

ANNUAL REPORT

Privium Sustainable Alternatives Fund

Year ended 31 December 2015

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General information

Registered office

Privium Sustainable Alternatives Fund
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
<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

Depository

Darwin Depository Services B.V.
Barbara Strozzilaan 101
1083 HN Amsterdam
The Netherlands

Key figures

	2015	2014 ¹
Total for the Fund (all amounts in EUR x 1,000)		
Net Asset Value at 31 December	240,334	238,163
Result from investments	6,988	2,341
Changes in value	12,527	6,402
Costs	(1,272)	(1,123)
Total investment result for the year	18,243	7,620
Outstanding units at 31 December	2,151,361	2,305,091
Per unit² (in EUR x 1)		
Net Asset Value at 31 December	111.71	103.32
Result from investments	3.25	1.03
Changes in value	5.82	2.78
Costs	(0.59)	(0.49)
Total investment result	8.48	3.32

Dividend payment

During the year 2015, a dividend amount of EUR 1,921,965 was distributed by the Fund to the Participation holders.

¹ The 2014 figures are for the period 18 July 2014 until 31 December 2014.

² The result per unit is calculated using the number of outstanding units as per the end of the period.

Fund Manager report

The Privium Sustainable Alternatives Fund returned +9.1% (including dividends) in 2015. The Fund's composite benchmark, which consists out of 1) 50% GPR 250 World Property and 2) 50% in cash Euro 3-month total return index + 2%, returned +7.6% in 2015.

Property stocks rose sharply in 2015

Privium Sustainable Alternatives Fund (hereinafter "Fund" or "PSAF") was launched on August 31, 2014 and since its inception the Fund allocates its proceeds into alternative investments which includes sustainable real estate, microfinance and renewable energy. The Fund has a composite benchmark which consists out of 1) 50% GPR 250 World Property and 2) 50% in cash Euro 3-month total return index + 2%. The GPR 250 World is the index of the 250 largest property stocks in the world. This index performed well in 2015 (12%). In 2015 listed property as an asset class performed better than equities and bonds. The fund has had varying weightings in property in 2015. The exposure of PSAF to the sector increased in the first half of the year and decreased during the second half of the year. On average the exposure to listed property during 2015 was 50%.

During 2015 Asian property stocks underperformed as they, on average, were up +5%. The property shares in other regions were, on average, up around 15%. All property stocks in the portfolio of PSAF had a positive year. The best performing positions included Triodos Real Estate (+ 26%) and Australian Vicinity Centres (+ 23%). The property investments in the fund all have a Sustainalytics sustainability score above the industry average. Sustainalytics is a global research firm specializing in ESG (environmental, social, governance) research and analysis. The Property companies each may have their own area of focus such as the emphasis on energy and water and good governance (governance) in their sustainability reporting.

Microfinance allocation increased by adding the BlueOrchard fund

Since its inception, PSAF has been investing in microfinance through its investments in the Triodos Microfinance Fund and responsAbility Global Microfinance. At the end of 2015 the exposure to microfinance was increased by adding the BlueOrchard Microfinance Fund. In the summer of 2015, the investment in responsAbility Global Microfinance was transferred into an investment in reponsAbility Microfinance Leaders. The total allocation of PSAF to the microfinance sector as of December 31, 2015 was close to 40%.

It is estimated that 2 billion people worldwide have no access to formal financial services. Microfinance offers people such services so they can borrow money, save money and to get an insurance. This gives them the opportunity to increase their income and improve their living standards. It also stimulates the local economy and it create jobs. The year 2015 was a challenging year for the microfinance sector as whole. Emerging markets were affected by declining global growth. Most Emerging Market currencies depreciated against G7 currencies. Also Central Asia was affected by this as economic growth slowed down in several countries, such as Azerbaijan and Kazakhstan. Nevertheless the microfinance funds in the portfolio were able to achieve a positive annual return: +3.1% for Triodos Microfinance Fund, responsAbility Microfinance +2.3% and the BlueOrchard Microfinance +3.3%. They all performed better than the benchmark (+2.1%). Also the number of countries were the Microfinance Funds in the portfolio of PSAF offer their services expanded.

Paris climate deal lifts renewable energy sector

PSAF has an allocation of 4% of its AUM in Triodos Renewables Europe Fund (TREF). TREF invests in wind farms and solar plants, predominantly in Western Europe. In 2015 the assets of TREF have increased from € 62.0 million to € 64.1 million. During the year the Fund delivered a return of 4.7% and was able to maintain its long-term performance target of 4% to 6% per year.

