Microfinance Fund (Z-Distribution)	Asset allocation	45.712.183
Triodos Vastgoedfonds NV	Closed end Fund	4.966.738
Unibail - Rodamco SE	REITS	19.987.912
Total		203.530.571

As per June 30, 2015, the Fund only holds long positions.

NOTES TO FINANCIAL STATEMENTS

4 Cash at bank and brokers

	30-06-2015	31-12-2014
<i>EUR</i>		
Foreign cash in ABN AMRO Clearing Bank N.V.	1.305.457	8.003.524
ABN AMRO Clearing Bank N.V.	<u>18.547.207</u>	<u>21.283.453</u>
Total	<u>19.852.664</u>	<u>29.286.977</u>

The cash and cash equivalents are available on demand.

5 Receivable for investments sold

	30-06-2015	31-12-2014
<i>EUR</i>		
Securities	<u>33.571.438</u>	<u>6.587.987</u>
Total	<u>33.571.438</u>	<u>6.587.987</u>

6 Other receivables

	30-06-2015	31-12-2014
<i>EUR</i>		
Dividend receivable	590.024	1.224.961
Deferred organizational fees	53.579	61.778
Prepaid depositary fees	<u>3.479</u>	<u>-</u>
Total	<u>647.082</u>	<u>1.286.739</u>

7 Payable for investments purchased

	30-06-2015	31-12-2014
<i>EUR</i>		
Securities	<u>32.000.000</u>	<u>-</u>
Total	<u>32.000.000</u>	<u>-</u>

8 Accounts payable and accrued liabilities

	30-06-2015	31-12-2014
<i>EUR</i>		
Management fees	16.705	17.545
Professional fees	9.960	13.774
Administration fees	664	641
Legal and audit fees	17.325	10.890
Reporting fees	2.475	3.025
AIFMD reporting fees	<u>417</u>	<u>-</u>
Total	<u>47.546</u>	<u>45.875</u>

NOTES TO FINANCIAL STATEMENTS

9 Net gains/ (losses) on financial assets at fair value through profit or losses

	01-01-2015	30-06-2015
<i>EUR</i>		
Net realized gains on securities	3.698.360	
Net realized losses on securities	-	
Total of net realized gains/ (losses)	<u><u>3.698.360</u></u>	
Net unrealized gains on securities	5.728.463	
Net unrealized losses on securities	<u>(4.180.916)</u>	
Total of net unrealized gains/ (losses)	<u><u>1.547.546</u></u>	

10 Net currency gains or losses

	01-01-2015	30-06-2015
<i>EUR</i>		
Net realized gain/ (losses)	735.531	
Net unrealized gain/ (losses)	<u>6.023.065</u>	
Total	<u><u>6.758.596</u></u>	

11 Management fees

	01-01-2015	30-06-2015
<i>EUR</i>		
Management fees	<u>101.370</u>	
Total	<u><u>101.370</u></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 end of June 2015 amounted to EUR 101,370. The management fees payable as at June 30, 2015 was EUR 16,705.

NOTES TO FINANCIAL STATEMENTS

12 Other expenses

	01-01-2015
	30-06-2015
<i>EUR</i>	
Supervision fees	19.260
Organisational fees	8.200
Depositary fees	4.267
Reporting fees	2.475
Miscellaneous expenses	2.407
Total	<u>36.609</u>

13 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 June 30, 2015 was 2,021,888 (2014: 2,305,091).

NOTES TO FINANCIAL STATEMENTS

14 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 period ended June 30, 2015 amounted to EUR 101,370.

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 period ended June 30, 2015 amounted to EUR 13,550.

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 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 incurred during the reporting period amounted to EUR 34,985.

d) AIFMD depositary

Stichting Circle Depositary Services (SCDS) has been the AIFMD depositary from the start of the fund until 30 June 2015. As of July 1, 2015 Darwin Depositary Services has taken over the AIFMD depositary role from SCDS.

NOTES TO FINANCIAL STATEMENTS**15 Ongoing Charges Factor & turnover ratio**

	Expense	Expense Ratio	Expense Ratio from Prospectus
Administration fees	34.985	0,02%	0,03%
Audit fees	6.435	0,00%	0,01%
Custody fees	33.875	0,01%	0,03%
Bank and Brokerages fees	15.660	0,01%	
Legal fees	13.550	0,01%	0,01%
Management fees	101.370	0,04%	0,09%
Organizational fees	8.200	0,00%	0,01%
Supervision fees	19.260	0,01%	
Depositary fees	4.267	0,00%	
Reporting fees	2.475	0,00%	
Miscellaneous fees	2.407	0,00%	
AIFMD fees	1.667	0,00%	
Total	244.151	0,11%	0,18%

Turnover ratio	30-06-2015	31-12-2014
Issuance of participations	18.885.778	236.142.526
Redemption of participations	47.677.638	5.599.480
Purchase of Securities	45.367.353	270.376.660
Sale of Securities	54.715.396	75.731.958
Total turnover	33.519.333	104.366.612
Average net asset value	229.283.247	227.722.072
Turnover ratio (%)	15%	46%
Turnover ratio	30-06-2015	31-12-2014
Issuance of participations	18.885.778	236.142.526
Redemption of participations	47.677.638	5.599.480
Purchase of Securities	45.367.353	270.376.660
Sale of Securities	54.715.396	75.731.958
Total turnover	33.519.333	104.366.612
Average net asset value	229.283.247	227.722.072
Turnover ratio (%)	15%	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 including all costs is EUR 0.11%. The fund does not pay performance fees. The prospectus indicates an Ongoing Charges Factor ('TER') of 0.18% with a total net asset value of EUR 225 million.

NOTES TO FINANCIAL STATEMENTS

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.

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 ratio and the turnover ratio) for the year ended June 30, 2015 is calculated based on the net asset value per month as per January 1, 2015 through to June 30, 2015. The Fund was incorporated as per July 18, 2014 and started trading since September 1, 2014.

NOTES TO FINANCIAL STATEMENTS

16 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 profit and loss account.

17 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 (in 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 30 June 2015, the Fund's financial assets exposed to credit risk amounted to the following:

	30-06-2015	31-12-2014
Cash at bank and brokers	19.852.664	29.286.977
Receivable for investments sold	33.571.438	6.587.987
Dividend receivable	590.024	1.224.961
Total	<u>54.014.126</u>	<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.

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.

NOTES TO FINANCIAL STATEMENTS

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:

	30-06-2015	30-06-2015
	Fair value – Local currency	Fair value – Base currency
Australian Dollars	29.646.206	20.500.800
Pound Sterling	30.653.507	43.223.265
United States Dollar	27.445.450	24.620.273
Total	<u>87.745.163</u>	<u>88.344.338</u>

The above schedules show assets netted with liabilities of the Fund denominated in another currency than Euro. As per June 30, 2015, the Fund did not enter any forward currency contracts.

18 Subsequent events

There were no material events after the reporting period.

19 Personnel

The Fund employed no personnel during the current year.

20 Approval of financial statements

The Fund managers authorized the issue of these financial statements on August 28, 2015.

Privium Fund Management B.V.

NOTES TO FINANCIAL STATEMENTS

21 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 order to qualify for the status of a fiscal investment institution, the Fund must distribute its (net) income as dividends to its Participants within eight months following the end of its financial year. To avoid that capital gains and losses may influence the dividend distribution obligation, the Fund may opt to form a reinvestment reserve by adding the positive balance of capital gains on investments. The Fund didn't form such reserve and distributed the net income on July 29, 2015 to its participants.

In July, the fund issues the Fiscale Beleggingsinstelling (FBI) distribution to the participants.