The positive outcome of the climate summit in Paris reaffirms the favorable outlook for the sector for the coming years. For the first time ever countries, which signed the treaty, will report regularly on their CO2 emissions and they attempt to lower it as well. In 2015 TREF invested in two new projects, bringing the total to 21. This will almost service 128,000 households with renewable energy. For 2016 and beyond the Fund Manager of TREF sees more opportunities in solar, hydro and onshore wind projects in Belgium, the UK, Germany, Italy, Scandinavia and the Netherlands. TREF is closely working together with its partners to "re-power" some of the existing wind projects with bigger wind turbines. This will increase the electricity production.

Outlook 2016; Modest economic growth keeps interest rates low

During the first five months of 2016, European government bond yields, with the exception of Portugal, have declined sharply. The decline in yields had a slightly positive impact on the price of property funds. Political risks in the UK (Brexit), the Greek debt crisis and the elections in the United States will likely affect the property funds in the portfolio as well. Higher economic growth in Europe and the United States will potentially cause higher prices from current levels. We expect the impact to be relatively limited, as much of this is already priced in. It is expected that the global microfinance market will grow strongly this year. It is expected that the Asian region will show the strongest growth. Central Asia continues to suffer from the poor economic situation in Russia and lower commodity prices. Some Asian and African countries, such as Cambodia, Myanmar and the Ivory Coast will likely continue to grow strongly. These countries and regions offer interesting investment opportunities for the microfinance funds in which PSAF maintains an investment.

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	Expected impact on 2016 NAV if risk materializes	Impact on 2015 NAV	Adjustments to risk management in 2015 or 2016
Price/Market Risk	No	The fund maintains a number of long only equity investments. Strong bottom-up company analysis is a very important item in mitigating risks during the holding period of a position. However price fluctuations due to general equity market movements during the holding period can't be mitigated or avoided in full by conducting company analysis. This risk is inherent when securities like equities are traded.	Investments are selected after a thorough due diligence process but largely this will also depend on general market circumstances.	The Fund outperformed most global indices (bonds, equities, hedge funds) and the benchmark of the fund.	No
Manager Risk	No	The Fund maintains a number of investments in other investment funds. These funds are managed by external Fund Management companies. A rigid due diligence process is in place when investment funds are selected.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the the selected investments funds will perform better than general equity markets over the long term.	The Fund outperformed most global indices (bonds, equities, hedge funds) and the benchmark of the Fund.	No
Emerging Market risk	No	A significant weight of the portfolio is allocated to micro finance investments. These investments are mainly made in Emerging Markets. This risk is partially mitigated by having rigid selection criteria in place by the underlying Fund Managers.	This will depend on general market circumstances.	None	No
Interest rate risk	No	The Fund maintains a number of positions in Funds which invest in interest bearing securities but most are floating rate positions. An additional explanation on interest rate risk can be found in the risk paragraph of the annual accounts.	Much will depend on the actual positioning of the underlying investment funds.	This has been limited.	No
Foreign Exchange risk	No	FX risk has not been been hedged. The fund has the possibility to hedge currency risks in full.	This will largely depend on FX movements.	Over 60% of the investments are denominated in EUR.	No
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity	We would not expect a negative NAV impact if this risk would materialize.	None	No
Credit risk	No	Spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating and we would reconsider the position if this changes.	None	None	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No

General principles of remuneration policy Privium Fund Management

Privium Fund Management maintains a careful, controlled and sustainable remuneration policy. The remuneration policy is consistent with and contributes to a sound and effective risk management and does not encourage risk taking beyond what is acceptable for Privium Fund Management.

For some of the funds the compensation consists of both a management and a performance fee. In 2015 the aggregate costs for staff totalled EUR 917.045,- 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	Identified staff outside senior management roles	Total staff
Number of staff	2	14	16
Total fixed payment	€ 127,747	€ 789,298	€ 917,045
Total variable payment	€ 0	€ 0	€ 0
Total payment	€ 127,747	€ 789,298	€ 917,045

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. Employee remuneration is paid out of the management and performance fees (if any). In total 16 staff members were involved during (some part of) the year, including part-time and full time staff.

Control Statement

The Board of Privium Fund Management declares to have an AO/IB (Handbook) that meets the requirements of the "Wet op het financiële Toezicht and the 'Besluit gedragstoezicht financiële ondernemingen ('Bgfo')". During 2015 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 2015 functioned effectively as described. During 2015 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.

We expect no significant changes to the AO/IB for the year 2016.

Amsterdam, 29 June 2016

Fund Manager
Privium Fund Management B.V.

Financial statements

Statement of financial position as at 31 December 2015

(all amounts in EUR)	Notes	<u>2015</u>	<u>2014</u>
Assets			
Investments			
Equities	1	106,887,825	116,303,708
Investment funds		108,837,788	84,743,036
Total of investments		<u>215,725,613</u>	<u>201,046,744</u>
Receivables			
Receivable for investments sold		-	6,587,987
Other receivables	3	758,144	1,286,739
Total of receivables		<u>758,144</u>	<u>7,874,726</u>
Other assets			
Cash and cash equivalents	4	23,884,582	29,286,977
Total of other assets		<u>23,884,582</u>	<u>29,286,977</u>
Total assets		<u>240,368,339</u>	<u>238,208,447</u>
Liabilities			
Net asset value			
Participations paid in surplus	5	216,393,638	230,543,046
Undistributed income prior years		5,697,561	-
Result current year		18,242,503	7,619,526
Total net asset value		<u>240,333,702</u>	<u>238,162,572</u>
Other liabilities			
Other liabilities	6	34,637	45,875
Total other liabilities		<u>34,637</u>	<u>45,875</u>
Total liabilities		<u>240,368,339</u>	<u>238,208,447</u>

Statement of comprehensive income

(For the year ended 31 December)

(all amounts in EUR)	Notes	For the period 18 July 2014 until 31 December	
		2015	2014
Investment result			
Dividend income		6,809,982	2,315,028
Interest income		15,524	2,345
Other income		28,959	-
Total investment result		6,854,465	2,317,373
Revaluation of investments			
Realized results		4,250,039	481,594
Unrealized results		8,276,476	5,920,448
Total changes in value		12,526,515	6,402,042
Other results			
Foreign currency translation	8	133,567	22,749
Total other results		133,567	22,749
Operating expenses			
Management fee	9	204,420	67,276
Administration fees	10	71,036	23,287
Custody expenses	11	66,712	21,226
Depositary fees		38,960	-
Interest expenses		57,540	232
Brokerage fees and other transaction costs	12	20,290	53,716
Audit fees	13	10,890	10,890
Legal fees		27,020	1,603
Supervision fees		18,825	-
Stamp duty		-	382,658
Other expenses		60,162	25,744
		575,855	586,632
Result for the year before tax		18,938,692	8,155,532
Withholding tax	15	696,189	536,006
Comprehensive income for the year after tax		18,242,503	7,619,526

Statement of cash flows

(For the year ended 31 December)

(all amounts in EUR)	Notes	2015	For the period 18 July 2014 until 31 December 2014
Cash flow from operating activities			
Purchases of investments		(56,868,030)	(270,376,660)
Proceeds from sales of investments		61,303,663	69,133,659
Operating expenses paid		(513,978)	(602,303)
Other income received		28,959	-
Net cash flow from operations		3,950,614	(201,845,304)
Dividend received		6,626,813	564,373
Interest received		15,524	2,345
Interest paid		(57,540)	(232)
Net cash flow from operating activities		6,584,797	(201,278,818)
Cash flow from financing activities			
Proceeds from subscriptions to redeemable shares		40,311,825	236,142,526
Payments for redemption of redeemable shares		(54,461,233)	(5,599,480)
Dividend paid		(1,876,241)	-
Dividend tax paid		(45,724)	-
Net cash flow from financing activities		(16,071,373)	230,543,046
Net cash flow for the year		(5,535,962)	29,264,228
Cash and cash equivalents at beginning of the year		29,286,977	-
Foreign currency translation of cash positions		133,567	22,749
Cash and cash equivalents at the end of the year	4	23,884,582	29,286,977

Notes to the financial statements

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.

Accounting policies

General

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

Basis of accounting

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

Measurement currency

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

Receivables

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

Investments

Recognition and basis of measurement

All investment securities are initially recognized at cost.

Valuation

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

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

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

Gains and losses

Gains and losses are treated as 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.

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 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.

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.

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.

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.

The ongoing charges figure (OCF)

The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2015 until 31 December 2015 excluding the transaction costs, interest costs and performance fees. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month's used (for this period the number of months is 12).

Turnover ratio (TOR)

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

Notes to the statement of financial position

1. Investments

(all amounts in EUR)

	2015	2014
Equities	106,887,825	116,303,708
Investment funds	108,837,788	84,743,036
Position as per 31 December	215,725,613	201,046,744

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

	2015	18-07-2014 through 31-12-2014
<i>Equities</i>		
Position as per 1 January	116,303,708	-
Purchases	1,764	165,242,887
Sales	(21,143,987)	(53,257,629)
Realised investment result	3,813,267	481,594
Unrealised investment result	7,913,073	3,836,859
Position as per 31 December	106,887,825	116,303,708
<i>Investment funds</i>		
Position as per 1 January	84,743,036	-
Purchases	56,866,266	105,133,773
Sales	(33,571,689)	(22,474,329)
Realised investment result	436,772	-
Unrealised investment result	363,403	2,083,592
Position as per 31 December	108,837,788	84,743,036

2. Risk management

The nature of the Fund's investments involves certain risks and the Fund may utilize investment techniques (such as leverage, short selling and the use of derivatives) which may carry additional risks. An investment in the Fund therefore carries substantial risk and is suitable only for persons who can afford the risk of losing their entire investment.

The Fund's financial risks are managed by diversification of the financial instruments at fair value through profit or loss. For further explanation of the investment objectives, policies and processes, refer to the General section of the notes to the financial statements.

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 EUR, the price initially expressed in foreign currency and then converted into EUR 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 Fund's investment strategy may include actively taking on equity-like exposure defined as exposure to equity, commodity and non-investment grade bond markets in various developed and emerging markets. The Fund may decide to hedge all or parts of these exposures.

The total market risk that the Fund bears at 31 December 2015 is the total net financial assets and liabilities at fair value through profit or loss in the amount of EUR 215,725,613 (2014: EUR 201,046,744). If the prices had risen/fallen by 5%, the total financial assets and liabilities at fair value through profit or loss would have increased/decreased by EUR 10,786,287 (2014: EUR 10,052,337).

See Appendix I for a complete breakdown of the Fund's investment portfolio at 31 December 2015.

Currency risk

Participations are euro-denominated and are issued and redeemed in this currency. However, a large part of the Fund may be invested in securities and other instruments that are exposed to currencies other than the euro. Accordingly, the value of such assets may be affected favourably or unfavourably by exchange rate fluctuations. In addition, potential investors whose assets and liabilities are predominantly denominated in another currency than the euro should take into account the possibility of foreign exchange losses arising from fluctuations in the exchange rate between the euro and their home currency.

The Fund's investment strategy may include actively taking on foreign currency risk in various developed and emerging market currencies and is therefore exposed to a significant currency risk. The Fund may decide to hedge all or parts of the exposure to a foreign currency through an exchange traded instrument (such as a currency future or option) or through an OTC transaction (such as a forward rate agreement).

The currency exposure of the Fund at 31 December 2015 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)	FX rate	Gross fair value	Hedged value	Net fair value	% NAV
Australian Dollars	1.4904	18,971,285	-	18,971,285	7.89
Pound Sterling	1.3565	40,120,269	-	40,120,269	16.69
US Dollars	0.9212	27,309,222	-	27,309,222	11.36
Total		86,400,776	-	86,400,776	35.94

The currency exposure of the Fund at 31 December 2014 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)	FX rate	Gross fair value	Hedged value	Net fair value	% NAV
Australian Dollars	1.4810	22,723,118	-	22,723,118	9.54
Pound Sterling	1.2878	53,553,736	-	53,553,736	22.49
US Dollars	0.8266	24,580,906	-	24,580,906	10.32
Total		100,857,760	-	100,857,760	42.35

Interest rate risk

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

The Fund's exposure to market risk for changes in interest rates relates to the Fund's financial instruments at fair value through profit or loss. The Fund has no interest bearing financial assets or financial liabilities except for cash at banks which are subject to normal market related short term interest rates. Therefore the Fund is not exposed to significant interest rate risks.

Credit risk

The Fund could lose money if the issuer of an underlying fixed income security or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Custodian 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. Issuers of fixed income instruments and other counterparties are subject to varying degrees of credit risks which are reflected in their credit ratings. The Fund's investment restrictions have been designed to limit the credit risk to any counterparty but this offers no guarantee that a credit event will not occur.

Custody risk

The Fund's assets are held at ABN AMRO Clearing Bank N.V. All long positions and regular cash accounts are segregated and therefore their counterparty risk should be negligible. The short positions and margin accounts do result in counterparty risk to the custodian. To manage the counterparty risk the credit rating of the custodian is monitored. The Standard & Poor's credit rating for ABN AMRO Clearing Bank N.V. is AL (2014: A).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Most of the financial instruments in which the Fund has invested are exchange-traded. Under normal circumstances they are bought and sold based on the on-going demand and supply on an exchange. Despite the Fund Manager's policy, which intends to limit liquidity risk, if due to unforeseen circumstances financial instruments cannot be sold or bought under normal conditions, this could lead to significant direct and indirect transaction costs. OTC transactions may involve additional risks, as there is no exchange or market on which to close out open positions.

Capital management

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

3. Other receivables

(all amounts in EUR)

	2015	2014
Dividend receivable	711,941	1,224,961
Deferred organizational fees	45,379	61,778
Prepaid administration fees	824	-
Position as per 31 December	758,144	1,286,739

4. Cash and cash equivalents

(all amounts in EUR)

	2015	2014
ABN AMRO Clearing Bank N.V.	23,704,818	21,283,453
Foreign cash at ABN AMRO Clearing Bank N.V.	179,764	8,003,524
Position as per 31 December	23,884,582	29,286,977

5. Redeemable participations

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

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

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

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

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

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

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

Movement schedule of net asset value

(all amounts in EUR)	2015	18-07-2014 through 31-12-2014
Participations paid in surplus		
Opening balance	230,543,046	-
Proceeds from subscriptions to redeemable shares	40,311,825	236,142,526
Payments for redemption of redeemable shares	(54,461,233)	(5,599,480)
Closing balance	216,393,638	230,543,046
Undistributed income prior years		
Opening balance	-	-
Addition from undistributed result	7,619,526	-
Dividend paid	(1,921,965)	-
Closing balance	5,697,561	-
Undistributed result		
Opening balance	7,619,526	-
Addition to undistributed income prior years	(7,619,526)	-
Result current year	18,242,503	7,619,526
Closing balance	18,242,503	7,619,526
Total net assets value at 31 December	240,333,702	238,162,572

Movement schedule of participations

(in number of participations)	2015	18-07-2014 through 31-12-2014
Outstanding participations		
Opening balance	2,305,091	-
Proceeds from subscriptions to redeemable shares	357,807	2,361,096
Payments for redemption of redeemable shares	(511,537)	(56,005)
Outstanding participations at 31 December	2,151,361	2,305,091

6. Other liabilities

(all amounts in EUR)	2015	2014
Management fees payable	17,690	17,545
Professional fees payable	572	13,774
Administration fees payable	-	641
Legal and audit fees payable	12,100	10,890
Reporting fees payable	3,025	3,025
AIFMD fees payable	1,250	-
Position as per 31 December	34,637	45,875

Notes to the statement of comprehensive income

7. Revaluation of investments

(all amounts in EUR)	2015	18-07-2014 through 31-12-2014
<i>Net realized result on financial assets and liabilities at fair value through profit or loss</i>		
Realized gains on equity	3,813,267	481,594
Realized losses on equity	-	-
Realized gains on investment funds	436,772	-
Realized losses on investment funds	-	-
	<u>4,250,039</u>	<u>481,594</u>
<i>Net unrealized result on financial assets and liabilities at fair value through profit or loss</i>		
Unrealized gains on equity assets	7,913,073	5,298,342
Unrealized losses on equity assets	-	(1,461,486)
Unrealized gains on investment funds	1,672,331	2,112,668
Unrealized losses on investment funds	(1,308,928)	(29,076)
	<u>8,276,476</u>	<u>5,920,448</u>
	<u>12,526,515</u>	<u>5,653,369</u>

8. Foreign currency translation

(all amounts in EUR)	2015	18-07-2014 through 31-12-2014
Currency results on cash and cash equivalents	133,567	22,749
	<u>133,567</u>	<u>22,749</u>

9. Management fee

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 fee for the year ended 31 December 2015 amounts to EUR 204,420 (2014: EUR 67,276).

10. Administration fees

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

11. Custody expenses

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

12. Interest expenses

The interest expenses of EUR 57,540 have seen a major rise compared to previous year EUR 232. The rise is attributable to the negative interest charge from the ABN AMRO Bank N.V. on several currencies.

13. Audit fees

The Fund has appointed Ernst & Young Accountants LLP as the independent auditor of the Fund. The auditor's remuneration is as follows:

(all amounts in EUR)	2015	18-07-2014 through 31-12-2014
Audit of financial statements	10,890	10,890
Other audit services	-	-
Non-audit services	-	-
Total audit fees	10,890	10,890

14. Related parties

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

All services rendered by the Fund from the Fund Manager therefore qualify as related party transactions. During the period, the Fund paid management fees of EUR 204,275 (2014: EUR 49,731) to the Fund Manager.

15. 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 The Netherlands corporate income tax purposes. As a consequence, the Fund is not subject to The Netherlands corporate income tax. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year the average withholding tax rate incurred by the Fund was 10.22% (2014: 23.15%).

Since the tax advisor of the fund is of the opinion that the HMRC has withheld too much dividend tax, the Fund Manager has asked the custodian to reclaim the dividend taxes paid to Great Britain in 2014 and 2015.

16. Ongoing charges figure (OCF)

(all amounts in EUR)	2015	2014
Average net asset value	230,506,874	227,722,072
Total ongoing expenses	498,025	586,400
Ongoing charges figure	0.216%	0.258%

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

The prospectus states that the total ongoing charges figure (excluding transactions costs, interest costs, and performance fees and assuming a net asset value of EUR 225,000,000) will be 0.172%.

Comparison of 2015 expenses with the prospectus

(all amounts in EUR)	Expenses	OCF	Prospectus
Management fee	204,420	0.089%	0.090%
Administration fees	71,036	0.031%	0.031%
Custody expenses (including depositary fee)	105,672	0.046%	0.025%
Audit & reporting fees	10,890	0.005%	0.016%
Legal fees	27,020	0.012%	0.005%
Supervision fees	18,825	0.008%	
Organization fees (set-up costs)	16,400	0.007%	0.005%
Other expenses	43,762	0.019%	
Total	498,025	0.216%	0.172%

17. Turnover ratio’s (TOR)

The turnover ratio for the Fund over the period 1 January 2015 until 31 December 2015 is: 7% (2014: 46%).

Other Notes

Personnel

The Fund did not employ personnel during the year.

Subsequent events

There were no material events after the reporting period.

Amsterdam, 29 June 2016

Fund Manager

Privium Fund Management B.V.

Other Information

Personal holdings of the Board of Directors of the Fund Managers

The Board of Directors of the Fund Manager had no interests or positions at 1 January 2015 and 31 December 2015 in investments the Fund holds in portfolio at these dates (1 January 2014 and 31 December 2014: No interests or positions held).

Appropriation of the result

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

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

In July, the Fund will issue the FBI distribution to the Participants.

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 2015 of Privium Sustainable Alternatives Fund, Amsterdam, which comprise the statement of financial position as at 31 December 2015, 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 2015, 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 2016

Ernst & Young Accountants LLP

signed by R. Bleijs

Appendix I – Portfolio of the Fund

The following tables discloses a breakdown of the Fund's net asset value of the Fund at 31 December, 2015:

Portfolio	Fair value at 31 December 2015
(all amounts in EUR)	
Equities	
Unibail – Rodamco SE	20,666,814
Land Securities	20,622,881
Hammerson PLC	19,491,741
Vicinity Centres	18,965,597
Prologis	13,892,187
Boston Properties	13,248,605
Total equities	106,887,825
Investment funds	
Triodos Sicav II – Microfinance Fund (Z-Distribution)	45,993,272
ResponsAbility Global Microfinance Fund (EUR-Capitalisation)	32,329,077
BlueOrchard Microfinance Fund	11,530,407
Triodos Sicav II – Triodos Renewables Europe Fund (Z-Capitalisation)	8,752,274
Triodos Sicav II – Microfinance Fund (I-Capitalisation)	5,493,852
Triodos Vastgoedfonds N.V.	4,738,906
Total investment funds	108,837,788
Total portfolio	215,725,613

The following tables discloses a breakdown of the Fund's net asset value of the Fund at 31 December, 2014:

Portfolio	Fair value at 31 December 2014
(all amounts in EUR)	
Equities	
Unibail – Rodamco SE	23,449,472
Land Securities	22,849,718
Hammerson PLC	22,787,780
Novion Property	22,723,118
Prologis	12,497,942
Boston Properties	11,995,678
Total equities	116,303,708
Investment funds	
Triodos Sicav II – Microfinance Fund (Z-Distribution)	44,596,920
ResponsAbility Global Microfinance Fund (EUR-Capitalisation)	22,474,329
Triodos Sicav II – Triodos Renewables Europe Fund (Z-Capitalisation)	8,359,809
Triodos Sicav II – Microfinance Fund (I-Capitalisation)	5,317,324
Triodos Vastgoedfonds N.V.	3,994,654
Total investment funds	84,743,036
Total portfolio	201,046,744